

Disclosure Regarding Real Estate Agency Relationships – Lease Transactions

Before you disclose confidential information to a real estate licensee regarding a real estate transaction, you should understand what type of agency relationship you have with that licensee. A real estate transaction is a transaction involving the sale or lease of any legal or equitable interest in real estate consisting of not less than 1 or not more than 4 residential dwelling units or consisting of a building site for a residential unit on either a lot as defined in section 102 of the land division act, 1967 PA 288, MCL 560.102, or a condominium unit as defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104.

- 1) An agent providing services under any service provision agreement owes, at a minimum, the following duties to the client:
 - a) The exercise of reasonable care and skill in representing the client and carrying out the responsibilities of the agency relationship.
 - b) The performance of the terms of the service provision agreement.
 - c) Loyalty to the interest of the client.
 - d) Compliance with the laws, rules, and regulations of this state and any applicable federal statutes or regulations.
 - e) Referral of the client to other licensed professionals for expert advice related to material matters that are not within the expertise of the licensed agent. **A real estate licensee does not act as an attorney, tax advisor, surveyor, appraiser, environmental expert, or structural or mechanical engineer and you should contact professionals on these matters.**
 - f) An accounting in a timely manner of all money and property received by the agent in which the client has or may have an interest.
 - g) Confidentiality of all information obtained within the course of the agency relationship, unless disclosed with the client's permission or as provided by law, including the duty not to disclose confidential information to any licensee who is not an agent of the client.
- 2) A real estate broker or real estate salesperson acting pursuant to a service provision agreement shall provide the following services to his or her client:
 - a) When the real estate broker or real estate salesperson is representing a seller or lessor, the marketing of the client's property in the manner agreed upon in the service provision agreement.
 - b) Acceptance of delivery and presentation of offers and counteroffers to buy, sell, or lease the client's property or the property the client seeks to purchase or lease.
 - c) Assistance in developing, communicating, negotiating, and presenting offers, counteroffers, and related documents or notices until a purchase or lease agreement is executed by all parties and all contingencies are satisfied or waived.
 - d) After execution of a purchase agreement by all parties, assistance as necessary to complete the transaction under the terms specified in the purchase agreement.
 - e) For a broker or associate broker who is involved at the closing of a real estate or business opportunity transaction, furnishing, or causing to be furnished, to the buyer and seller, a complete and detailed

closing statement signed by the broker or associate broker showing each party all receipts and disbursements affecting that party.

Michigan law requires real estate licensees who are acting as agents of Lessors or Lessees of real property to advise the potential Lessors or Lessees with whom they work of the nature of their agency relationship.

LANDLORD/LESSOR'S AGENTS

A Lessor's agent, under a listing agreement with the Lessor, acts solely on behalf of the Lessor. A Lessor can authorize a Lessor's agent to work with subagents, lessee's agents and/or transaction coordinators. A subagent of the Lessor is one who has agreed to work with the listing agent, and who, like the listing agent, acts solely on behalf of the Lessor. Lessor's agents and their subagents will disclose to the Lessor known information about the Lessee which may be used to the benefit of the Lessor.

Individual services may be waived by the Lessor through execution of a limited service agreement. Only those services set forth in paragraph (2)(b), (c), and (d) above may be waived by the execution of a limited service agreement.

TENANT/LESSEE'S AGENTS

A lessee's agent, under a lessee's agency agreement with the lessee, acts solely on behalf of the Lessee. A subagent of the lessee is one who has agreed to work with the lessee's agent with who, like the lessee's agent, acts solely on behalf of the lessee. Buyer's agents and their subagents will disclose to the buyer known information about the Lessor which may be used to benefit the lessee.

Individual services may be waived by the lessee through execution of a limited service agreement. Only those services set forth in paragraph (2)(b), (c), and (d) above may be waived by the execution of a limited service agreement.

DUAL AGENTS

A real estate licensee can be the agent of both the lessor and the lessee in a transaction, but only with the knowledge and informed consent, in writing, of both the lessor and the lessee.

In such a dual agency situation, the licensee will not be able to disclose all known information to either the lessor or the lessee. As a dual agent, the licensee will not be able to provide the full range of fiduciary duties to the lessor or the lessee.

The obligations of a dual agent are subject to any specific provisions set forth in any agreement between the dual agent, the lessor and the lessee.

TRANSACTION COORDINATOR

A transaction coordinator is a licensee who is not acting as an agent of either the lessor or the lessee, yet is providing services to complete a real estate transaction. The transaction coordinator is not an agent for either party and therefore owes no fiduciary duty to either party.

DESIGNATED AGENCY

A lessor or lessee with a designated agency agreement is represented only by agents specifically named in the agreement. Any agents of the firm not named in the agreement do not represent the lessor or lessee. The named "designated" agent acts solely on behalf of his or her client and may only share confidential information about the client with the agent's supervisory broker who is also named in the agreement. Other agents in the firm have no duties to the buyer or seller and may act solely on behalf of another party in the transaction.

LICENSEE DISCLOSURE (Check one)

I hereby disclose that the agency status of the licensee named below is:

- _____ LANDLORD/LESSOR's agent
- _____ LANDLORD/LESSOR's agent – limited service agreement
- _____ TENANT/LESSEE's agent
- _____ TENANT/LESSEE's agent – limited service agreement
- _____ Dual agent
- _____ Transaction coordinator (A licensee who is not acting as an agent of either the lessor or the lessee.)
- _____ None of the above

AFFILIATED LICENSEE DISCLOSURE (Check one)

- _____ Check here if acting as a designated agent. Only the licensee's broker and a named supervisor broker have the same agency relationship as the licensee named below. If the other party in a transaction is represented by an affiliated licensee, then the licensee's broker and all named supervisory brokers shall be considered disclosed consensual dual agents.
- _____ Check here if not acting as a designated agent. All affiliated licensees have the same agency relationship as the licensee named below.

Further, this form was provided to the lessee or lessor before disclosure of any confidential information.

Licensee

Date

Licensee

Date

ACKNOWLEDGMENT

By signing below, the parties acknowledge that they have received and read the information in this agency disclosure statement and acknowledge that this form was provided to them before the disclosure of any confidential information. THIS IS NOT A CONTRACT.

The undersigned _____ DOES _____ DOES NOT have an agency relationship with any other real estate licensee. If an agency relationship exists, the undersigned is represented as _____ LESSOR _____ LESSEE.

☐ Potential Tenant ☐ Landlord

Date

☐ Potential Tenant ☐ Landlord

Date