

# Colorado Agency Relationships

DD25-5-09 is a standard **Colorado Real Estate Commission** (CREC) form that defines the different relationships that can exist between you and a real estate broker associate (agent). In Colorado a broker is the firm and a broker associate is the individual agent. We are required to present this form to you and ask that it be signed as soon as possible after meeting you for the first time.

When you buy or sell a home, you should have the very best representation possible, since this is the largest investment most people make. With every home and seller being unique, it is more complicated than buying a car. It is more like going to court. You need to get your own personal representative to assist, consult and guide you, and that's what an agency relationship is. It requires you to sign an agreement with a broker, another standard CREC form, but you are not obligated in any financial way; you are just employing the broker.

## CREC REAL ESTATE MANUAL

This CREC form describes other forms of relationships and how you might have a relationship even without an agreement. The following are some excerpts from the Colorado Real Estate Manual.

- “Colorado is a national leader in the creation of real estate brokerage laws.” In 1994 Colorado law was changed to create “two different types of working relationships between a broker and a party: single agency and transaction-brokerage.”
- “A party now has two choices when engaging the services of a real estate broker. One choice is **transaction-brokerage** where the broker *assists* one or more parties throughout the transaction without being an advocate for any party. The second relationship is **agency** where the broker is a single agent *representing* only one part in the transaction.”
- There are 17 uniform duties that both types of brokers must perform, but additionally: “the broker acting as an *agent* is obligated to: (1) promote the interests of the party with the utmost good faith, loyalty and fidelity; (2) seek a price or lease rate and terms that are acceptable to the party; and (3) counsel the party as to any material benefits or risks of a transaction.”
- The agency concept “evolved from the master-servant relationship under English common law. The servant owed absolute loyalty to the master. This loyalty was superior to the servant’s personal interests as well as the interests of others. *Common law* is established by court decisions. Under common law, the agent owes the principal five duties of care, obedience, accounting, loyalty (including confidentiality) and disclosure. *Statutory law* is the law enacted by the legislature.”
- “The *agent* is the individual who is authorized and consents to represent the interests of the principal. The *principal* is the individual hiring the agent and granting to the agent the authority to represent the principal. A *fiduciary relationship* exists between the agent and the principal where the agent is held in a position of special trust and confidence by the principal.”

I would be glad to discuss these concepts with you at a time of your convenience. One special note: if you find a property on the Internet or see a sign in front of a home you are interested in, call me or engage another broker to ensure that you get the best **independent** representation possible. Unless you are an attorney or are former real estate agent, it would be wise to employ a broker associate to purchase real estate, before you start looking. Please call if you have questions.

The printed portions of this form, except differentiated additions, have been approved by the Colorado Real Estate Commission. (DD25-5-09) (Mandatory 7-09)

DIFFERENT BROKERAGE RELATIONSHIPS ARE AVAILABLE WHICH INCLUDE SELLER AGENCY, BUYER AGENCY OR TRANSACTION-BROKERAGE.

DEFINITIONS OF WORKING RELATIONSHIPS

For purposes of this document, seller also means "landlord" (which includes sublandlord) and buyer also means "tenant" (which includes subtenant).

Seller's Agent: A seller's agent (or listing agent) works solely on behalf of the seller to promote the interests of the seller with the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an advocate for the seller. The seller's agent must disclose to potential buyers all adverse material facts actually known by the seller's agent about the property. A separate written listing agreement is required which sets forth the duties and obligations of the broker and the seller.

Buyer's Agent: A buyer's agent works solely on behalf of the buyer to promote the interests of the buyer with the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an advocate for the buyer. The buyer's agent must disclose to potential sellers all adverse material facts actually known by the buyer's agent including the buyer's financial ability to perform the terms of the transaction and, if a residential property, whether the buyer intends to occupy the property. A separate written buyer agency agreement is required which sets forth the duties and obligations of the broker and the buyer.

Transaction-Broker: A transaction-broker assists the buyer or seller or both throughout a real estate transaction by performing terms of any written or oral agreement, fully informing the parties, presenting all offers and assisting the parties with any contracts, including the closing of the transaction without being an agent or advocate for any of the parties. A transaction-broker must use reasonable skill and care in the performance of any oral or written agreement, and must make the same disclosures as agents about all adverse material facts actually known by the transaction-broker concerning a property or a buyer's financial ability to perform the terms of a transaction and, if a residential property, whether the buyer intends to occupy the property. No written agreement is required.

Customer: A customer is a party to a real estate transaction with whom the broker has no brokerage relationship because such party has not engaged or employed the broker, either as the party's agent or as the party's transaction-broker.

THIS IS NOT A CONTRACT.

I acknowledge receipt of this document on [see email]

Signature

Signature

On [see email], Broker provided [see email] with this document via email and retained a copy for Broker's records.

Brokerage Firm's Name: Keller Williams Top of the Rockies

Bob Hamilton

Broker



KELLER WILLIAMS.