



When **BUYING** Your Next Home... A Consumer Guide to Agency Law in Tennessee



The knowledge and help of a REALTOR® can make all the difference! You should also understand what's involved in having a REALTOR® represent you as your own **agent**. It's your choice.

In Tennessee, a REALTOR® does not become your representative or agent until you have signed a **Buyer Representation Agreement** with that REALTOR® – an actual contract for representation – spelling out how you will work together.

In the course of a transaction, you may sign other forms such as an agency disclosure or a confirmation of agency status. However, until you have signed a Buyer Representation Agreement, you don't have an agent.

Once you have signed a Buyer Representation Agreement, this contract obligates your agent to be your loyal advocate and to promote your best interests above all others in the negotiation and closing of a successful purchase.



Until You Sign an Agency Agreement...

If the REALTOR® assisting you doesn't represent the seller, then this REALTOR® is a **Facilitator**. By definition, a Facilitator doesn't represent you or the seller. A REALTOR® cannot be the Seller's Agent and also be a Facilitator for you at the same time.

On the other hand, if a REALTOR® *does* represent the seller, he or she may still help you through the transaction. The REALTOR® will deal with you honestly, in good faith, and will disclose adverse facts of which he or she has actual knowledge. But remember that the duty of the REALTOR® is to be loyal to and promote the interests of the seller, sharing any and all information that you might divulge with the seller.



What Is a "Designated Agent"?

Some firms use **Designated Agency** for buyers and sellers as their company policy. Designated Agency means that the REALTOR® representing you is the only one in his or her office – your Designated Agent – who has an agency relationship with you. The use of Designated Agency allows your REALTOR® to continue to represent you and your interests, even if he or she shows you property listed by someone else in the same office or negotiates the purchase of such a property on your behalf.

Many companies have adopted the use of Designated Agency for all clients in all transactions. Other companies use it only on an as-needed basis. In either case, your Designated Agent will remain your loyal advocate and keep your information confidential – even from other licensees in the office of this REALTOR®.



When Designated Agency is NOT used...

When Designated Agency is not used, all of the licensees in an office technically become your agents. You could encounter a situation where the office representing you also represents the seller. If this happens, the REALTORS® in that office must – with your permission – change their agency status.

In this situation, the office could terminate their agency representation of *both you and the seller* and act as Facilitators from that point forward. Or you could allow the office to represent both you and the seller in your purchase, to a limited degree. This is called **Disclosed Dual Agency**. As Facilitators or Disclosed Dual Agents, REALTORS® can assist both you and the seller but cannot promote one party's interests over the other's or share either party's confidential information.

Upon any change in agency status, the REALTOR® should notify both you and the seller in writing that a change of status has occurred, even if at an earlier time you gave your permission for that to happen.

If Designated Agency IS used by the office of your REALTOR®, the only time a change of status would be required is when the same individual REALTOR® represents both you and the seller, or represents both you and another buyer when both of you are interested in purchasing the same property.



Does Every Company Operate the Same?

No. The agency policy in each office may make different options available to customers and clients of that office. Ask your REALTOR® about his or her agency office policy.



Who Pays the REALTOR®?

In general, REALTORS® are paid for services they provide, not for their agency representation. Usually, the seller pays a negotiated fee for the sale of their property, and the listing brokerage firm cooperates with the brokerage firm assisting you by sharing this fee. Both the REALTOR® assisting the seller and the REALTOR® assisting you will provide some of the services needed to complete your purchase successfully.

You may also agree beforehand to pay your agent separately if he or she can't secure a brokerage fee through cooperation with the seller or seller's agent.

Disclosed Dual Agents and Facilitators are also paid a fee – usually the same as if they were working solely for one party – because they are still providing needed services toward a successful transaction.



Know Your Rights

To be a fully informed real estate consumer, be sure you read and understand any agreement before you sign it. Know that, in addition to disclosing any adverse material facts that they know about a property or any personal interests in the transaction, all REALTORS® – whether acting as a Facilitator, Agent, Designated Agent, or Disclosed Dual Agent – have a duty to act honestly, in good faith, and with reasonable skill and care in providing services to every consumer!