



HOUSING

Builder sues realty firms

■ Condo builder Related Group has filed at least 15 lawsuits against realty companies to recoup more than \$460,000 in commissions on deals where buyers defaulted.

BY PATRICK DANNER
pdanner@MiamiHerald.com

With numerous condo buyers walking away from sales contracts, developer Related Group has begun suing real estate brokerages to get back commissions on those busted deals.

Related has filed at least 15 lawsuits in Miami-Dade Circuit Court since last month to recover more than \$460,000 in commissions on at least 19 sales contracts in the 389-unit Hallandale Beach Club Tower III property at 1800 Ocean Dr.

In suing, Related risks alienating realty firms that bring prospective buyers to its developments, some brokers said.

"If somebody is suing you, do you do business with them?" asked Edward Roberts, owner of Beachfront Realty in Miami Beach, which is being sued for the return of about \$53,000 in commissions. "We're furious that they are doing this. We have made them billions of dollars in the last five or six years."

Related has sued the brokerages for breach of contract, demanding they return commissions — typically 3 percent of the purchase price — because buyers failed to close on contracts.

The lawsuits mark the latest legal spats in the fallout from the overheated real estate market. Up until now, most of the litigation has been spawned by dozens of buyers trying to escape contracts with their deposits.

Matthew Allen, a Related vice president, referred inquiries to a company attorney who couldn't be reached. Calls to the law firm representing Related in the suits weren't returned.

It's Related's practice to pay commissions after buyers put down deposits, rather than when sales close. By law, the commission is paid to the broker, who then pays the agent.

•TURN TO RELATED, 6C

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•RELATED, FROM 1C

An agent's share of the commission can range from 70 percent to 90 percent.

Broker registration agreements Related filed with the lawsuits state that a commission is "to be earned only upon the close of title for the unit." But Miami lawyer Alex Kurkin, who represents Beachfront Realty, said there is nothing in the agreement that says a commission must be refunded if the buyer fails to close.

WHAT ABOUT DEPOSITS?

"Buyers put up 20 percent deposits. Where did that money go?" said Roderick Coleman, a Boca Raton lawyer representing three brokerages being sued by Related. The developer "didn't give it back to the buyer. It shows Related must

have some business difficulties if they are trying to get back commissions on deposits they have kept."

Coleman said it's customary in the real estate business not to refund commissions even if a closing doesn't happen.

"They are now shooting themselves in the foot by telling brokers and Realtors you can longer trust us to do business with" you, Coleman added.

Miami's BAP Realty, which Related is suing for the return of a \$16,200 commission, responded by filing a claim against the sales agent on the deal in an attempt to recoup most of the money Related wants, said Alfred Andreu, a lawyer for the brokerage.

Jami Agins, a broker for Re/Max Ultra Realty Group in Aventura, which is being

sued for a \$23,250 commission, said she can't bar agents from bringing buyers to Related's properties. But she said she's considering having any commissions held in escrow until closing to ensure she's not sued again.

'BEST INTEREST?'

"I question if [the lawsuit is] in the best interest of the developer, because if they're trying to induce agents to sell their product by advancing the money [before closing] and the broker won't advance the money, where is the inducement?"

Kurkin said Related deserves the blame for the busted sales because they encouraged buyers to become real estate speculators and flip units at higher prices.

"They created this feeding frenzy," Kurkin said.