

# UNDERSTANDING RELATIONSHIPS WITH YOUR REALTOR WHEN BUYING OR SELLING REAL ESTATE

## Understanding agency relationships with your REALTOR®

Buying or selling a home may be the most important financial transaction you'll ever make. So it's a good idea to take a moment and consider the kind of relationship you will be entering into with a REALTOR®.

REALTORS® work within a legal relationship called *agency*. The agency relationship is established through a contract between you, the client, and your agent, the company under which the REALTOR® is licensed. Most REALTORS® use a blue brochure titled *Working with a Real Estate Agent* to disclose the nature of the agency relationship with their client.

A REALTOR® can act for a seller or a buyer, or to a limited degree, both. Whomever they represent, REALTORS® have a legal obligation to uphold the integrity of their clients, while protecting and promoting their interests.

REALTORS® also commit to:

- Protect the client's negotiating position at all times.
- Provide undivided loyalty and keep the confidences of the client.
- Adhere to a strict Code of Ethics and a high standard of practice.
- Exercise reasonable care and skill in performing all assigned duties.
- Be accountable for all money and property placed in the agent's hands while acting for the client.

### Seller's Agent

As a seller, your Realtor's professional marketing skills and networking connections can help in obtaining the maximum market value for your home. During negotiations, you can rely on your REALTOR® to represent your interests and provide advice on price, possession and closing date.

In order for your REALTOR® to list your property for sale on the *Multiple Listing Service® (MLS®)*, the Real Estate Board of Toronto requires completion of a listing agreement. By signing the listing agreement with you, your REALTOR® has committed to uphold the obligations mentioned above. The listing agreement also states the amount of compensation that the seller will pay the REALTOR®.

### Buyer's Agent

The buyer can benefit from agent representation, too. The Realtor's expert knowledge of the neighbourhood, future development plans, taxes, zoning, transportation, schools, and community services will help you select the property that meets your needs. By combining personal knowledge with research, your REALTOR® will be able to provide a comparison of similar properties and market statistics. Your REALTOR® will also advise you on financing options and make recommendations of other professionals needed to complete the sale.

The contract of purchase and sale is initiated when an offer is made by the buyer to purchase the seller's property. The contract outlines the terms and conditions of the offer, such as offer price and any subject conditions. The seller may reject the offer or make a counter offer. Once all terms have been accepted and both the seller and the buyer have signed the contract, each party is legally bound to fulfill the conditions of the contract.

### Dual Agency

Dual agency is created when an agent represents both the buyer and a seller in a single transaction. This can happen if a REALTOR® who is representing a buyer sells one of his or her own listings to that buyer. Dual agency is also in place when two or more realtors from the same brokerage are involved in a single property transaction, even though they may know nothing about the other realtors clients. Dual agency is in play because the brokerage holds the contracts, each individual realtor is a representative of the brokerage.

A dual agent must be impartial to both the buyer and the seller and fully disclose all information pertinent to the transaction. A REALTOR® can be a dual agent only if both the seller and the buyer agree in writing.

Remember: always read all contracts and disclosure forms before signing. If you have questions regarding agency relationships contact your REALTOR®.



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