

Agency Relationships

The agency relationship is based on one person representing the interests of another person. Real estate agents (Licensees) are licensed by the state to represent a person for the sale or leasing of a property. The responsibility of the real estate agent is defined by the state law relating to agents, the REALTORS® Code of Ethics, and general principles of agency law.

The type of relationship formed between the agent and the client is called a fiduciary relationship. Formed between the agent and the client is called a fiduciary relationship. A fiduciary relationship is one based on trust because the agent owes the following duties to the client:

- Loyalty
- Diligence
- Confidentiality
- Obedience
- Disclosure
- Accounting
- Reasonable Care



The courts strictly enforce the agency duties so that the client can rely on the agent putting the client's interests before those of anyone else. Indiana law also requires that the real estate agent be fair and honest to all parties in all aspects of the transaction.

The source of compensation does not, in and of itself, determine agency. It can be paid by the Buyer, Seller, both or neither (subject to restrictions under applicable state law). However, there must be informed consent, written in advance, as to who is paying.

Seller Agency Relationship

Historically throughout the country, real estate agents have represented the Seller in real estate transactions. Sellers are accustomed to having agents work for them and represent them in selling their real estate. When a Seller lists real estate for sale, the Licensee working with the Seller becomes the Seller's agent to sell that real estate. That Licensee owes all the fiduciary duties to the Seller and not to Buyers interested in the home.



Seller's agents represent only the Seller and not the Buyer. However, a Seller's agent must treat Buyers fairly and honestly. Also, state law requires that Seller's agents disclose the existence of material defects in the real estate.

A Seller's agent will work diligently to market and sell the Seller's real estate and obtain a satisfactory price and terms for the real estate.