

## AGENCY RELATIONSHIP BROCHURE

John A. Jensen Realty Inc. is a real estate brokerage licensed by the Real Estate Council of Ontario ("RECO").

Brokerages are governed by the legal concept of "agency" and an agent is legally obligated to look after the best interests of the person or entity he or she is working for. The agent must be loyal to that person or entity.

When you work with a brokerage, you can expect not only strict adherence to provincial laws, but also adherence to a code of ethics. And that code is very important to you because it assures you will receive the highest level of service, honesty and integrity.

Before receiving a real estate license, candidates must successfully complete an extensive course of study developed for RECO. Furthermore, during the first two years of practice, licensees are required to successfully complete three additional courses as part of their articling with an experienced broker. In addition, all licensees must continue to attend courses throughout their careers in order to maintain their license.

Brokerages believe it is important that the people they work with understand their agency relationship. That's why agency disclosure is included in a self-imposed code of ethics which is administered by RECO. The code requires brokerages to disclose in writing the nature of the services they are providing, and encourages brokerages to obtain written acknowledgement of that disclosure. The code also requires brokerages to enter into a written agency agreement with any sellers or buyers they are representing.

A brokerage may be your agent if you have clearly established an agency relationship with that brokerage. But often, it may be assumed such an obligation exists when it does not. Real estate agents are therefore required to present all potential buyers and sellers with a copy of an "Agency Relationship Brochure" to be signed and placed in their clients' file folders for subsequent review and inspection on audit by RECO.

In real estate, there are different possible forms of agency relationships and this Agency Relationship Brochure is intended to describe each of them as follows:

### **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 brokerage 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.

### **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 brokerage 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.

### **Multiple Representation**

A real estate brokerage may 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.

### **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.

### **Who's working for you?**

It is important that you understand who the Brokerage is working for.

For example, both the seller and the buyer may have their own agent which means they each have a real estate brokerage who is working for them. Or, some buyers choose to contact the seller's agent directly. Under this arrangement the brokerage is working for the seller, and must do what is best for the seller, but may provide many valuable services to the buyer.

A brokerage working with a buyer may even be a "sub-agent" of the seller. Under sub-agency, both the listing agent and the co-operating agent must do what is best for the seller even though the sub-agent may provide many valuable services to the buyer.

If the seller and the buyer have the same agent, this is multiple representation and the brokerage is working for both the seller and the buyer.

### **Acknowledgement by**

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\_\_\_\_\_  
(Please Print Name)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

I/we have read and understand this Agency Relationship Brochure and that this brochure is for information only and is not a contract.