

Code of Ethics

REALTORS® believe it is important that the people they work with understand their agency relationship. That's why requirements and obligations for representation and customer service are included in a 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 submit written representation and customer service agreements to buyers and sellers.

Frequently Asked Questions

If I list my home with you, can I keep other realtors® from showing my house?

You can keep buyers' agents from selling your home, but why would you want to? The more traffic your home receives, the faster you will sell it. If you are worried about an agent you don't know having access to your home, rest assured that all realtors® are bound by a code of ethics and take the trust placed in them seriously. All showings are approved by you before being scheduled, so you won't have any surprise visits and you always know who has been in your home when you were away.

Do I have to pay commission to the buyer's agent as well?

Though practices vary by area, it is common for listing agreements to require the selling agent to split commission with the buyer's agent. Structuring your listing this way will attract more buying agents and increase the chances of a quick sale.

Can I use the same realtor to sell my home and help me find a new home?

This is not only possible, it is recommended. By using the same agent to sell your home and find you a new home, transactions will be more easily coordinated to close simultaneously. Simultaneous closings can be frantic and precarious, but your agent will work with all parties to ensure they both go smoothly.

Why should I use an agent when buying?

The seller's agent is required to represent the *seller's* best interest- not yours. By working with a buyer's agent, you can enter negotiations knowing that your interests are being protected. An agent will use their experience and market knowledge to negotiate the best purchase deal possible. They can also help you secure competitive financing, oversee the appraisal and inspection, organize final walk-through's and coordinate the closing.

How can I be sure a buying agent is going to negotiate the lowest price possible when his commission is based on the purchase price? Isn't that a conflict of interests?

Keep in mind that a thousand dollars only translates into a few added commission dollars for an agent. Very few agents will risk their reputation and potential referrals on a few extra dollars. That said, it is always best to work only with reputable agents that you can trust. Remember, you are depending on an agent to represent your interests. If you don't trust him, don't use him.

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AGENCY



Everything You Need to Know About Working with a REALTOR®

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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 represents. The agent must be loyal to that person.

A real estate brokerage may be your agent – if you have clearly established an agency relationship with that REALTOR® with a representation agreement. 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.

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

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

1. Seller representation

When a real estate brokerage represents a seller, he/she 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 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 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 REALTOR®’s 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.

3. Multiple representations

Occasionally a real estate brokerage will represent both the buyer and the seller. The buyer and seller must consent to this arrangement in writing. Under this multiple 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 multiple representation relationship be properly documented. Representation agreements specifically describe the rights and duties of everyone involved and any limitations to those rights and duties.

4. 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 looking out 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 representing them.

Or, some buyers choose to contact the seller’s agent directly. Under this arrangement the REALTOR® is representing the seller, and must do what is best for the seller, but may provide many valuable customer 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 brokerage and the co-operating brokerage must do what is best for the seller even though the sub-agent may provide many valuable customer services to the buyer.

If the brokerage represents both the seller and the buyer, this is multiple representation.