

ENSURE ROLE IS UNDERSTOOD – REAL ESTATE BROKERAGE

Purpose: This bulletin describes how you must clearly explain your role to everyone involved in a real estate transaction.

This bulletin applies to real estate brokerages, brokers, associate brokers and associates.

Clearly explain your role

Often, the people involved in a real estate transaction do not understand what you do. They may not know why you do certain things or your responsibilities. As a real estate professional, you must make sure everyone involved in a real estate transaction understands why you do certain things and your role.

You must explain your role to everyone involved in a real estate transaction:

- before they sign a service agreement with you
- before you ask or receive information about their real estate needs, financial qualifications, or reason for the transaction
- as soon as possible after they give you that confidential information

You do not need to explain your role if you are:

- showing a genuine “open house”
- casually discussing location, price, or property styles
- answering general factual questions about the property from a potential buyer or seller

What to explain

When explaining your role to a client or other person involved in a real estate transaction, you must give them the following details in writing:

- what you will do as a real estate professional in the transaction
- whether you represent someone else in the transaction and in what capacity
- any conflicts that could discourage you to act in their interests
- any other facts likely to influence their decision

Inform them immediately if any of these details change. Use best efforts to confirm with them in writing that they received these details.

When you act for only one party

Before you agree to represent someone as a sole agent, and before you perform any services for them:

1. Outline your responsibilities

Give your potential client a copy of the *Consumer Relationships Guide*. Take your time to explain what it means to be a sole agent, your obligations, and your services. Just because they do not ask questions does not mean they understand what you do.

2. Sign a written agreement

Your exclusive buyer or seller representation agreements must be in writing and comply with the *Real Estate Act* Rules and RECA requirements.

3. Tell other parties to seek independent representation

If someone else in the transaction asks you for information, remind them you do not act for them. Suggest they find an independent agent or brokerage.

If another person asks you for information

If you act for one party and another person asks you for information they are going to rely on, you must ensure they understand you do not work for them.

If your brokerage acts for both parties

If your brokerage or a designated agent is the seller's sole agent and the sole agent of a buyer interested in the seller's property, the brokerage or designated agent's brokerage can enter into an agreement to represent both the buyer and seller.

Before you sign an agreement to represent both the buyer and seller, and before you perform any services:

- clearly explain how your responsibilities as a transaction broker—and your fiduciary duties in particular—differ from those of a sole agent
- let both sides review the agreement and answer their questions

Related information

Legislation

- *Real Estate Act* Rules - sections 41(e) and 55

Information bulletins

- Client – Real Estate Brokerage
- Customer – Real Estate Brokerage
- Conflict – Representing Seller and Buyer