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

**A real estate company may be your agent – if you have clearly established an agency relationship with that REALTOR. But often, you may assume such an obligation exists when it does not.**

**REALTORS believe it is important that the people they work with understand when an agency relationship exists and when it does not – and understand what it means.**

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**When working with a REALTOR, it is important to understand who the REALTOR works for. To whom is the REALTOR legally obligated?**

### **Honesty and Integrity**

Most real estate professionals in our province are members of the Ontario Real Estate Association (OREA) and only members of OREA can call themselves REALTORS.

When you work with a REALTOR, 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.

### **Highest Professional Standards**

Before receiving a real estate license, candidates must successfully complete an extensive course of study developed by OREA on behalf of the Real Estate Council of Ontario. That is only the beginning: in the first two years of practice, licencees are required to successfully complete three additional courses as part of their articling with an experienced broker. In addition, all licencees must continue to attend courses throughout their careers in order to maintain their licence.

### **Want More Information?**

- Visit [www.orea.com](http://www.orea.com)
- Check out homes for sale on the Internet at [www.mls.ca](http://www.mls.ca)

Other pamphlets available:

- Buying a Home · Selling a Home · GST
- Home Ownership Incentives

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The Agency  
Relationship

**OREA** Ontario  
Real Estate  
Association

## In real estate, there are different possible forms of agency relationship:

### 1. Seller's Agent

When a real estate company is a “seller’s agent,” it must do what is best for the seller of a property.

A written contract, called a listing agreement, establishes seller agency. It also explains services the company 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's Agent

A real estate company acting as a “buyer’s agent” must do what is best for the buyer.

A written contract, called a buyer agency agreement, establishes buyer agency. It also explains services the company 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 company 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 Agent

Occasionally a real estate company will be the agent of both the buyer and the seller. The buyer and seller must consent to this arrangement in their listing and buyer agency agreements. Under this “dual agency” arrangement, the company must do what is best for both the buyer and the seller.

Since the company’s loyalty is divided between the buyer and the seller who have conflicting interests, it is absolutely essential that a dual agency relationship be established in a written agency agreement. This agreement specifically describes the rights and duties of everyone involved and any limitations to those rights and duties.

### Who's working for you?

It is important that you understand who the REALTOR is working for. For example, both the seller and the buyer may have their own agent which means they each have a REALTOR who is working for them.

Or, some buyers choose to contact the seller’s agent directly. Under this arrangement the REALTOR is working for the seller, and must do what is best for the seller, but may provide many valuable services to the buyer.

A REALTOR 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 dual agency and the REALTOR is working for both the seller and the buyer.

### Code of Ethics

REALTORS 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 the Real Estate Council of Ontario. The Code requires REALTORS to disclose in writing the nature of the services they are providing, and encourages REALTORS to obtain written acknowledgement of that disclosure. The Code also requires REALTORS to enter into a written agency agreement with any sellers or buyers they are representing.

## Acknowledgement

I/we have read and understand the *Working with a REALTOR – The Agency Relationship* brochure:

### Buyers

As buyer(s), I/we understand that

\_\_\_\_\_ (real estate company)

Is acting as (initial one)

\_\_\_\_\_ My Agent (Buyer’s Agent), to be documented in a written agency representation agreement as required by the Real Estate Council of Ontario, and I understand the agent also represents sellers and may be required to act as a dual agent.

\_\_\_\_\_ A Seller’s Agent and is not representing my interests.

Signature

Date

### Sellers

As seller(s) I/we understand that:

\_\_\_\_\_ (real estate company)

Is acting as (initial one)

\_\_\_\_\_ My Agent (Seller’s Agent), to be documented in a written agency representation agreement as required by the Real Estate Council of Ontario, and I understand the agent also represents buyers and may be required to act as a dual agent.

\_\_\_\_\_ A Buyer’s Agent and is not representing my interests.

Signature

Date

