

TOP TEN QUESTIONS

ON BUYER BROKERAGE AGREEMENTS



1

Are they mandatory?

As of January 1, 2017, buyer brokerage agreements will be mandatory for 'clients' at common law brokerages. Buyer designated brokerage agreements are already mandatory for clients at designated agency brokerages.

2

What is the purpose of the agreement?

Brokerage agreements are legal contracts that provide transparency by outlining the roles and obligations of both parties while putting service expectations in writing. Brokerage agreements can also help address conflicts of interest.

3

Can I buy real estate without a brokerage agreement?

Yes, as a 'customer' of a brokerage or on your own with the help of a lawyer. As a customer, the brokerage or designated agent, if applicable, cannot advocate on your behalf or give you advice.

4

As a customer, how can a licensee help me?

Licenses can show you properties, provide real estate statistics, complete standard real estate forms at your direction, present offers and counter offers and provide a list of other helpful service providers.

5

How long does a brokerage agreement last?

The duration of a brokerage agreement is negotiable. Some brokerages have minimum duration policies so shop around if a licensee won't agree to the time frame you want.

6

What else is negotiable?

Nearly everything in the brokerage agreement is negotiable if both parties agree to the change, and consumers should negotiate terms that suit their needs. Ensure that you are signing an agreement that you both understand and agree with.

7

Will I pay a fee or commission?

Perhaps. In most real estate transactions, the seller pays the fees. Buyers can instruct their licensee to only show them properties where the seller pays. It is important to discuss this with your licensee as there are certain cases where the buyer may be asked to pay some or all of the commission.

8

Can I sign more than one agreement?

The brokerage agreement restricts you to working with that brokerage for the property you're searching for. You can sign with another brokerage once the agreement expires or is terminated. If you're looking for a different type of property (i.e. cottage) at the same time, you can sign another brokerage agreement for that specific search.

9

How do I cancel it?

Consumers do not have a carte blanche to terminate agreements and fire their licensee; both parties must agree. If you're having issues with your licensee, contact the Broker (their boss) to discuss. You may also add in a termination clause at the time of signing, for example, for unexpected financial loss or illness, or for poor service with written notice.

10

Should I do some research first?

Consumers are always encouraged to interview multiple licensees when deciding who to work with. There are no province-wide standards for commissions or duration of the agreement, so take time to shop around and find the representative you feel most comfortable with.