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## Working with the Exclusive Buyer Representation Agreement: Handling Buyer Objections with Facts

While many REALTORS® are already successful at establishing exclusive relationships with buyers, others are a little unsure about asking a buyer for a commitment. Buyers also may find the shift to written representations agreements a little intimidating. They might be reluctant to commit, concerned about the length of the agreement, how the fee is handled and whether they can get out of the agreement if it is not working out. All of these concerns can be addressed in your buyer meeting. In the words of one REALTOR® who currently works with the Exclusive Buyer Representation Agreement: *“If they are reluctant to sign, then I’m not explaining it correctly.”*

Explaining the agreement and the exclusive relationship can take some practice. Review the following common buyer objections and the facts to be considered when handling those objections. Decide which statements you can adapt for use in your buyer presentations. Prepare and practice your own scripts to handle each objection. By doing so, you will reassure your buyer and demonstrate your level of professionalism.

**Buyer: “If I commit to using just you, I’ll miss out on properties.”**

**Facts:**

- REALTORS® who are members of real estate boards cooperate on showing and selling listings through the Multiple Listing Service® (MLS®) system. This means every REALTOR® has access to the same MLS® listings.
- The majority of residential properties are offered for sale on the MLS® system. If a property is not on MLS® it is less widely marketed and might be missed by one REALTOR® but found by another. Although rare, a buyer could “miss out” on a property like this.
- If a buyer has non-exclusive relationships with a number of REALTORS®, each Non-Exclusive Buyer Representation Agreement will have the same information in the Search Criteria section. Rather than missing out, this means each REALTOR® will find the same properties to fit the Search Criteria and the information will be duplicated.
- REALTORS® must inform buyer clients of all properties that match the Search Criteria, unless instructed otherwise. A buyer working with many REALTORS® will receive property notices on the same properties and will be asked to view the same properties. Buyers who don’t want to view the same property twice will have to inform the REALTOR® to remove it from the list.

- Buyers who will not commit may prefer a non-exclusive agreement where there is no client commitment. However, the REALTOR® duties in that agreement are the same as in the exclusive agreement. As a REALTOR®, you must give the same high service levels even if you know a non-exclusive buyer is working with other REALTORS®. It can be a challenge to give the same commitment to a non-exclusive client as you would to a client who has agreed to be loyal to you in the exclusive agreement. If you feel you cannot serve a non-exclusive buyer in the same way as an exclusive buyer you should decline to act in a non-exclusive relationship.
- A buyer will benefit from working with one REALTOR® who is willing to make a service commitment. The exclusive agreement provides a return commitment from the buyer. As a result, both parties can proceed more confidently in a strong partnership.

**Buyer: “I just want to see a few houses, not have a long term commitment.”**

**Facts:**

- A benefit of the Rule 43 requirement to have a written service agreement is that buyer objections can come up during the presentation of the agreement. This will help you decide if this is the type of buyer they want to work with. This is similar to deciding if you want to act for a particular seller after they tell you their ideas about the sale of their property.
- To satisfy a buyer who “just wants to see a few houses”, you may negotiate the agreement term. The term could specify a showing on just one property or be as short as just one day. The length of the agreement term is optional, subject to any brokerage or personal practice policies.
- A buyer representation agreement protects the buyer’s interests should any confidential information be revealed during those showings. If the Exclusive Buyer Representation Agreement is used, it can protect the REALTOR® fee on the properties shown. This applies even when the agreement is for only one property.
- REALTORS® are more willing to commit to a buyer who will offer a commitment in return. A short-term agreement can be used as a trial while the parties are getting to know one another. You might find that it is you who chooses not to extend the relationship!

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**Buyer: “I will not sign any documents.”****Facts:**

- As of July 1, 2014, The Real Estate Council of Alberta’s Rule 43 will require REALTORS® to have a written agreement to establish a client relationship.
- Buyers may have some apprehension about signing the Exclusive Buyer Representation Agreement, especially if they don’t understand it. If a buyer understands the agreement, they are likely to appreciate the terms in the agreement that protect their interests and feel more comfortable with it.
- Although it is a Real Estate Council of Alberta (RECA) Rule that requires written service agreements, RECA has no jurisdiction over members of the public. If, despite your best efforts, a buyer refuses to sign a representation agreement and you still wish to work with that buyer, best practice is to document your efforts and the client’s decision to refuse a written agreement.
- Using a buyer’s refusal to sign as a tactic to avoid properly introducing the agreement is not appropriate. Brokers will be responsible to watch for correct use of the agreement and RECA will continue with their regular programs of practice review checks.
- Whether there is a written agreement or not, if you behave like an agent in your actions, you cannot later claim there was no agency relationship.

**Buyer: “Can I get out of the contract if it’s not working out?”****Facts:**

- A client and/or a REALTOR® may find that the working relationship is not what they had hoped.
- The agreement asks for open communication. REALTORS® can build trust by discussing in advance what the options are if they and the buyer are not working well together. For example: “If we find that things are not going well or if you are unhappy with my work, will you agree to sit down and talk about the concerns? I’m sure we can resolve any issue by talking it out. If not, my broker can step in and discuss options with both of us or assign a different agent to your file.”
- Another option is to exercise the “early end” section of the agreement and simply cancel the agreement. With the Exclusive Buyer Representation Agreement, your fee on any introduced properties will be protected for the agreed time unless the buyer becomes obligated to another brokerage through a buyer representation agreement.

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**Buyer: “Doesn’t the seller pay the REALTOR® fees?”****Facts:**

- In most transactions where the property is listed using MLS®, the seller pays the brokerage fee.
- Most MLS® sales statistics are based on a sale price where the fees for both brokerages were paid by the seller and accounted for in their price. Therefore, most sellers consider the fee they will pay when setting their asking price.
- Many buyers are not aware that the brokerage fees are often built into the asking price. This means that they indirectly pay the portion of the fee that goes to the buyer’s brokerage.
- When a buyer understands this, they will understand why a for-sale-by-owner property price should be lower than a comparable property that involves REALTOR® representation. You can act in your buyer client’s interests in their negotiations for a property of this type.
- On for-sale-by-owner or mere posting properties, three things can happen. The REALTOR® can attempt to negotiate with the seller that they will pay the buyer’s brokerage fee. The buyer can include the fee in the price offered, along with a term that directs the seller to pay the fee to the buyer agent’s brokerage. Or, the buyer can pay the fee out of pocket. If working under a non-exclusive agreement, the only option is for the REALTOR® to attempt to negotiate the fee with the unrepresented seller.

**Buyer: “I can’t pay the fee.” “I won’t pay the fee”****Facts:**

- There may be situations where the seller will not offer a buyer agent’s fee (FSBO) or the fee offered by the seller will be less than you and your buyer have agreed to in the EBRA. If so, the buyer will be obligated to pay the shortfall. This can present a challenge for cash poor buyers.
- Many lenders understand that REALTOR® fees are built into the sale price of real estate and will consider lending on a transaction where the purchase price includes the buyer’s agent fee. Lender’s policies may differ, however, and buyers should be advised to have this discussion with their lender.
- An option for a buyer who “can’t” or “won’t” pay a fee is to direct their REALTOR® to eliminate any properties where the seller will not pay the agreed fee. The REALTOR® should document this instruction in writing.

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**Buyer: “Your fee is based on the sale price - the more I pay, the more you earn. How do I know you will negotiate a good price for me?”**

**Facts:**

- This is a common objection. The REALTOR® has the client’s interests in mind and negotiating a fair price is in the buyer’s interests. Explain to the buyer that you value their business – now and in the future. You know if they are not satisfied with the transaction, their future business will go elsewhere.
- Do the math with your buyer and show them how the fee calculations work. Tell them you will not jeopardize a good client relationship for a few dollars.
- Tell the buyer you will prepare a CMA on every property of interest. This means they will know what a fair price is and can structure their offer accordingly.

**Buyer: “I can see that you should earn a fee, but I think your fee is too high.”**

**Facts:**

- Each brokerage and/or REALTOR® can determine the fee they wish to ask in order to provide the services they know a buyer needs. The better you are at explaining your services, the more receptive the client will be to your fee.
- The fee is not earned until the end of the transaction. Poor service reduces the likelihood of a successful sale, and could result in no fee at all.
- The fee is negotiable.
- In the Exclusive Buyer Representation Agreement, the buyer can benefit if the seller pays a fee that is more than the REALTOR® and the buyer have agreed to because the agreement sets out that overage will go to the buyer. In the Non-Exclusive Buyer Representation Agreement, where there is no fee agreement, there is no such obligation on the REALTOR®’s part. The REALTOR® must only disclose the fee paid.

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**Buyer: “Do I still pay a fee if I end up not buying a property?”****Facts:**

- The Exclusive Buyer Representation Agreement includes two sections where you and the buyer can discuss whether there will be a payment in the event a property is not purchased.
  1. Retainer: Unless agreed in writing, any retainer collected will be applied to the fee. You may agree on certain circumstances where the brokerage may keep the retainer.
  2. Reasonable Expenses: You might incur certain expenses on your buyer’s behalf – title searches as an example. You and the buyer can discuss and agree on whether or not these will be reimbursable.
  
- Both items are negotiable between you and your client.