

Working with a REALTOR®

1. Seller representation

When a real estate brokerage represents a seller, it must do what is best for the seller of a property. A written contract, called a listing agreement, creates an agency relationship between the seller and the brokerage and establishes seller representation. It also explains services the brokerage will provide, establishes a fee arrangement for the REALTOR's services and specifies what obligations a seller may have. A seller's agent must tell the seller anything known about a buyer. For instance, if a seller's agent knows a buyer is willing to offer more for a property, that information must be shared with the seller. Confidences a seller shares with a seller's agent must be kept confidential from potential buyers and others. Although confidential information about the seller cannot be discussed, a buyer working with a seller's agent can expect fair and honest service from the seller's agent and disclosure of pertinent information about the property.

2. Buyer representation

A real estate brokerage representing a buyer must do what is best for the buyer. A written contract, called a buyer representation agreement, creates an agency relationship between the buyer and the brokerage, and establishes buyer representation. It also explains services the brokerage will provide, establishes a fee arrangement for the REALTOR's services and specifies what obligations a buyer may have. Typically, buyers will be obliged to work exclusively with that brokerage for a period of time. Confidences a buyer shares with the buyer's agent must be kept confidential. Although confidential information about the buyer cannot be disclosed, a seller working with a buyer's agent can expect to be treated fairly and honestly.

3. Dual representation

Occasionally a real estate brokerage will represent both the buyer and the seller. The buyer and seller must consent to this arrangement in writing. Under this dual representation arrangement, the brokerage must do what is best for both the buyer and the seller. Since the brokerage's loyalty is divided between the buyer and the seller who have conflicting interests, it is absolutely essential that a dual representation relationship be properly documented. Representation agreements specifically describe the rights and duties of everyone involved and any limitations to those rights and duties.

4. Customer service

A real estate brokerage may provide services to buyers and sellers without creating buyer or seller representation. This is called "customer service." Under this arrangement, the brokerage can provide many valuable services in a fair and honest manner. This relationship can be set out in a buyer or seller customer service agreement. Real estate negotiations are often complex and a brokerage may be providing representation and/or customer service to more than one seller or buyer. The brokerage will disclose these relationships to each buyer and seller.