

Competition Realty LLC / Brokerage Relationship and Information Form

DISCLOSURE OF BROKERAGE RELATIONSHIP: In compliance with Section 6.3 of the Virginia Real Estate Board Regulations ("VREB"), parties to transactions involving real estate should understand the unique and valuable role that real estate brokers and their agents play in marketing real estate. That role is defined by a statute ("Statute") entitled "Duties of Real Estate Brokers and Salespersons," §§54.1-2130 through 54.1-2144 of the Code of Virginia of 1950, as amended ("Broker's Act"), and by regulations issued by the VREB. The following is intended to give you a brief explanation of that role. Real estate brokers and their agents are sometimes called "licensees" because they are required to obtain licenses from the VREB to sell real estate.

1. **AGENCY:** Agency is the relationship formed when one person works for or represents another person by express authority. People whom licensees represent are called clients. People who receive services from licensees without being represented by licensees are called customers. A licensee does not necessarily represent the person who pays the licensee. As a result, a licensee may represent the buyer, but be paid by the seller. Although agency relationships may be formed without a written agreement, you should not assume that any person represents you unless you have a written agreement. The contract between the licensee and the client, whether verbal or in writing, defines the brokerage relationship, in addition to the responsibilities set forth in the Broker's Act and VREB regulations.

2. **CLIENT STATUS:** With this option, the buyer or seller signs an agreement with a licensee for that licensee to represent buyer or seller. For sellers, this agreement is usually called a listing. For buyers, this agreement is usually called a buyer broker or exclusive right to represent buyer agreement. The buyer or seller is then that licensee's client. If the agreement is an exclusive agreement, the client is required to work through that licensee. The licensee will generally be entitled to a commission if the buyer buys or seller sells property, even if they do not use the services of that licensee. The licensee is required to give its client advice as to price and other matters and to disclose any information which might be helpful to its client, and the licensee will help its client to negotiate the most favorable terms.

3. **CUSTOMER STATUS:** With this option, the buyer or seller does not sign an agreement with a real estate broker (although they will still be required to sign a disclosure form). The buyer or seller is then the real estate licensee's customer. The licensee will represent the other party in the transaction, who will be the licensee's client. The buyer or seller has no obligation to work through the licensee, and the licensee will only be entitled to a commission if the buyer buys or seller sells property through the licensee. The licensee may give the customer general advice and is required to treat the customer honestly and disclose material facts actually known to the licensee regarding the physical condition of the property, but the licensee generally may not give advice regarding price or assistance in negotiating favorable terms. The licensee is required to disclose to its client any information regarding the customer which might be helpful to the client. Another form of customer representation arises when the seller does not offer an agency relationship to a selling firm. The selling firm would act only in the capacity of facilitating the transaction and would represent neither the seller nor buyer. The buyer would remain a customer of the selling firm. Selling firm responsibilities to the customer would remain the same as previously outlined in this paragraph.

4. **RESPONSIBILITIES TO CLIENTS:** In addition to the responsibilities set forth in the brokerage relationship, the Broker's Act provides that the licensee shall perform in accordance with the brokerage relationship and maintain the confidentiality of (I) all personal and financial information received from the client and (ii) any other information that the client requests be maintained confidential during the brokerage relationship except as otherwise provided by law. Additionally, the licensee shall promote the interests of client by seeking a buyer, tenant or property, as the case may be, in terms agreed upon in the brokerage relationship; however, the licensee shall not be obligated to seek additional offers to purchase or lease or seek additional properties, as the case may be, if the client has entered into a contract, unless agreed to as part of the brokerage relationship. The licensee shall present in a timely manner all written offers or counteroffers to and from the seller. The licensee shall account for in a timely manner all money and property received in which the client has an interest. The licensee shall treat all parties honestly and disclose to the other party material facts related to the property or concerning the transaction of which the licensee has actual knowledge. The licensee shall not knowingly give any party to the transaction false information. A licensee engaged by the seller shall disclose to prospective buyers all material adverse facts pertaining to the physical condition of the property which are actually known to the real estate agent. A real estate agent engaged by a buyer shall disclose to a seller the buyer's intent to occupy the property as a principal residence. A licensee may provide assistance to other parties by performing ministerial acts. Ministerial acts are routine acts which a licensee can perform for a person which do not involve, e discretion or the exercise of the real estate agent's own judgment.

5. **DUAL REPRESENTATION:** Dual Agency, or Dual Representation, is when the same company represents both the buyer and the seller. This generally happens when a buyer who is a client of a licensee becomes interested in real property which is listed with the company for which the licensee works. Virginia law permits real estate companies to handle dual representation in two different ways. The first alternative permits the broker and all salespersons to continue to represent both the buyer and seller, but they will not share any confidential information. The other alternative involves the use of Designated Representatives. With this alternative, the broker is still a dual agent, but separate agents are designated to represent the buyer and seller, and these agents represent their respective clients as if the agents work for separate companies. Both agents give their best advice and keep the confidences of their respective clients. Real estate agents are required by law to disclose to both the buyer and seller whenever a dual representation relationship arises and any time designated representatives are used. In the event a dual representation is agreed to, all parties must enter into a separate Disclosure of Dual Representation/Disclosure of Designated Representatives Form.

6. **COMPENSATION:** Prior to entering into any brokerage relationship, a licensee shall advise the prospective client of: (I) the type of brokerage relationship proposed by the licensee and (ii) the licensee's compensation and whether the licensee will share such salary or compensation with another licensee who may have a brokerage relationship with another party to the transaction.

7. **CHANGE IN STATUS:** If a licensee's relationship with a client or customer changes, the licensee shall disclose that fact in writing to all clients and customers already involved in the contemplated transaction.

THE UNDERSIGNED DO HEREBY ACKNOWLEDGE DISCLOSURE THAT **COMPETITION REALTY LLC**, THE LICENSEE REPRESENTS:

THE SELLER / LANDLORD / BUYER / TENANT / OPTIONOR / OPTIONEE (Circle ONE) IN A REAL ESTATE TRANSACTION.

	Agent	Date
		Date
		Date
		Date