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# Customer or Client

## The choice is yours.

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What consumers need to know when working with a real estate professional . . . .



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Iowa law and rules require real estate companies to disclose to you their company policy on agency relationships. Before you disclose confidential information to a real estate agent, you should understand and agree on what type of agency relationship you will have with the agent.

There are many choices and options available to you to accomplish your goals. The most important thing you need to know when working with a real estate professional is whether you are a **client** or a **customer**. If you DO want to be “represented”, you need to become a client. If you choose NOT to be represented but assisted, you are a customer.

Here’s the “menu of choices” for the consumer.

## What is a customer?

A customer is a person who is provided services by a real estate agent but is NOT represented by the agent. As a customer, you can expect the agent working with you to:

- provide honest information in good faith
- assist you in preparing offers and helping you close the transaction
- use reasonable skill and care; and
- disclose any adverse material facts the salesperson knows or should reasonably have known (for instance, the seller has told the agent that the basement leaks every spring).

As a customer, you should **NOT** expect the agent you are working with to:

- conduct detailed inspections of the property for you or reverify information given by the buyer or seller; or
- keep your bargaining information confidential. In fact, if the sales agent’s brokerage company is representing the other party in the transaction, and you tell the agent about your willingness to pay more, that agent must give this information to the party being represented (client).

Whenever you, as a customer, speak to a real estate professional representing another party in a purchase or sale, assume you are talking directly to the other party (seller or buyer).

## What is a client?

A client is a party to a real estate transaction who has an agency agreement with a real estate professional for brokerage services.

If you are “represented” as a client, you can expect the real estate professional to:

- place your interests ahead of the interests of any other party
- reasonably act to negotiate the best price and terms for you
- tell you important information the agent knows or should reasonably have known which would influence your decision to buy or sell (such as the county’s plans to build a freeway exit on the land next door)
- keep information about your bargaining position confidential; and
- promote your interests with good faith, honesty and fair dealing and use reasonable care and skill in business dealings with you.

## Can an agent represent both the buyer and the seller?

Yes, as long as all parties to the transaction give their informed written consent prior to the agent engaging in any activities of a “dual agent”. Disclosed dual agency occurs when the real estate company represents both the buyer and the seller in the same real estate transaction. **Dual agency is not the same as having your own agent.**

A dual agent must avoid showing favoritism to either party and refrain from revealing confidential information that could prove detrimental to one side or the other. Without your permission, he or she won’t reveal to the other party:

- the motivation of the sellers to sell or the buyers to buy
- the price and terms either party may offer or accept other than those in the listing contract or purchase agreement; or
- confidential information that would jeopardize the position of either party unless written permission has been given by the buyer or seller.

Representing more than one party to a transaction can create a conflict of interest. Both clients may rely upon the agent's advice, and their respective interests may be adverse to each other. The agent will try to negotiate a sale or purchase that is satisfactory to both parties, but the agent cannot represent one party to the exclusion or detriment of the other.

## **What is appointed agency?**

Some brokerage companies offer the option of an "appointed agent." Let's say you choose to purchase a house that is listed by the company your agent works for. This is sometimes called an "in-house sale." If the company has an appointed agent policy, typically, your agent could be appointed to represent you and the listing agent would represent the seller. While both agents are in the same company, an appointed agent is NOT the same as a "disclosed dual agent."

In this situation, you are the agent's client. The duties owed to you by your agent include placing your interests ahead of the interests of any other party, negotiating the best price and terms on your behalf and revealing all important information the agent knows that might influence your decision to buy or sell. Additionally, the agent must keep information about your bargaining position confidential and be loyal, fair and honest in all business dealings with you.

As a consumer, you have the right to decide whether you will have an agency relationship with a real estate agent, and, if so, which type of relationship is best for you. You can also represent yourself or consult an attorney. **BEFORE** you decide, read all written disclosures an agent gives you and ask questions about anything you do not understand.

## **Know what to expect before you sign anything!**

The goal of all real estate agents is the same — to help bring about the sale or purchase of a home. Expect to be treated with honesty, regardless of the agency relationship.

If you have questions, contact your real estate professional or the Iowa Real Estate Commission at (515) 281-7468 or e-mail us at [susan.griffel@comm7.state.ia.us](mailto:susan.griffel@comm7.state.ia.us)