



## When **SELLING** Your 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**.

In Tennessee, a REALTOR® becomes your representative or agent when you have signed a **Listing Agreement** with that REALTOR® – an actual contract for representation – spelling out how you will work together to market your property successfully.

Once you have signed a Listing 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 sale. As your agent, the REALTOR® will obey your lawful instructions and cannot suggest to a buyer or buyer's agent any price for your property that you have not authorized.



### What Is a "Designated Agent"?

Some firms use **Designated Agency** for sellers and buyers 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 another REALTOR® in the same office shows your property to *his or her* client or negotiates the purchase of your property on someone else's 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 buyer*. 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 buyer and act as Facilitators from that point forward. Or you could allow the office to represent *both you and the buyer* in the sale of your home, to a limited degree. This is called **Disclosed Dual Agency**. As Facilitators or Disclosed Dual Agents,

REALTORS® can assist both you and the buyer 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 buyer 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 buyer.*



## 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.

In particular, if a buyer takes an interest in your property but has appeared without REALTOR® representation or the assistance of a REALTOR®, different offices have their own policies governing how your agent should respond in this situation. Ask your agent to explain what would occur if this happens.



## Who Pays the REALTOR®?

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

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!*