

Implications of a Non-cooperating In-House Exclusive Listing Agreement

Bylaw 708 requires a registrant, at the time of signing an in-house exclusive written agreement, to have written notification from the seller that the seller requests the registrant's brokerage to cooperate or to not cooperate with other brokerages in the marketing of the seller's property. If the seller directs the brokerage not to cooperate with the other brokerages, the brokerage shall state the implications of this arrangement to the seller in writing.

It is important that registrants understand the importance of providing a client with written explanations of the potential consequences of entering into an in-house exclusive listing when such an agreement is being done.

Members of the public must be confident that the registrants they engage to represent them in trades in real estate are taking all the necessary steps to abide by the legislation and explain all aspects of the transaction to their clients. A registrant serves the interests of his or her clients by using the registrant's specialized knowledge and expertise to ensure the client has the information he or she needs to make an informed decision regarding how to proceed with a transaction. By setting out the potential implications of an in-house exclusive listing, the registrant gives the client the information needed to determine if such a listing is in the client's best interests or not.

Given the uniqueness of an in-house exclusive listing, it is extremely important to provide written notice to consumers of the implications of a non-cooperating listing agreement. Stating these implications orally is not sufficient, as it is possible the consumer did not hear or understand everything stated, or that they will forget or confuse the message. There is also the risk that they may remember a conversation differently from the agent in the event of a problem arising in the future. The client must be aware that this type of agreement may have serious consequences for them and they have to be clear of all the implications. Therefore, the statement is a protection for both the registrant and the consumer in the circumstances.

This becomes exceedingly important if and when a registrant is involved in a transaction. In such a case, there is an obligation to take extreme care in representing the documentation to the public.

The Saskatchewan Real Estate Commission Policies identify the implications of an in-house exclusive listing that must be presented to a seller in writing as:

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Minimum Consequences for a registrant to disclose to seller

- *Reduced Market Exposure*

- *Fewer Potential Buyers*
- *Sale Price Potentially Reduced*
- *Buyers Restricted from Purchasing*