



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

### 1. Seller's/Landlord's Agent

- When a real estate brokerage is a "seller's/landlord's agent," it must do what is best for the seller/landlord of a property.
- A written contract, called a listing agreement, establishes seller/landlord agency. It also explains services the brokerage will provide, establishes a fee arrangement for the Commercial REALTOR®'s services and specifies what obligations a seller/landlord may have.
- A seller's/landlord's agent must tell the seller/landlord anything known about a buyer/tenant. For instance, if a seller's/landlord's agent knows a buyer/tenant is willing to offer more for a property, that information must be shared with the seller/landlord.
- Confidences a seller/landlord shares with a seller's/landlord's agent must be kept confidential from potential buyers/tenants and others.
- Confidences a seller/landlord shares with a seller's/landlord's agent must be kept confidential from potential buyers/tenants and others.
- Although confidential information about the seller/landlord cannot be expected fair and honest service from the seller's/landlord's agent and disclosure of pertinent information about the property.

### 2. Buyer's/Tenant's Agent

- A real estate brokerage acting as a "buyer's/tenant's agent" must do what is best for the buyer/tenant.
- A written contract, called a buyer/tenant agency agreement or mandate agreement, establishes buyer/tenant agency. It also explains services the brokerage will provide, establishes a fee arrangement for the Commercial REALTOR®'s services and specifies what obligations a buyer/tenant may have.
- Typically, buyers/tenants will be obliged to work exclusively with that brokerage for a period of time.
- Confidences a buyer/tenant shares with the buyer's/tenant's agent must be kept confidential.
- Although confidential information about the buyer/tenant cannot be disclosed, a seller/landlord working with a buyer's/tenant's agent can expect to be treated fairly and honestly.

### 3. Dual Agent

- Occasionally a real estate brokerage will be the agent of both the buyer/tenant and the seller/landlord. The buyer/tenant and seller/landlord must consent to this arrangement in their listing and buyer agency or mandate agreements. Under this "dual agency" arrangement, the brokerage must do what is best for both the buyer/tenant and the seller/landlord.
- Since the brokerage loyalty is divided between the buyer/tenant and the seller/landlord 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.

### 4. Customer Service

- Finally, a real estate brokerage may provide service to buyers and sellers without creating buyer agency or seller agency. 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.

### Who's working for you?

- It is important that you understand who the Commercial REALTOR® is working for. For example, both the seller/landlord and the buyer/tenant may have their own agent which means they each have a Commercial REALTOR® who is working for them.
- Or, some buyers/tenants choose to contact the seller's/landlord's agent directly. Under this arrangement the Commercial REALTOR® is working for the seller/landlord, and must do what is best for the seller/landlord, but may provide many valuable services to the buyer/tenant.
- A Commercial REALTOR® working with a buyer/tenant may even be a "sub-agent" of the seller/landlord. Under sub-agency, both the listing agent and the co-operating agent must do what is best for the seller/landlord even though the sub-agent may provide many valuable services to the buyer/tenant.

If the seller/landlord and the buyer/tenant have the same agent, this is dual agency and the Commercial REALTOR® is working for both the seller/landlord and the buyer/tenant.

### Code of Ethics

Commercial REALTORS® believe it is important that the people they work with understand their agency relationship. That's why agency disclosure is included in a Code of Ethics which is administered by the Real Estate Council of Ontario. The Code requires Commercial REALTORS® to disclose in writing the nature of the services they are providing, and encourages Commercial REALTORS® to obtain written acknowledgement of that disclosure. The Code also requires Commercial REALTORS® to enter into a written agency agreement with any sellers/landlords or buyers/tenants they are representing.

### Acknowledgement by

I/we have read and understand the Working with a Commercial REALTOR® - The Agency Relationship brochure:

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### Sellers/Landlords

As seller(s)/landlord(s), I/we understand that:

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(real estate brokerage)

Is (initial one)

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

\_\_\_\_ Not representing my interests but will act in a fair, ethical and professional manner.

Signature

Date

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### Buyers/Tenants

As buyer(s)/tenant(s), I/we understand that

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(real estate brokerage)

Is (initial one)

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

\_\_\_\_ Not representing my interests, to be documented in a separate written customer service agreement, but will act in a fair, ethical and professional manner.

Signature

Date

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**This form is for information only and is not a contract.**

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