



What You Should Know About Agency in Texas

Do you know who represents you in the purchase and sale of property in Texas? Does anyone even represent you in the transaction? What is the role of the licensed real estate broker and agent in the transaction? Do you want your agent to offer you his professional advice and opinions? Without an executed Buyer's Representation Agreement, Texas State Law says that all agents' fiduciary responsibility is to the Sellers as clients, while Buyers must be treated honestly and fairly, the agent **cannot render professional advice and opinions.**

This brochure is intended to help you better understand agency relationships between you and the licensed real estate broker and agent participating in the transaction.

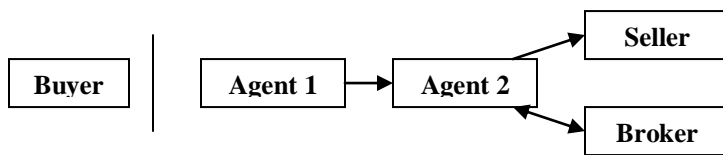
The use of real estate professionals in purchasing or selling real estate is a centuries old tradition. It has served the people well as evidenced by millions of satisfied home buyers and sellers. In the past, buyers and sellers may not have thought much about the legal relationship, which exists between them and the real estate agent that they have called upon for assistance. However, in recent years the real estate industry, consumer groups and state legislatures across the nation have sought to better inform buyers and sellers about the legal relationship they may have with the real estate broker. Ebbby Halliday Realtors and The Doane Realty Group are proud to participate in an effort to provide information about agency.

If you still have questions about agency relationships after reading this brochure, just ask The Doane Realty Group for further explanation.

We appreciate the opportunity to serve you.

Steve and Mary Doane, REALTORS®
Ebbby Halliday Realtors®

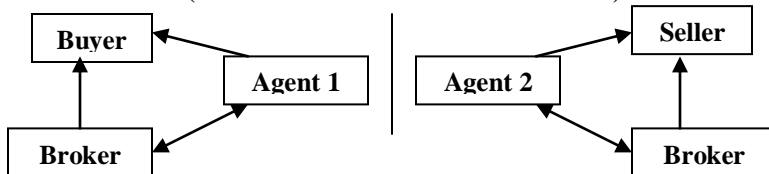
BUYERS WITHOUT REPRESENTATION



The responsibility of the real estate agent is defined by the state law relating to agency, the REALTORS® Code of Ethics and general principles of *Agency Law (TRELA)*. Without an executed Buyer's Representation Agreement, the Buyer is not represented as a client and must, by law, be treated as a customer, treated honestly, fairly, and can only receive facts and known information, but the Agent **cannot render professional advice or opinions.** Although an Agent without an executed Buyer's Representation Agreement may work hard to find the perfect property for a customer, the agent is limited legally by the Texas *Law of Agency*.

EXCLUSIVE AGENCY

(FOR CO-OP TRANSACTIONS)



One type of real estate transaction involves a seller who has listed property for sale with a real estate broker and is presented with an offer to purchase from a buyer who has engaged another broker. Both brokers have individual sales associates (Agents) who act on behalf of the broker in the transaction. In this transaction the broker for the seller and the broker's agent exclusively represent the seller. The other broker and its agent working for the buyer exclusively represent the buyer.

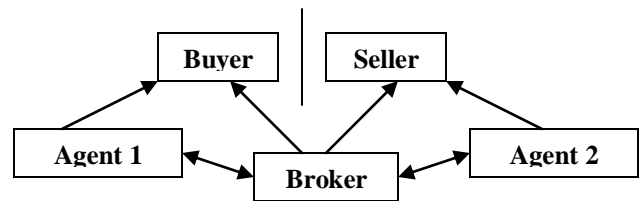
INTERMEDIARY STATUS

(FOR IN-COMPANY TRANSACTIONS)

Intermediary status was created by the Texas Legislature in 1995 and was designed for use when the same broker represents a buyer and seller when a buyer wishes to purchase a property listed for sale by the broker. In such a transaction, with the written consent of the parties, the broker may work with both parties to the sale. As an Intermediary, the broker (1) will treat both the buyer and seller honestly, (2) will not disclose that the seller will accept a price less than the asking price unless authorized in writing to do so by the seller, (3) will not disclose that the buyer will

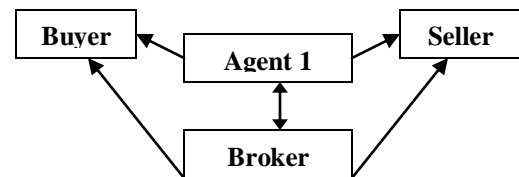
pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer, and (4) will not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by law. The broker, with the written consent of the parties, may act as an Intermediary in two different circumstances explained as follows:

With Two Appointed Licensees Working Separately with Buyer and Seller



When the buyer and seller wish to have the broker act as an Intermediary in the sale and each has separate agents of the broker working with them, then the broker may appoint each agent to act as an "Appointed Licensee." Under these circumstances, the Appointed Licensee will carry out the instructions of the parties to whom they are appointed and **will render professional advice and opinions** to the parties during the transaction.

With One Broker Intermediary Representative Working with Both Buyer and Seller



When a buyer and seller in the transaction wish to work with the same sales associate of the broker, then the sales associate will act as an "Intermediary Representative" of the broker. Such a transaction presents a greater potential for a conflict of interest between the broker and the parties, which precludes the broker and its intermediary representative from promoting the interest of one party over the other. In this situation the intermediary representative **will not render professional advice or opinions** to either party so as to remain fair and impartial to both parties, however may provide information and assistance.

Buyer's/Seller's Signature

Date