

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

This information is provided in accordance with R.S. 37:1455(A)(21) and R.S. 37:1467 to help you be more informed in the buying, selling, or leasing of real estate. In whatever manner you choose to be represented, the goal is generally the same. The real estate licensee is trying to assist you in the sale, purchase, or lease of real estate upon terms acceptable to all parties. For additional information, you may contact the Louisiana Real Estate Commission at 1-800-821-4529 or 1-225-925-1923

WHAT CUSTOMERS NEED TO KNOW WHEN WORKING WITH REAL ESTATE BROKERS OR LICENSEES

As real estate transactions have become more complex and varied, real estate brokerage arrangements have evolved to meet the changing needs of customers entering this market. This disclosure provides a description of the different types of brokerage arrangements available to customers, so that they may choose the brokerage services best suited to their needs.

Under Louisiana's real estate agency law, a licensee engaged in any real estate transaction shall be considered to be representing the person with whom he/she is working, unless there is a written agreement between the broker and the person providing that there is a different relationship or the licensee is performing only ministerial acts on behalf of the person.

A real estate broker and his/her associated licensees can provide valuable real estate services, whether in the form of basic customer services, or through client-level agency representation. The services you expect will depend upon the legal relationship you establish with the company. It is important for you to discuss the information contained here with the real estate licensee, and to agree on whether your business relationship will be that of a customer or client, and if a client, the type of agency relationship that will be in your best interest.

CUSTOMER

The customer is a person who is provided services by a real estate licensee, but who is not a client of the real estate licensee because the licensee is only performing ministerial acts. In this case, the real estate licensee is not acting as an agent. The actual services you receive from a real estate licensee depend on the arrangement that is established between you and the licensee.

Licensees are allowed to provide ministerial acts to customers without creating an agency relationship; ministerial acts are acts that a licensee may perform for a person that are informative in nature. Examples include, but are not limited to:

- Responding to phone inquiries by persons as to the availability and pricing of brokerage services or pricing on a particular piece of property or location of a property.
- Conducting an open house and responding to questions about the property from a person.
- Setting an appointment to view a property.
- Responding to questions from persons walking into a licensee's office concerning brokerage services offered or particular properties.
- Accompanying an appraiser, inspector, contractor, or similar third party on a visit to a property.
- Describing a property or the property's condition, in response to a person's inquiry.



- Completing business or factual information for a person represented by another licensee on an offer or contract to purchase.
- Showing a person through a property being sold by an owner on his/her own behalf.
- Referral to another broker or service provider.

CLIENT

A client is one who engages a licensee for professional advice and services as their agent.

AGENCY

Agency means a relationship in which a real estate broker or licensee represents a client by the client's consent, whether expressed or implied, in an immovable property transaction. An agency relationship is formed when a real estate licensee works for you in your best interest and represents you. Agency relationships can be formed with buyers/sellers and lessors/lessees.

DESIGNATED AGENCY

Designated Agency means the agency relationship that shall be presumed to exist when a licensee engaged in any real estate transaction, is working with a client, unless there is a written agreement providing for a different relationship.

- The law presumes that the real estate licensee you work with is your designated agent, unless you have a written statement otherwise.
- No other licensees in the office work for you, unless disclosed and approved by you.
- You should confine your discussions of buyer/selling to your designated agent or agents only.

DUTIES THE DESIGNATED AGENT OWES A CLIENT

- To obey all lawful requests
- To promote your best interest
- To exercise reasonable skill and care
- To keep information that could materially harm your negotiation position confidential
- To present all offers in a timely manner
- To seek a transaction at the price and terms acceptable to you
- To account for all money or property received from the client in a timely manner

Note: When representing you as a client, your agent does not breach their duty to you by showing alternative properties to the buyers, showing properties in which you are interested to other buyer clients, or receiving compensation based on a percentage of the property sales price.

DUAL AGENCY

Dual agency means an agency relationship in which a licensee is working with both buyer and seller or both landlord and tenant in the same transaction. However, such a relationship shall not constitute dual agency if the licensee is the seller of property that he owns or if the property is owned by a real estate business of which the licensee is the sole proprietor and agent. A dual agency relationship shall not be construed to exist in a circumstance in which the licensee is working with both landlord and tenant as to a lease which does not exceed a term of three years and the licensee is the landlord.



Dual agency is allowed only when informed consent is presumed to have been given by any client who signed the dual agency disclosure form prescribed by the Louisiana Real Estate Commission. Specific duties owed to both buyer/seller and lessor/lessee are:

- To treat all clients honestly
- To provide factual information about the property
- To disclose all latent material defects in the property that are known to them
- To help the buyer compare financing options
- To provide information about comparable properties that have sold, so both clients may make educated buying/selling decisions
- To disclose financial qualifications of the buyer/lessee to the seller/lessor
- To explain real estate terms
- To help buyers/lessees arrange for property inspections
- To explain closing costs and procedures

A dual agent **may not disclose**:

- Confidential information of one client to the other, without the client's permission
- The price the seller/lessor will take other than the listing price, without the permission of the seller/lessor
- The price the buyer/lessee is willing to pay, without the permission of the buyer/lessee

CONCLUSION

The Louisiana Real Estate License Law and the Louisiana Real Estate Commission Rules and Regulations require a real estate license to provide you with this informational pamphlet on brokerage agency relationships. For additional information on agency disclosure matters, visit the Louisiana Real Estate Commission website at: www.lrec.gov

ACKNOWLEDGEMENT

Your signature only confirms that you have received information on agency law and in no way enters you into a contract.

Licensee (signature) (date)

Licensee Name

Buyer/Lessee (signature) (date)

Buyer/Lessee Name

Seller/Lessor (signature) (date)

Seller/Lessor Name

This form will be maintained by the real estate licensee for a period of five years, in accordance with Chapter 37, Section 3703.D of the Louisiana Real Estate Commission Rules and Regulations.

