



1 Hour Agency

VREB Approval #: 58077

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Instructions for the 1 Hour Agency Correspondence Course

You have chosen to take the 1 hour Agency course by correspondence. You may either read it online or print it. After you complete the course, take the quiz. A blank answer sheet is provided for you to record your answers. The Virginia Real Estate Board requires a passing grade of 75% or higher.

Complete the Certification Sheet. **Have the Student Declaration notarized.** The Virginia Real Estate Board has given you the option of either sending the notarized affidavit to us or keeping it with your records.

Mail, fax, or scan and email the completed answer sheet, certification sheet and Student Declaration to us. Our mailing address is Box 494, Oakton, Virginia 22124. Our fax number is 703-758-0044. Our email address is info@PotomacRESchool.com.

Your information will be held in the strictest of confidence.

You will not be charged unless you pass the exam. If you do not pass, you will be notified immediately.

Once we have received the required paperwork from you and you have been charged, we will report your hours to DPOR and email your certificate to you. The Real Estate Board requires that we report your hours to DPOR within 5 days of receipt of your paperwork. If you need reporting in less than 5 days, please let us know.

If you have any questions, please call or email us. Our phone number is 703-758-0034. For questions of a general nature, you can call or email us at info@PotomacRESchool.com. If you have questions about the content of the course, you can call or email me at patti@PotomacRESchool.com.

Thank you.

Patti Chapell

Patti Chapell
Director

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Agency

Part 1 – Definitions and Duties

- Definition of Agency
 - Virginia's agency statute defines agency as any relationship in which a real estate licensee acts for or represents a person by such person's express authority in a real estate transaction. This definition has been recently revised to include representation of a client as a standard agent or limited service agent.
- History of Agency in Virginia
 - In 1995, the Virginia General Assembly abolished the concept of common law agency in real estate transactions.
 - The legislature enacted an agency statute in its place that classifies the agency relationships among brokers, buyers, sellers, landlords and tenants.
 - This is referred to as "standard" or "statutory agency."
- What is a Client?
 - A client is a person who has entered into a brokerage relationship with a broker licensee.
- What is a Customer?
 - A customer is a person who does not have a brokerage relationship with the broker licensee and for whom the broker licensee may perform routine or ministerial acts.
- Statutory Duties to a Client
 - The licensee must perform according to the terms of the agreement (example: buyer agency or listing agreement).
 - The licensee must promote the best interests of the client by performing the following:
 - Seeking a sale, lease, property at the price and terms according to the agreement or one that is acceptable to the client.
 - Presenting all written offers and counteroffers in a timely manner, even after the property is under contract
 - Disclosing to the client all material facts related to the property or transaction of which the licensee has actual knowledge (except where prohibited by law, like HIV or AIDS, which cannot be disclosed to any party).
 - Accounting for all monies in a timely manner
 - The licensee must maintain confidentiality of all personal and financial information received during the term of the brokerage agreement. This duty of confidentiality remains even after the brokerage agreement has been terminated.
 - The licensee must exercise ordinary care
 - The licensee must comply with all applicable laws, such as fair housing statutes and regulations and all other statutes and regulations required by the Commonwealth.
- Duties to a Customer
 - The licensee must treat customers honestly.
 - The licensee must inform the customer of any material defects in the physical condition of the house of which the licensee has actual knowledge. Stigmatized properties do not fall under this duty to disclose as the Commonwealth of Virginia has determined that this type of information is immaterial and therefore does not need to be disclosed.
 - The licensee may perform ministerial duties for the customer.

- Ministerial duties are routine acts that do not imply representation (filling out a form)
- Imputed Knowledge
 - With statutory agency in Virginia, the liability of imputed knowledge ceased to exist.
 - Under common law agency, the licensee was obligated to know whatever he should have known.
- The Issue of Confidentiality
 - Let's say that Betty, a listing agent for the Smiths, loses the listing. During the time that she had the listing, the Smiths confided that they needed to sell quickly because they were getting a divorce.
 - Now Betty has buyer clients, the Browns. The Smiths' home, in Betty's opinion, would be perfect for the Browns. However, Betty has confidential information about the Smiths that by law, she cannot divulge and by law, must divulge to the Browns.
 - In this case, Betty can prepare a statement that says that she has confidential information about the Smiths and that the Browns acknowledge that by law she cannot share this confidential information with them. The Browns sign the statement and all should be well.

Part 2 - The Brokerage Relationship

- Brokerage Relationship
 - A brokerage relationship is a contractual relationship between client and brokerage firm. In this relationship, the broker has been hired by the client to procure a seller, buyer, option, tenant or landlord who is ready, willing and able to sell, buy, option, exchange or rent real estate.
 - Although it is usually the sales agent who has the day-to-day relationship with the client, it is the brokerage firm that has the legal relationship with the client.
 - Neither compensation nor membership in a multiple listing service establishes a brokerage relationship.
- When must a licensee first discuss agency?
 - A licensee must discuss agency with a potential customer/client as soon as there is a substantive conversation about a particular property and must be given in writing at the first practical time but no later than the time when specific real estate assistance is given.
- Establishing a Brokerage Relationship
 - A brokerage relationship must be established in writing.
 - Prior to entering into a brokerage relationship, the licensee must do the following:
 - Advise the potential client of the type of brokerage relationship and scope of the relationship
 - Advise the potential client of the terms of the compensation
 - Advise the potential client as to whether or not he will share the compensation with another broker who may represent another party to the transaction
- Termination of Brokerage Relationship
 - A brokerage relationship may be terminated as follows:
 - When the terms of the agreement have been performed
 - At the expiration of the agreement
 - By mutual agreement to terminate the relationship
 - By default by either party
 - By the licensee's withdrawal when the client refuses to consent to dual agency
 - By the death of the broker

Part 3 – Agency Relationships

- In Virginia, a real estate licensee can act as any of the following:
 - Listing Agent
 - Buyer Agent
 - Dual Agent
 - Designated Agent
 - Sub-Agent
 - Limited Service Agent
- Listing Agent
 - A listing agent represents the seller.
- Buyer Agent
 - A buyer agent represents the buyer.
- Dual Agent
 - A dual agent represents both buyer and seller in the same transaction.
 - Dual agency is legal and ethical in Virginia.
 - A dual agent cannot share confidential information he receives from one client with the other
 - A dual agent cannot do anything that would harm either party.
 - Another term for dual agency is limited agent. Let's look at an example with two scenarios.
 - Sue is the listing agent for the Greens. Another agent is the buyer agent for the purchaser. An offer is submitted. Sue discusses several concerns with the Greens; the earnest money deposit is low, the settlement date is five months out, the offer is well below the comparables. The Greens make a counter-offer.
 - Sue is the listing agent for the Greens and the buyer agent for the Smiths. The Smiths write an offer on the Greens' home. Sue is now a dual agent. The offer written is well below the comps, the earnest money deposit is low, the settlement date is five months out. Since Sue is now a dual agent, she cannot advise the Greens in any way that would hurt the Smiths. She is truly a "limited" agent.
 - In order to act as a dual agent, both buyer and seller must consent to the dual agency in writing.
 - Most buyers and sellers do not understand the implications of dual agency when they agree to allow their agent to act as a dual agent.
 - If a licensee wishes to practice dual agency, it is imperative that he, the agent, explain it accurately.
 - Some buyers and sellers will not have an objection to dual agency. But they must know that the dual agent will be limited in the representation he can give them.
 - Dual agency can be explained like this:
 - "Mr. Seller, I am your listing agent and I represent you fully. When an offer is submitted I will advise and guide you based on my expertise. There may be a time when I represent a buyer who is interested in your home. At that point, if I continue to work with both of you, I will be a dual agent, as long as you and the buyer agree to allow this. What this means is that I will do my best to help achieve a meeting of the minds, but I will not be able to share confidential information that the buyer gives me with you and vice versa. In addition, I will not be able to advise you in a way that could potentially harm the buyer, and I will not be able to advise the buyer in a way that could potentially harm you."

- What's the answer if these clients do not agree to dual agency? Does this mean that their agent will have to give either buyer or seller to another agent and, therefore, give up a commission? Not necessarily. The agent has at least three options in this case:
 - If the licensee is the listing agent and a buyer, who he does not yet represent, wishes to see his listing, he can offer to either refer that buyer to someone who can fully represent him, or he can offer to work with the buyer as a customer. If the buyer is a customer, the real estate agent is acting as only a seller's agent. He can only perform ministerial duties for the buyer, and the buyer would have no representation. In this case, the licensee would receive a commission on both sides.
 - If the buyer wants full representation, the licensee can refer the buyer to a person in his company with whom he has a "time for time" arrangement. In this case, that agent represents the buyer and does not receive any payment (the referring agent gets both sides) because he offers the same service when that agent is in the same circumstance. In this case, the referring agent receives a commission on both sides.
 - The third option is to refer the buyer to someone and take a referral fee. In this case, the real estate agent gives up most of the commission on the buyer's side.
 - Lastly, if the buyer or seller refuses to allow the agent to work as a dual agent, the agent can terminate the agency relationship.
- If the agent chooses to practice dual agency, he must be very careful. Although it is legal and ethical in the Commonwealth of Virginia, it is a risky proposition. In a, "VREB Speaking", the Virginia Real Estate Board states, "We are still seeing numerous cases involving the dangerous practice of dual agency."
- Coming July 12, 2012
 - New Residential Standard Agency Law
 - The law is a fundamental shift in the area of Dual Agency.
 - Dual Agency will be permitted only after an enhanced disclosure is given to both parties.
 - Three hours of Continuing Education must be completed on the changes resulting from the bill.
 - All licensees need the class if their license expires between July 1, 2012 and June 30, 2014.
 - This CE requirement applies to the following:
 - New salesperson licensees who have to complete post-license education
 - Inactive licensees attempting to activate their licenses during the time period noted above.
 - Completing this course will be a one-time renewal requirement and will be in addition to the required 16 hours (salesperson) or 24 hours (broker) of CE or the required 30 hours of post-licensing.
- Designated Agent
 - Designated agency occurs when the same Broker (company) is on both sides.
 - The Broker becomes the dual agent because the company is representing both buyer and seller.
 - The Broker (either directly or indirectly) designates the listing agent to represent the seller and the buyer's agent to represent the buyer.
 - Both buyer and seller receive full representation.
 - In cases of dispute, the Broker cannot take the side of either.
- Sub-Agent

- In sub-agency, the agent working with the buyer is not representing the buyer but rather representing the seller. That agent can perform ministerial duties for the buyer; however, the buyer has no representation.
- This is the manner in which agents customarily worked before the early '90s when buyer agency was introduced.
- Standard Agent
 - A standard agent is a licensee who acts for, or represents, a client in an agency relationship.
- Limited Service Agent
 - A licensee may act as a limited service representative only pursuant to a written brokerage agreement as follows:
 - It discloses that the licensee is acting as a limited service representative
 - It provides a list of the specific services that the licensee will provide to the client
 - It provides a list of the specific duties of a standard agent that the limited service representative will not provide the client.
 - A written disclosure such as the following is required: "By entering into this brokerage agreement, the undersigned do hereby acknowledge their informed consent to the limited service representation by the licensee and do further acknowledge that neither the other party to the transaction nor any real estate licensee representing the other party is under any legal obligation to assist the undersigned with the performance of any duties and responsibilities of the undersigned not performed by the limited service representative."
 - Such disclosure shall be conspicuous and printed either in bold lettering or all capitals, and shall be underlined or in a separate box.
- Selling Agent
 - A selling agent is any agent working with the buyer as either a buyer agent, sub-agent, or limited service agent. Agents frequently mistake "selling agent" to mean "listing agent." In a transaction, there will be a listing agent and a selling agent. The selling agent is the agent working on the buying side.

Agency Final Quiz

1. A real estate agent who represents both the buyer and seller on the same property is a
 - a. Dual Agent
 - b. Buyer Agent
 - c. Listing Agent
 - d. Designated Agent
2. A real estate agent working with (not for) a buyer and performing ministerial duties for the buyer is a
 - a. Buyer Agent
 - b. Designated Agent
 - c. Sub-agent
 - d. Secret agent
3. In Question 2, the buyer is the agent's
 - a. Client
 - b. Customer
 - c. Employer

- d. None of the above
- 4. Joan, an agent with Company A, is the listing agent for the Browns. Jackie, an agent with Company A, is the buyer agent for the Whites. Jackie writes an offer for the Whites to purchase the Brown's property. Joan and Jackie are
 - a. Dual agents
 - b. Designated agents
 - c. Listing agents
 - d. Buyer agents
- 5. In Question 4, Company A is
 - a. The listing company
 - b. The selling company
 - c. The Dual agent
 - d. All of the above
- 6. Does a licensee have an agency relationship with a customer?
 - a. Yes
 - b. No
- 7. Does a licensee have duties to a customer?
 - a. Yes
 - b. No
- 8. Are the duties of an agent in the Commonwealth of Virginia according to common law or statute?
 - a. Common law
 - b. Statute
- 9. A brokerage relationship is between the following:
 - a. The agent and client
 - b. The broker firm and client
 - c. The customer and agent
 - d. None of the above
- 10. When must a licensee first discuss agency?
 - a. At the time of writing the Sales Contract
 - b. When first talking on the phone
 - c. At the first substantive discussion about a property
 - d. None of the above

Name _____ Date _____

AGENCY FINAL QUIZ

Please circle the correct answer for each question.

1. A B C D
2. A B C D
3. A B C D
4. A B C D
5. A B C D
6. A B C D
7. A B C D
8. A B C D
9. A B C D
10. A B C D

Potomac Real Estate School Certification Sheet for Correspondence Course

Please fax to (703) 758-0044, scan and email to info@PotomacRESchool.com, or mail to Potomac Real Estate School, Box 494, Oakton, Virginia 22124

Print Name _____ **Course: 1 Hour**

Billing Address _____ **Agency CE**
 _____ (VREB Approval #58077)

RE License # _____ (10 digits)

Expires _____

Phone # _____

Email _____

Company Affiliation _____

Payment by Check

_____ I enclose a check payable to Potomac Real Estate School LLC in the amount of \$15.00
OR

Payment by Credit Card

_____ Please charge \$15.00 to my ___Visa___Master Card___American Express___Discover
OR

Card # _____ Expiration Date _____

Security Code _____ Signature _____

| | | |
|---|-----|----|
| Did you find the material well organized? | Yes | No |
| Was the material well written? | Yes | No |
| Was the course material relevant? | Yes | No |

Suggestions _____

How did you find us? Please circle

Internet Postcard Referred by _____ Email

Personal Note/Letter Ad VREB NVAR L&F

Other



Student Declaration: I hereby certify that I completed this continuing education course (1 Hour Agency) on my own without assistance.

Signed _____

Date _____

Name (Print) _____

Notary Public Declaration: Taken, subscribed, and sworn before me this ____ day of _____, 20__
In the City/County/Town of _____
In the State/Commonwealth of _____
My commission expires ____/____/_____

Notary Public _____

Notary Signature Required

But Seal NOT Required