

LICENSING, REGULATION AND ALCOHOL STRATEGY

Types of Agreements for Sale of Residential Property

If you are looking to sell a property, chances are you will deal with a real estate agent. This fact sheet provides a guide on the different types of sale agreements of a real estate agent.

Types of Agreements With A Real Estate Agent

There are several different kinds of sale agency agreements that can be entered into with a real estate agent to sell residential property.

It is important that a seller is aware of the different kinds of agreements before an agreement is signed because it affects the seller's rights and amount of commission payable.

An agreement should be discussed with a solicitor if you are unsure of the terms and conditions or your rights.

The following is an overview of the different types of agreements:

1) Exclusive agency agreement

An exclusive agency agreement is commonly used for the sale of residential property. It gives exclusive rights to one agent to sell a property. This may entitle the agent to be paid commission, if the property is sold during the term of the agreement by the seller or by another agent. The agent may also be entitled to commission if the property later sells to a person who was introduced by that agent.

2) Sole Agency Agreements

This agreement is similar to the exclusive agency agreement. It gives rights to one agent to sell the property, but allows you to sell the property yourself. If you find a buyer who has not been introduced by the agent, the agent is not entitled to commission.

3) General Listing

This lets you list your property with a number of agents. Commission is paid to the agent who finds the buyer.

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4) Multiple Listing

This occurs when you deal with an agent who is part of a network of agents working together to sell your home. It covers both auction and private treaty. Commission is paid to the agent you signed up with.

5) Auction Agency Agreement

This is effectively an exclusive agency agreement where the property is listed for auction.

The Authority Period

This is the period of time that the sales agency agreement is in force. It is negotiable and should be carefully considered.

Once a seller signs an agreement, the agreement cannot be terminated unless the agent agrees. It is advisable to formalise a mutually agreed termination in writing.

If the authority period expires and the property has not sold, the seller should notify the agent in writing if the agency's services are no longer required.

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