

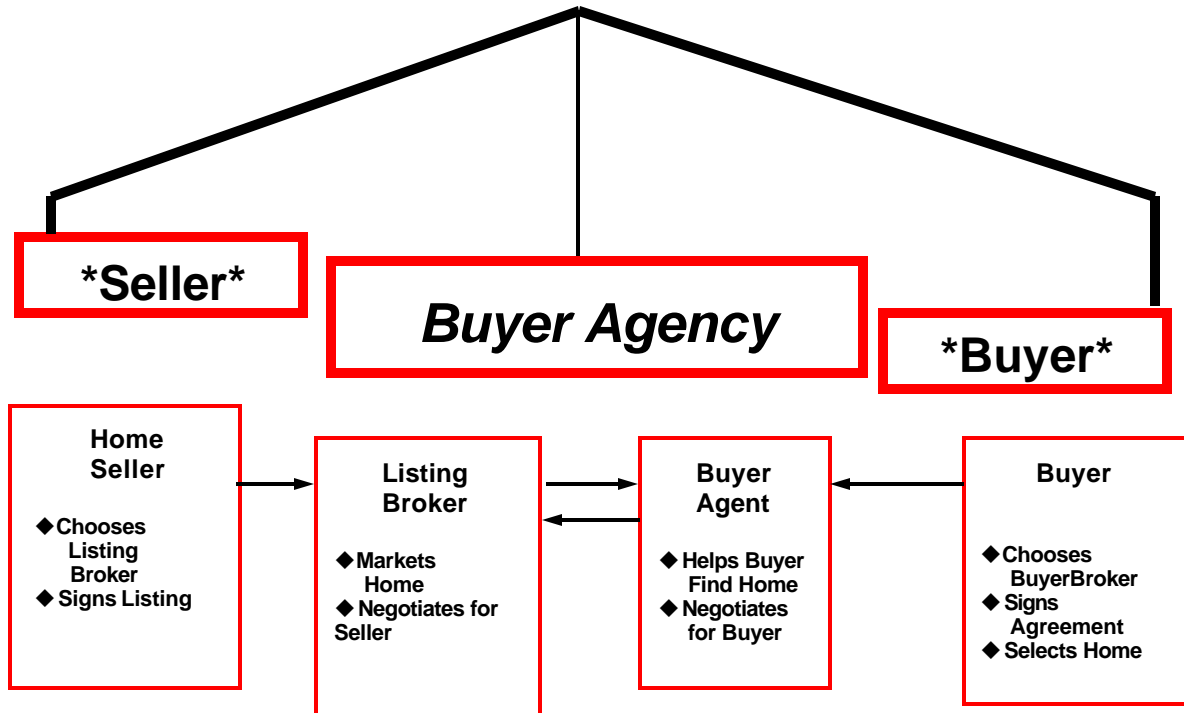
Historically throughout the country, real estate agents **had** been representing **only the seller** in real estate transactions. That meant that all the fiduciary duties were owed to the seller, **even when the agent was working with a buyer**.

This was accomplished through a system called *Sub-Agency*. The real estate company that lists the property is called the listing Broker. The real estate company working with the buyer is called the sub-agent, or co-operating Broker because the company actually works for the listing Broker. Although the buyer is provided service by a real estate agent, the buyer in this arrangement has no true Agency representation.

The *Agency* duties are owed directly to the seller in all transactions where there is no *Buyer Agency*. This is true of most real estate companies in the United States. Buyers in this arrangement must be careful not to divulge any information that they do not want the seller to know, i.e., the highest price they will pay for the property.

This system of *Seller Agency* has worked for many years. However, buyers should be aware that agents are representing the sellers interest, and they should not become reliant on the agent for assistance in determining an offering price that is other than the asking price, or for any other advice that might not be in the seller's best interest.



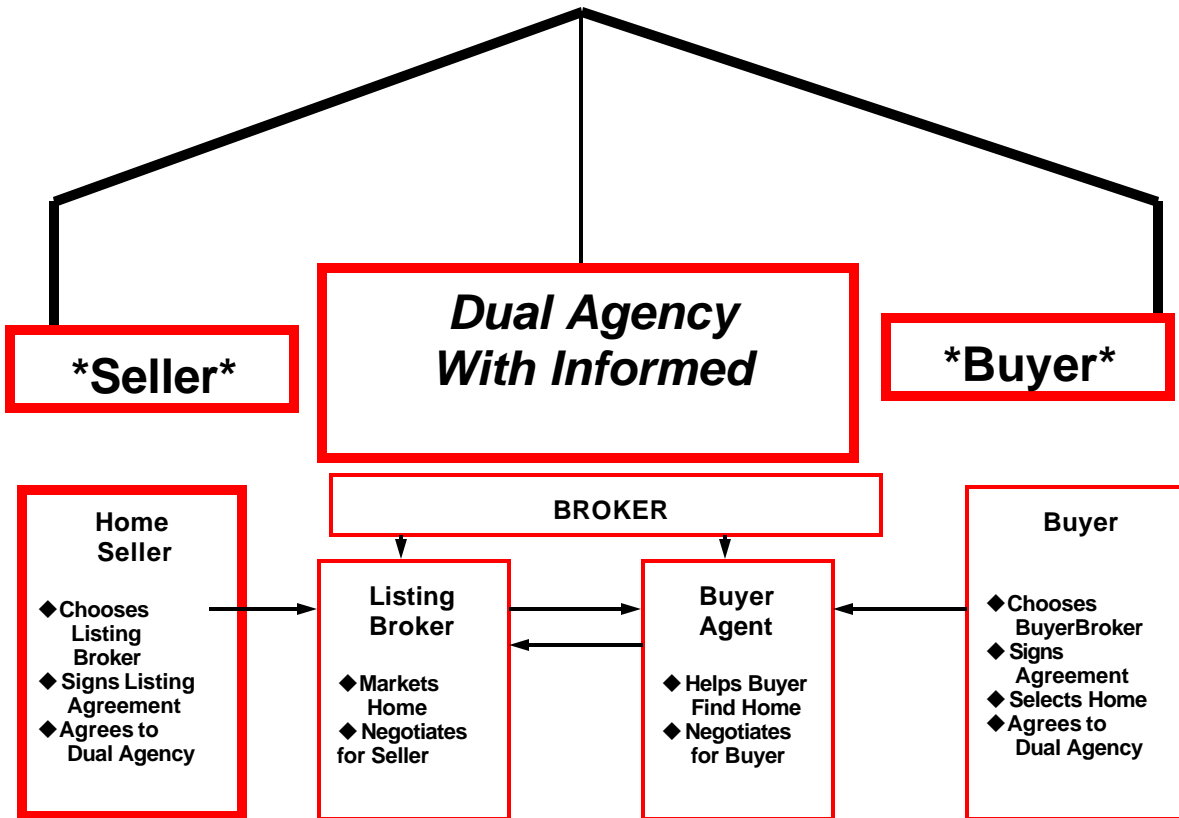


Recently buyers have become aware that real estate agents have considerable knowledge that could be of great assistance in deciding which property to purchase. In many areas of the country *Buyer Agency* has become as prevalent as the traditional seller and *Sub-Agency* type of business.

When a buyer is represented by an agent, all the fiduciary duties are owed by the agent to the buyer and not the seller. The buyer has the freedom to discuss the value of properties, negotiating strategies and personal finances with the agent. The buyer can obtain the opinion of the agent concerning the condition of the property, the effect of improvements, the seller's motivation for selling, and a variety of information which a seller's agent cannot provide.

A buyer's agent will commit, to make every reasonable effort to locate the property described by the buyer. This includes searching for all homes that may be available for sale, including those not listed with a real estate company.

Although the traditional agent will work hard to find the perfect property to meet your needs the traditional agent has some limitations because of the duties owed to their principle, the seller.



RE/MAX BROKERS, a licensed Real Estate Broker, lists properties for sale, thereby forming an Agency relationship with the seller. The seller's agent is obligated to put the seller's interest first.

RE/MAX BROKERS may also form Agency relationships with buyers. The buyer's agent is obligated to put the buyer's interests first. One example of a Buyer Agency is an agent working with a close relative, friend or former client. It is easy to understand how such a buyer would expect the agent to give advice and put the buyer's interest first.

When a buyer, who has formed an Agency relationship with a Broker, is interested in a home listed for sale by the same broker, a Dual Agency is created. Technically, Dual Agency arises when one broker (RE/MAX BROKERS) has a relationship with two clients who have opposing goals (buyer & seller). When a Dual Agency is formed, RE/MAX BROKERS will notify each party.

If a Dual Agency arises, the clients and agent agree to modify the Agency relationship. The agent must not disclose any information that would create a negotiating advantage for either party. The agent must treat the interests of the buyer and seller equally. The goal remains the same - to buy or sell a property.