


I'm trying to purchase a home and was asked to sign a buyer representation agreement. Should I do this?

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When you are looking to buy or sell a home with a registered real estate salesperson or broker, you may be asked to sign a buyer or seller agreement.

For a seller, the written contract — often called a listing agreement — between you and the brokerage is what permits them to market your current home. In your situation, the written agreement — often called a buyer representation agreement — allows them to help you buy a new home. A buyer agreement must be in place before an offer to purchase can be submitted on behalf of a buyer.

Signing a representation agreement, which is a legally binding contract, puts into writing that you are a client of the brokerage and outlines the terms, rights and obligations of the brokerage-client relationship. As a client, the brokerage has a responsibility to follow your lawful instructions, protect your confidential information and promote and protect your best interests.

Ensuring you have representation in this hot real estate market, and that you and your rep are on the same page, is important. A few tips for that:

- Be clear about your needs and expectations. Your salesperson wants to provide you with their best service. To make the most of this relationship, it's important to open and honest about what you expect before you sign.
- Understand the terms and expectations of the relationship as they apply to you. Discuss all of the services that will be provided and understand what won't be. This is the time to clarify fees and costs, and make sure the written contract is clear. For instance, understand how much you will pay in a scenario where the seller offers to pay less than what you have committed to paying the brokerage. Also know what the broker or salesperson expects from you — for example, being honest about what you like and don't like.
- Don't sign if you don't understand it. Take the time to read the agreement thoroughly. Ask questions. Your broker or salesperson can't provide legal advice, but they are familiar with these agreements and should be able to answer your questions, and explain the clauses and their effects. You may want to seek legal advice.

- Understand the “holdover clause.” Generally, this clause means that if you buy a property that was introduced to you during the term of the agreement, you may be responsible for paying commission to the brokerage within a specified amount of time after the agreement expires. The length of the holdover period may vary. A similar obligation typically applies to a listing, or sellers’, agreement. If you are not comfortable with certain terms of the representation agreement, discuss your concerns with the salesperson or the brokerage manager. They may have ways to address your concerns.

Keep in mind, you and the brokerage both must agree on the terms of a contract. If you can’t agree, consider trying another brokerage that may be more aligned with your needs.

Always take the time to read, understand, ask questions and possibly get legal advice about any agreement. Always get a copy for your records.

If you have a question for Joe about the home buying or selling process, please email information@reco.on.ca.

Was this article helpful?

Joseph Richer is Registrar of the Real Estate Council of Ontario (RECO). He is in charge of the administration and enforcement of all rules that govern real estate professionals in Ontario. You can find more tips at reco.on.ca, follow on Twitter @RECOhelps or on YouTube at <http://www.youtube.com/RECOhelps>.