

AGENCY RELATIONSHIPS 101

For New Jersey REALTORS®

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“I’ve been licensed for 34 years.....we didn’t worry about this stuff when I started in the business!”

Let’s talk Agency Relationships

1. Learn about the history of Agency Laws. Why does every state have laws governing Agency Disclosure?
2. How does proper disclosure benefit you and the consumer?
3. What does the National Association of REALTORS® Code of Ethics say about Agency?
4. Let’s get an in depth look at NJAC 11:5-6.9
 - When do I have to deliver the Consumer Information Statement
 - At what point do I have to disclose the relationship I intend to have
 - Is there specific language that needs to be in my listing agreement or buyer agency agreement?
 - How about what has to be in contracts, offers and leases?
 - Does it say anything about handling inquiries from other brokers?
 - Is there anything specific that has to be in the Multiple Listing System?
5. Definition of Agency: *An agreement, either expressed or implied, between an agent and his or her principal, wherein an agent agrees to represent the principal in dealing with a third party.*
6. What is necessary to create the relationship?
7. What are Fiduciary Duties?
 - Obedience
 - Loyalty
 - Disclosure
 - Confidentiality
 - Accounting
 - Reasonable Care and Diligence

8. Are there penalties for breaching fiduciary duties?
9. What's your office policy?
 - Seller's Agent Only
 - Buyer's Agent Only
 - Seller's Agent and Disclosed Dual Agent if the opportunity arises
 - Buyer's Agent and Disclosed Dual Agent if the opportunity arises
 - Transaction Broker Only
 - Seller's Agent on properties on which this firm is acting as a Seller's Agent and Transaction Broker on other properties
10. So what to the terms "Vicarious Liability and Subagency mean?"
11. Is there a difference between a "Customer" and a "Client"?
12. Who should and who must be represented as Buyer Clients?
13. Do you get seller's to sign Exclusive Listing Agreements? What about getting buyers to sign Exclusive Representation Agreements?
14. Let's review a Buyer Representation Agreement
15. How can I explain Disclosed Dual Agency?
 - Fiduciary duties become limited
 - Why should the buyer and seller agree to it then?
 - Have to get both buyer and sellers "Informed Consent" in writing
 - What can or can't I disclose
16. Some "Agency Dilemmas"
 - Two buyer clients want the same property
 - Confidential Information from previous agency relationship
 - Should I list that FSBO first?
 - Advocate with first offer, then second offer is on an in-house listing
 - Multiple offer situations
 - Nice Seller, Not so nice buyer ☹ and we are Disclosed Dual Agents



NEW JERSEY ASSOCIATION OF REALTORS® STANDARD FORM OF EXCLUSIVE BUYER AGENCY AGREEMENT



1 1. AGENCY: _____ and _____ referred to in
2 (Buyer) (Buyer)
3 this Agreement as "Buyer" hereby designate _____
4 (Brokerage Firm)

5 as Buyer's exclusive agent, referred to in this Agreement as "Buyer's Agent", for the purpose of searching for, locating, and purchasing
6 real estate by Buyer in the following, _____ (municipality(ies)), pursuant to all of the
7 terms and conditions set forth below.

8
9 2. DOES BUYER HAVE A BUSINESS RELATIONSHIP WITH ANOTHER BROKER? [] YES [] NO
10 Buyer represents to Buyer's Agent that no other buyer's agency agreement is presently in effect. Buyer agrees not to enter into any such
11 agreement during the term of this Agreement.

12
13 3. DECLARATION OF BUSINESS RELATIONSHIP: The real estate license law of the State of New Jersey requires every real
14 estate licensee to declare the basis of the business relationship being established between such licensee and Buyer. Accordingly, I,
15 _____ AS AN AUTHORIZED REPRESENTATIVE OF
16 (Name of Licensee)
17 _____ INTEND, AS OF THIS TIME, TO WORK WITH YOU (buyer)
18 (Name of Firm)

19 AS A: (choose one)
20 [] BUYER'S AGENT ONLY [] BUYER'S AGENT AND DISCLOSED DUAL AGENT IF THE OPPORTUNITY ARISES.

21
22 4. TERM: This Agency Agreement shall commence on _____ and shall expire at midnight on the _____ day
23 of _____ or three (3) days after receipt by Buyer's Agent of a written termination notice from Buyer, whichever
24 shall first occur.

25
26 5. BROKERAGE FEE: In consideration of the services rendered by Buyer's Agent in behalf of Buyer, Buyer agrees to pay to Buyer's
27 Agent a brokerage fee of _____. The brokerage fee shall be earned, due and payable by Buyer to Buyer's
28 Agent if any property introduced by Buyer's Agent to Buyer during the term of this Agreement is purchased by Buyer prior to the expira-
29 tion of this Agreement, or within _____ days after the termination of this Agreement. However, if the seller of such property
30 authorizes the listing broker to pay a portion of the listing broker's brokerage fee to Buyer's Agent, that portion of such brokerage fee
31 shall be credited against Buyer's obligation to Buyer's Agent as set forth above. In such event, Buyer agrees to pay to Buyer's Agent,
32 at closing, the difference between the amount so received from the listing broker and the total brokerage fee due to Buyer's Agent as
33 referred to in this paragraph, unless, as a term or condition of the contract of sale, the seller has agreed to pay such difference to Buyer's
34 Agent at closing.

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36 6. BUYER'S AGENT'S DUTY: Buyer's Agent shall:
37 (a) Use diligence in its search to locate a property which is acceptable to Buyer.
38 (b) Use professional knowledge and skills to assist Buyer to negotiate for the purchase of such property.
39 (c) Assist the Buyer throughout the transaction and to represent Buyer's best interests.

40
41 7. BUYER'S DUTY: Buyer shall:
42 (a) Provide accurate and relevant personal information to Buyer's Agent regarding Buyer's financial ability to purchase real estate.
43 (b) Advise Buyer's Agent of any home offered for sale to Buyer where Buyer may have an interest in purchasing such property.
44 (c) Submit through Buyer's Agent, any offer to purchase or contract on a property which was shown to Buyer by Buyer's Agent.

45
46 8. OTHER BUYERS: Other potential buyers may be interested in the same properties as Buyer. It is agreed that Buyer's Agent may
47 represent such other potential buyers whether such representation arises prior to, during, or after the termination of this Agreement. In any
48 such situation, Buyer agrees that Buyer's Agent will not disclose to any other potential buyer the terms of the Buyer's offer or any other
49 confidential information concerning the Buyer and also will not disclose to Buyer the terms of any other buyer's offer or any confidential
50 information concerning the other buyer(s).

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9. DUAL AGENCY: Buyer understands that Buyer’s Agent may elect to represent a seller as well as Buyer in the sale and purchase of such seller’s property. In such event, Buyer acknowledges that Buyer’s Agent will be a dual agent, and pursuant to law, will have to obtain the written informed consent of both the seller and Buyer for the Buyer’s Agent to be a Disclosed Dual Agent. Buyer understands that by consenting to the Buyer’s Agent to be a Disclosed Dual Agent, there will be a limitation on the Buyer’s Agent’s ability to represent either the Buyer or seller fully and exclusively. Buyer’s Agent, when acting as a Disclosed Dual Agent, will not be able to put either the seller’s interests ahead of the Buyer’s nor the Buyer’s interests ahead of the seller’s. **Buyer’s consent to Buyer’s Agent being a Disclosed Dual Agent shall be deemed to have been given only when the “Informed Consent to Dual Agency” which appears on the reverse of this Agreement is signed by the Buyer.**

10. Buyer acknowledges receipt of the Consumer Information Statement on New Jersey Real Estate Relationships.

11. Buyer hereby acknowledges receipt of a signed copy of this legally binding Agreement and agrees to be bound by and comply with its terms and conditions.

IF BUYER DOES NOT UNDERSTAND ALL OF THE TERMS OF THIS AGREEMENT, LEGAL ADVICE SHOULD BE SOUGHT BEFORE SIGNING.

By: _____		
Buyer’s Agent	BUYER	Date
	BUYER	Date