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## What is an Agency Relationship?

In Colorado, a real estate agent represents their buyers as either a Buyer's Agent or a Transaction Broker.

There can be some confusion about the two types of representation, and it's important to clarify the difference.

I've included the official "Definition of Working Relationships" below, which describes the relationships.

While these are helpful, I've found a clear way of explaining the difference between a Buyer's Agent and a Transaction Broker is by using the "coach" and "referee" metaphor.

A Buyer's Agent is a "coach" and is working as an advocate for their clients' best interests. They can offer their counsel to the buyer and work to protect and further the buyers' interests. The Buyer's agent is both a coach and an advocate.

The Transaction-Broker is a "referee". They move the buying process forward by reviewing the paperwork with the buyer, but the transaction-broker is a neutral party. They're not advising or protecting their clients outside of disclosing adverse material facts about the property known to the Transaction-Broker. The Transaction-Broker role is to keep the transaction moving forward within the established legal guidelines of the purchase process.

Using a Buyer's Agent is a safe strategy for the buyer because the agent is free to discuss and advise the buyer during every step of the purchase process.

Colorado Homes Real Estate prefers to work as a Buyer's Agent because we want to look out for your best interests and ensure that your buying process is informed, organized, and smooth.

Below is the "Definition of Working Relationships" for Colorado, which further defines the difference between a Buyer's Agent and a Transaction Broker.

**Buyer's Agent:** A buyer's agent works solely on behalf of the buyer to promote the interests of the buyer with the utmost good faith, loyalty, and fidelity. The agent negotiates on behalf of and acts as an advocate for the buyer. The buyer's agent must disclose to potential sellers all adverse

material facts actually known by the buyer's agent, including the buyer's financial ability to perform the terms of the transaction and, if a residential property, whether the buyer intends to occupy the property. A separate written buyer agency agreement is required which sets forth the duties and obligations of the broker and the buyer.

**Transaction-Broker:** A transaction-broker assists the buyer or seller or both throughout a real estate transaction by performing terms of any written or oral agreement, fully informing the parties, presenting all offers and assisting the parties with any contracts, including the closing of the transaction, without being an agent or advocate for any of the parties. A transaction-broker must use reasonable skill and care in the performance of any oral or written agreement, and must make the same disclosures as agents about all adverse material facts actually known by the transaction-broker concerning a property or a buyer's financial ability to perform the terms of a transaction and, if a residential property, whether the buyer intends to occupy the property. No written agreement is required.

If you have any questions, please email me at [Christopher@summithomesre.com](mailto:Christopher@summithomesre.com) or call me at 970-485-9225.



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