



NAVIGATING CHANGES TO INTERSTATE CO-BROKERAGE AGREEMENTS

Alabama's real estate license law changes in HB 382 / Alabama Act 2025-380 take effect October 1, 2025. This guide is about the new requirements under the law for *interstate co-brokerage agreements*.

OVERVIEW & DEFINITION

- Alabama qualifying brokers may partner with a qualifying broker (or equivalent) from another state to co-list property in Alabama, subject to limitations.
- A Co-Brokerage Agreement is an agreement in which two real estate companies/ qualifying brokers agree to jointly list a property for sale. A Co-Brokerage Agreement can involve two real estate companies that are licensed in Alabama or one real estate company that is licensed in Alabama and one real estate company that is licensed in a different state. The latter kind of Co-Brokerage Agreement is called an "Interstate" or "Out-of-State" Co-Brokerage Agreement. Additional regulations apply to Interstate Co-Brokerage Agreements.

RULES & REQUIREMENTS

Alabama Code § 34-27-3

- Qualifying Brokers Only: Only an Alabama qualifying broker and a qualifying broker (or equivalent) from another state may participate in an Interstate Co-Brokerage Agreement.
- Transaction Limits: As of 10/1/25, out-of-state brokers will be limited to 3 transactions and/or \$50 million sales volume per year (whichever comes first). A single transaction may include multiple properties as part of a portfolio.
- Reporting Requirement: The Alabama qualifying broker must file a copy of the Interstate Co-Brokerage Agreement with the Alabama Real Estate Commission ("AREC") no more than 10 days after the agreement is executed.
- Listing Agreement Terms: The co-brokerage agreement must contain the following information:
 - A listing of the property/ properties involved;
 - All material terms of the agreement, including financial terms;
 - A requirement for the Alabama qualifying broker to supervise all showings and negotiations;
 - A requirement that the Alabama qualifying broker's name be included on all advertisements in Alabama;
 - A requirement for the Alabama qualifying broker to verify that the out-of-state broker holds an active qualifying broker's license (or equivalent); and
 - A requirement that the Alabama qualifying broker must hold earnest money unless the buyer and seller both relieve the Alabama qualifying broker of this duty *in writing*.

BEST PRACTICES

- In addition to the above requirements, you must have the seller's permission to co-list their property.

FORMS

- The Alabama Real Estate Commission ("AREC") allows co-brokerage agreements to be submitted online. Please login to your account here: www.alabamainteractive.org/arecmenu/welcome.action.

This document is for information only and does not constitute legal advice. If you need legal advice, please contact an attorney.