

Developing a Company Policy on Agency

With the variety of agency relationships available, it is essential that every brokerage firm develop its own policy.

Administrative Rule 70-02-03-17.

1. **Responsibilities of designated broker.** The designated broker must have a written company policy that identifies and describes the types of real estate agency relationships in which the agency may engage. In addition, any agency that offers representation to both buyers and sellers must also address in the policy manual the agency's procedures intended to prevent any mishandling of information through both formal and informal sharing of information within the agency, the arrangement of agency office space, and the personal relationships of appointed agents who are representing clients with adverse interests

The most effective way to establish a company policy on agency practice is to follow a simple but organized approach. Here's a suggested method:

Phase 1: Review the various agency choices.

- Exclusive seller agency.
- Exclusive buyer agency.
- Seller agency, buyer agency, with consensual dual agency for in-company transactions.
- Appointed agency.

Phase 2: Review the advantages and disadvantages of each choice.

Phase 3: Decide what type of agency relationship(s) your office will offer.

Phase 4: Write a company policy. Start off with a preliminary plan. Submit the plan to key members of your staff and to business and legal advisers.

The comprehensive plan should include a basic statement of policy. The plan should describe the procedures for handling common situations from the perspective of the listing office and the selling office. The plan should discuss the use of company agency forms, especially the timing of making disclosure to buyer and to seller.