

When to get a representation agreement signed

Oct 15, 2019 By Kenneth Laroza

I often have new agents ask me: when should I get a buyer representation agreement signed? When should I present it? I don't want to seem pushy

According to Ontario's Real Estate Business Brokers Act, 2002, "If a brokerage enters into a buyer representation agreement with a buyer and the agreement is not in writing, the brokerage shall, before the buyer makes an offer, reduce the agreement to writing, have it signed on behalf of the brokerage and submit it for signature."

1. Immediately - before doing any work/showings.

Choosing to present the BRA prior to doing any work has many benefits but can be problematic when dealing with potential clients who may be a bit more cautious when signing documents. The largest benefit is that by obtaining your forms, you protect your time and your efforts. The BRA forms ensure that should your client decide to work with someone else or find their own property, the hours/days/months you spent showing properties, driving around the city and doing research isn't completely lost. Remember, you aren't a volunteer, this is your profession.

The downside is that many consumers aren't comfortable signing a contract with someone they just met and committing to someone before they know if they will work well together.

2. During or after showings/meetings.

This can be after one showing or a few days of showings. I like to refer to it like dating. It allows you to get to know each other before a document is signed.

Remember, the contract is a two-way street. Your client has duties to you, but you also have duties to them. Doing a bit of work prior to signing gives you the opportunity to test the working relationship.

The negative to this is that there is a potential for wasted time. Whether it was one hour of showings or five hours of showings, if the buyer decides to work with someone else, your time is not protected. It can be incredibly frustrating and heartbreaking but be strict with how much time you commit during this period.

3. After – just before an offer is signed.

Throughout my years in real estate, I have had this conversation with agents on several occasions:

Agent: I've been working with this client for the past six months, but they went to an open house this weekend and bought through the listing agent – aren't I owed commission?

Me: Did you have a buyer rep signed?

Agent: No.

Me: Then no, unfortunately you aren't owed anything.

Agent: [Expletive]

Waiting until just before an offer is signed makes the client feel the most comfortable but places you at the most risk. In this situation you place a lot of trust with your clients, hoping that they will work with you and not cut you out of the deal (on purpose or otherwise). If you're not too concerned or feel that it's worth the risk rather than losing the client due to coming across as too pushy, that's your call.

Whichever way you choose is entirely up to you. My suggestion, though, is to be consistent. To create an efficient business, you should choose a method and stick to it. Spend the next few clients testing out each option, see how comfortable you feel and once you've decided which works best with you and your personality, make it your policy. By having something you follow with every client, you're able to start focusing on other parts of your business rather than having to change for every person you meet.

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