

Buyer Relationship Forms – Which One to Use?

One of the most common questions about the change to required written service agreements for all client relationships is, “Which form should I use?” When working with a buyer, you can choose from three AREA Forms:

- **Exclusive Buyer Representation Agreement form**
- **Non-Exclusive Buyer Representation Agreement form**
- **Customer Acknowledgement form**

Each form has a valid use, depending on the buyer’s circumstances and the type of relationship the REALTOR® wants to have with buyers. Start by looking at the name of the form. The name of each form indicates the type of relationship being established:

- The **Exclusive Buyer Representation Agreement** creates an agency relationship. The buyer agrees to work *exclusively with one representative* in a search for property as described in the “Search Criteria”.
- The **Non-Exclusive Buyer Representation Agreement** forms an agency relationship. The buyer is *not obligated to work exclusively with one REALTOR®*. Instead, they can work with many REALTORS® in their search for a property meeting the “Search Criteria”.
- The **Customer Acknowledgment** form is for buyers who want no agency representation.

AREA’s online Buyer Representation tutorials focus on the Exclusive Buyer Representation Agreement. That version has sections which provide for buyer loyalty and the REALTOR’s® fee – elements that do not exist in the Non-Exclusive Buyer Representation Agreement. Most of the remaining content and clauses apply to both exclusive and non-exclusive versions. Knowing the differences in the agreements will help REALTORS® choose the relationship that best matches client expectations and their individual practice preferences.

Examples:

Note: *each of the following forms contains content mandated by the Real Estate Council of Alberta*

For a detailed comparison of both representation agreements and the Customer Acknowledgement form, review:
[Which Form to Use?](#)
[AREA Forms Comparison Chart](#)

Exclusive Buyer Representation Agreement: This agreement creates agency. The REALTOR’s® value to the client is recognized by their agreement to work only with you during the term of the agreement. The buyer client also

acknowledges that you should earn a fee for your work. The fee is agreed in advance, so you can proceed with confidence. In most residential real estate transactions, the seller pays the fee. However, in a for-sale-by-owner or mere posting situation, that fee could be minimal or non-existent. By having a frank discussion about the fee and different listing types with the buyer, you can discuss the best strategies for dealing with a purchase on this type of property.

Non-Exclusive Buyer Representation Agreement: This agreement also creates agency but has no buyer loyalty or fee commitment. If you wish to work to with a buyer under these circumstances, this form is an option. An example is when you are working with a corporate transferee and the relocation company or employer is paying the brokerage fee and therefore does not want the buying employee to also commit to paying a fee.

Customer Acknowledgment: This creates a customer relationship, not an agency relationship. It can be used to avoid conflicts of interest, for example, where you represent the seller and a buyer becomes interested in the property. If the buyer is a customer, you do not have a conflict of interest because your agency duties remain with your seller client. Customer status means the customer is representing themselves and this relationship suit a very experienced real estate investor. While there is no fee agreement, the REALTOR® responsibilities are few.

What are people saying about which agreement to use?

“As far as which agreement to use, it’s your choice. Both the non-exclusive and exclusive agreements require the same agency duties of you. The difference is in whether you feel you deserve any obligations from the buyer in return – if yes, then the Exclusive Buyer Representation Agreement is the way to go.”

Harvey Gamble – REIX

“For me that’s an easy question because I exclusively use the Exclusive Agreement. If I’m in an Exclusive Agreement with a buyer, they know exactly what they can expect from me. They know how much time I’m willing to give them or any advertising features that I might do for them. We know exactly what each will do for the other person. I will also train them and educate them, give them my advice, help them structure their offer, help them get the best price they can and to use the best professionals they can. I think that in order to do that, I need to be in an exclusive arrangement.”

Iris Talbot, Re/Max Real Estate (Central)

“I’m concerned the public will view this that they are being forced to sign with only one person. Must be made clear that the public still has the choice to go exclusive or non-exclusive. This is protection for both parties, but public has a choice”

REALTOR® Focus Group Participant

“Non-exclusive more or less replicates the way most common law buyer’s agents practice now and that is a non-exclusive manner. So, if the buyer goes somewhere else, then they are gone. In other words (in the absence of unethical behaviour) he who writes the offer gets paid. In the event that they have signed an exclusive agreement and none of the five “early end to the agreement” terms apply; you’ve got a different issue and yes, you can bind (the buyer) to that – at least the obligations in it. You may not be able to make them work with you but they will be bound by those obligations. If it is properly executed, then it is enforceable and that has been proven here in Alberta.”

Charles Stevenson, RECA, RAE Information Session Q&A

“When there’s no commission, I can’t afford to show the house. With that written contract, buyers will be able to see all properties, including FSBOS, etc. Better qualifying is achieved and a quality partnership is achieved.”

REALTOR® Focus Group Participant