



## The Agency Relationship

The agency relationship is based on one person representing the interest of another person. Real estate agents are licensed by the state to represent a person in the purchase, sale, exchange, or lease of real property. The responsibility of the real estate agent is defined by the state law relating to agents, the REALTORS® Code of Ethics, & general principles of agency law.

The type of relationship formed between the agent and the client is called a fiduciary relationship. A fiduciary relationship is one based on trust because the agent owes the following duties to the client: Loyalty, Obedience, Diligence, Disclosure, Confidentiality, Accountability, and Reasonable Skill and Care.

## The Four Types of Agency Relationships

### Buyer Agency

A buyer's agent represents the interest exclusively of the buyer in a real estate transaction. A buyer's agent: Arranges property showings that meet the buyer's needs. Provides information about the home or property, community, schools, taxes, utilities, and zoning. Discloses any information about the property that can be obtained from public sources. Prepares a competitive market analysis on the property. Counsels the buyer on what price to offer the seller. Shows what other buyers are paying for property in the area. Assists in writing an offer with the buyer's interests in mind. Negotiates the best price and terms for the buyer. Keeps the price capabilities and objectives of the buyer confidential and maintains anonymity, if desired. Assists with the loan application process. Monitors all dates, events, and requirements. Attends the closing with the buyer.

### Seller Agency

A seller's agent represents the interests exclusively of the seller in a real estate transaction. A seller's agent: Prepares a competitive market analysis of the seller's home or property. Develops and implements effective marketing strategies for the seller, including asking price, staging, and positioning. Informs the seller how much other homes and properties have sold for in the area. Presents all offers and counsels seller on what price to accept. Negotiates exclusively on the seller's behalf. Updates the seller on market conditions. Prepares an estimate of closing costs. Works closely with seller to assure a smooth closing. Monitors all dates, events, and requirements for the seller. Represents the seller's interest at the buyer's walk through inspection. Attends the closing with the seller.

### Dual Agency

Dual Agency occurs when a buyer's agent shows a property to a buyer that is also represented by that REALTORS® firm, or when the Listing agency shows real estate to a buyer that is also represented by the same firm. In dual agency situations, both the buyer and seller will be asked to sign a consent agreement. A dual agent owes both the buyer and seller equal representation and must: Treat both parties fairly. Not knowingly represent one party to the detriment of the other. Disclose facts each party needs to make an informed decision. To assist, as the buyer and seller are empowered to negotiate on their own behalf. Assure confidentiality on each party's price, terms, and personal information.

### Designated Agency

Buyers and sellers have an option when the real estate brokerage firm is a dual agent. That option is called designated agency. In designated agency, the real estate brokerage firm will designate a salesperson to represent the buyer and another salesperson to represent the seller. The designated buyer's agent will act as an agent for the buyer as described in "buyer agency" above. The designated seller's agent will act as an agent for the seller as described in "seller agency" above. This is the case even though each of the salespeople are from the same real estate brokerage firm. The seller and the buyer must each agree to having a salesperson designated for them, and the real estate broker in charge of the brokerage firm must make the designation.

### Unrepresented Persons

A person is unrepresented by a real estate agent unless he or she has signed a representation agreement with that agent. The real estate agent cannot provide advice or counsel to an unrepresented person on matters pertaining to real estate, including real estate financing. An unrepresented person has the responsibility to protect his or her own interests. All real estate agents are obligated by law to treat all parties to a real estate transaction honestly irrespective of whom they represent in the transaction.