



Real Estate Council of Ontario

Consumer Publication



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Buyer Representation Agreements

When you are buying your home, a real estate broker or salesperson may ask you to sign a representation agreement. A representation agreement defines the nature of the relationship between you and the brokerage, including the broker or salesperson.

Representation agreements can be written, oral or implied. However, your broker or salesperson is required by law to reduce the agreement to writing and provide it to you for your signature. The agreement should be in writing in order to protect the interest of all parties.

Before You Sign

Your broker or salesperson wants to provide you with the best service he or she can. To make the most of this relationship, it's important to clarify your needs and expectations. To avoid misunderstandings later on, it's important not to make any assumptions. You should also take time to ask what the broker or salesperson expects from you and what your obligations are.

Discuss all of the services that will be provided. Take the time to clarify the fees and costs related to these services and make sure the written agreement is clear.

Don't Sign it if You Don't Understand It

Never sign an agreement unless you are sure you know what it means, how long it will be in effect and what the different clauses mean. It's one of the most important steps you can take to protect yourself. Take the time to read it thoroughly. Ask questions. Your broker or salesperson can't provide legal advice, but they are familiar with these agreements and should be able to answer your questions and explain what the clauses mean and what effect they will have. Feel free to seek legal advice at any time.

If you choose not to sign an agreement, the brokerage is still responsible for outlining the services that will be provided to you by the brokerage.

What If I Don't Sign?

The Code of Ethics clearly states that loyalty ultimately rests with the client and that a broker or salesperson must protect and promote the client's best interests. However, the Code also requires that a broker or salesperson deal fairly, honestly and with integrity and provide conscientious service to all clients and customers. You can decide to be a customer, rather than a client, but should be aware that the obligations of the brokerage will differ.

Multiple Representation

Multiple representation means that a brokerage is representing both the seller(s) and buyer(s) of a property. There are no standard terms of services under multiple representation so you need to refer to your representation agreement before any offer is submitted. RECO can't provide a legal interpretation of your contract. However, multiple representation must be consented to in writing. When such a situation arises, ask questions and make sure you are comfortable with how it may affect the services provided to you.

Holdover Clause

RECO often receives calls from consumers about holdover clauses in agreements and what they mean. This is a legal question and you should seek legal advice if you have concerns. While there is no "standard" holdover clause, generally, a holdover clause means that if a property is bought or sold within "X" days of the contract expiry, and without the assistance of the broker or salesperson, commission may still be payable to that broker or salesperson.

This publication contains general information only and should not be construed as legal or professional advice. For legal or professional advice specific to your real estate transaction or situation, you should seek the services of a professional.

For more information about the services provided by RECO, visit:

www.reco.on.ca