

## UNDERSTANDING AGENCY

Among the most important concepts in real estate is that of agent representation. *Agency*, however, is largely misunderstood by consumers. Knowing the extent to which a real estate agent actually represents your interests is crucial to your success in buying or selling a home.

### The Concept of Agency

Agency is legal relationship between a principal (*client*) and an agent whereby the client authorizes the agent to work on behalf of and in the interests of the client. Traditional agency law imposes upon an agent a strict *fiduciary* duty to promote and protect the client's interests, avoiding all conflicts of interest.

### Real Estate Brokers and Salespersons

In Georgia, a real estate licensee (often simply referred to as an *agent*) is either a *broker* or a *salesperson*. A salesperson / agent works with consumers on behalf of and in the name of the broker or brokerage firm holding the agent's real estate license.

### When an Agent is Your Agent

In Georgia, a brokerage firm, through its agents, works with consumers in either a *customer* relationship or in a *client* relationship. A client relationship is an *agency* relationship. Only in a client relationship is an agent *your agent* and obligated to promote *your* interests.

BEWARE! Georgia rewrites traditional agency law for the benefit of real estate companies, and to the detriment of consumers. Even in a client relationship, your agent may legally engage in certain practices that conflict with your interests (see below).

### Establishing a Client Relationship

A client relationship can be established only by a written Agency Agreement between the consumer and the agent's brokerage firm. Without an Agency Agreement, you are merely a customer and should assume that the agent has an agenda contrary to your interests. The most common Agency Agreements are a *Listing Agreement* and a *Buyer Agency Agreement*.

### Georgia Limits the Duties Owed to Clients

Georgia Law supplants traditional (*true*) agency with a non-fiduciary *pseudo-agency* standard that permits real estate agents to engage in practices that conflict with their clients' interests. These practices include engaging in *designated agency*, taking *competing listings*, accepting undisclosed *excess commissions* and *steering* clients. [Learn more](#) about these practices.

Although free to adopt traditional, fiduciary agency, nearly all Atlanta real estate firms operate under the *pseudo-agency* standard permitted by Georgia law.

### Only Sage Adopts Traditional Agency Standards

Sage works with homebuyers and sellers in a *client* relationship. Our Listing Agreement and Buyer Agency Agreement incorporate ***True Agency***<sup>sm</sup> – the traditional, fiduciary standard of agency that avoids the self-serving practices and conflicts of interest otherwise permitted under Georgia law. Sage is the only brokerage firm that adopts True Agency.