



Published by
**BRITISH COLUMBIA
REAL ESTATE ASSOCIATION**

WORKING WITH A REAL ESTATE AGENT

AN EXPLANATION OF THE RELATIONSHIP BETWEEN YOU AND A REALTOR

REALTOR is a trademark describing members of the Canadian Real Estate Association who subscribe to a strict Code of Ethics and a high standard of professional service.

YOUR RELATIONSHIP WITH A REALTOR

Buying or selling a home is probably the most important and potentially rewarding financial transaction you'll make in your life. So it's a good idea to take a moment and consider the kind of relationship you might be entering into with a REALTOR. The more you know, the more satisfied you'll be with the results.

I acknowledge having received and read the brochure *Working With A Real Estate Agent*. I understand the various types of relationships that may occur between myself and a REALTOR. I further understand that I will be signing additional documentation acknowledging the type of agency that I receive.

SALESPERSON

AGENT

SIGNATURE (Please also print name)

SIGNATURE (Please also print name)

DATED



THE AGENCY RELATIONSHIP

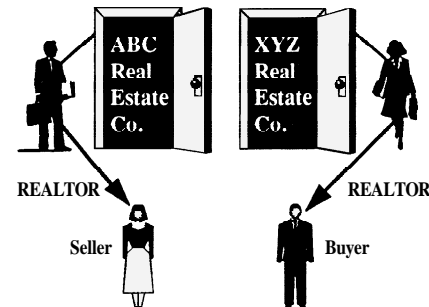
REALTORS work within a legal relationship called agency. The agency relationship exists between you, the *principal*, and your *agent*, the company under which the individual salesperson who is representing you, is licensed. The essence of the agency relationship is that the agent has the authority to represent the principal in dealings with others.

Agents and their salespeople are legally obligated to protect and promote the interests of their principals as they would their own.

Specifically, the agent has the following duties:

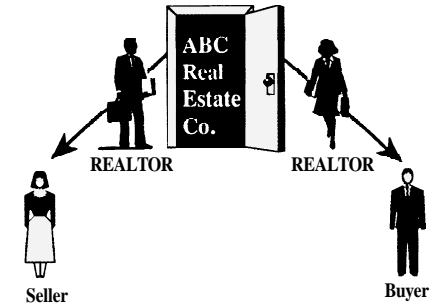
- 1) **Undivided loyalty.** The agent must protect the principal's negotiating position at all times, and disclose all known facts which may affect or influence the principal's decision.
- 2) **To obey all lawful instructions** of the principal.
- 3) An obligation to **keep the confidences** of the principal.
- 4) The **exercise of reasonable care and skill** in performing all assigned duties.
- 5) The duty to **account for all money and property** placed in an agent's hands while acting for the principal.

You can expect competent service from your agent, knowing that the company is bound by ethics and the law to be honest and thorough in representing a property listed for sale. Both buyer and seller can be represented by their own agents in a single transaction.



DUAL AGENCY

Dual agency occurs when a real estate agent is representing both buyer and seller in the same transaction. Since the agent has promised a duty of confidentiality, loyalty and full disclosure to both parties simultaneously, it is necessary to limit these duties in this situation, if both parties consent.



If you find yourself involved in a dual agency relationship, before making or receiving an offer, both you and the other party will be asked to consent, in writing, to this new limited agency relationship.

This relationship involves the following limitations:

- a) The Agent will deal with the Buyer **and** the Seller **impartially**;
- b) **The Agent will have a duty of disclosure to both the Buyer and the Seller except that;**
 - i) the Agent will not disclose that the Buyer is willing to pay a price or agree to terms other than those contained in the Offer, or that the Seller is willing to accept a price or terms other than those contained in the Listing;
 - ii) the Agent will not disclose the motivation of the Buyer to buy or the Seller to sell unless authorized by the Buyer or the Seller;
 - iii) the Agent will not disclose personal information about either the Buyer or the Seller unless authorized in writing;
- c) The Agent will disclose to the Buyer defects about the physical condition of the Property known to the Agent.

WHEN THERE IS NO AGENCY RELATIONSHIP

You may also choose to use the services of a REALTOR without having any kind of agency relationship. This might occur, for example, when you are being shown a property by the seller's agent.

The REALTOR you choose to work with in this manner has a legal and ethical duty to provide you with accurate, honest answers to your questions and can provide all these services:

- Explain real estate terms and practices
- Provide and explain forms used
- Assist you in screening and viewing properties
- Inform you of lenders and their policies
- Identify and estimate costs involved in a transaction
- Assist you in establishing your range of affordability
- Prepare offers or counter-offers at your direction
- Present all offers promptly.

A REALTOR who is not your agent cannot:

- Recommend or suggest a price
- Negotiate on your behalf
- Inform you of his/her principal's top/bottom line
- Disclose any confidential information about his/her principal unless otherwise authorized.

You should not provide a REALTOR who is not your agent with any information that you would not provide directly to his or her principal.

AGENCY ACKNOWLEDGEMENT

Agency acknowledgement clauses such as the following will be used in the Contract of Purchase and Sale.

The Seller has an agency relationship with _____ (Agent) and _____ (Salesperson).

The Buyer has an agency relationship with _____ (Agent) and _____ (Salesperson).

The Buyer and Seller have consented to a limited agency relationship with _____ (Agent), _____ (Salesperson) and _____ (Salesperson) having signed a Limited Dual Agency Agreement dated _____, yr _____

YOUR RESPONSIBILITIES AS A BUYER OR A SELLER

As a buyer or a seller, you should:

- Carefully read all documents and understand what you are signing.
- If you need special or expert advice, seek other professionals such as lawyers, notaries, accountants, home inspectors, contractors, engineers and surveyors.

DEFINITIONS

The **Agent** is the real estate company under which the individual salesperson who is representing you is licensed.

REALTOR, is often used interchangeably with **Licensee, Real Estate Agent** or **Salesperson** and in BC, is licensed under the Real Estate Act. A REALTOR can use the term REALTOR if he/she belongs to a local board or association that enforces a strict Code of Ethics.

The **Buyer** is often referred to as the Purchaser.

The **Seller** is often referred to as the Vendor.

The **Principal** is someone who has engaged an Agent to act for and on his or her behalf either to buy or sell a home.

This pamphlet has been designed to explain various types of agency relationships and to help you understand what it all means. If you are still unclear about these concepts, feel free to seek legal counsel.

Members of the public are aware that in most cases properties offered for sale by members of the Real Estate Industry have a commission or fee that the Seller has agreed to pay to the Listing Agent.

The Listing Agent traditionally shares this commission/fee with the cooperating agent. Commission and fee may vary.



Published by
BRITISH COLUMBIA
REAL ESTATE ASSOCIATION

WORKING
WITH A REAL
ESTATE AGENT

AN EXPLANATION
OF THE RELATIONSHIP
BETWEEN YOU
AND A REALTOR