



## What is a buyer's listing agreement?

**A:** It's good practice for the buyer and seller to each retain their own agent to act as their exclusive representative in a real estate transaction.

In the context of a real estate sale, the buyer's and seller each separately employ a different licensed broker under a listing agreement. The listing agreement establishes that the broker will receive a fee in exchange for providing real estate services.

The broker employs licensed individuals as their agents. Their agents then solicit sellers and buyers to employ the services of their broker, and in turn the agent.

On entering into a listing agreement, the client retains and authorizes their broker and agents to diligently and continuously perform the agreed-to real estate services on behalf of the client. The broker's agent works directly with the client, and in doing so, acts on behalf of the broker.

Regarding the broker fee, the seller of property typically pays the real estate fees due all the brokers. The fee is disbursed from the price paid by the buyer in the sales transaction. On each broker's receipt of their fee on a sales transaction, the brokers share the fee with their agent(s) who participated in the transaction.

When the buyer's broker receives their fee from the seller as agreed on the sale, the buyer obligation under their employment agreement to ensure their broker is paid is satisfied. Thus, the buyer does not owe their broker a fee.

Occasionally, the buyer's broker structures their fee to be paid by the buyer as part of their total acquisition costs and purchase price. Here, the buyer directly pays their broker a fee as agreed in their employment agreement. The seller is paid their purchase price for conveyance of the property to the buyer and owes no fee to the buyer's broker from the purchase price received.