Conflicts of Interest: Understanding Your Options

There is a conflict of interest between you and another of your real estate professional’s current clients.

As a client, you must make a choice about how to proceed in this situation. This form is intended to help you understand your options. Please read this entire document and consider getting independent professional advice before making a decision.

How Conflicts Affect You
Conflicts of interest can happen between clients of the same real estate professional when, for instance:

• one client wishes to make an offer on another client’s property, OR
• two or more clients are interested in making an offer on the same property.

In situations like these, real estate professionals cannot continue to represent both clients—because real estate professionals have a duty to act in their clients’ best interests. When clients’ interests conflict, this becomes impossible.

For example, sellers want the maximum price for their properties, while buyers want to pay the lowest possible price.

Make an Informed Choice
When your interests come into conflict with the interests of another current client in the same real estate transaction, your real estate professional must do one of two things:

**OPTION A**
Stop acting for you and the other client and refer each of you to other real estate professionals who will represent your interests in the transaction.

**OPTION B**
Ask you and the other client to sign the Agreement Regarding Conflict of Interest Between Clients.

Under the terms of this agreement, the real estate professional will stop acting for one client (the “Released Client”) and will continue to represent the remaining client (the “Continuing Client”). The real estate professional may refer the Released Client to another real estate professional.
In order for Option B to happen, both clients must sign the agreement before the real estate professional can continue working for one client. You are not required to agree to this arrangement.

If either you or the other client decides not to sign the agreement, your real estate professional must stop acting for both of you.

Carefully consider the services that you would receive as a Continuing Client or as a Released Client before signing the Agreement Regarding Conflict of Interest Between Clients.

**will be the Continuing Client**

You will continue to be represented by your real estate professional.

- You will continue to receive the special legal duties a client is entitled to receive from a real estate professional, such as:
  - Loyalty
  - Confidentiality
  - Duty to Avoid Conflicts.

- However, your real estate professional cannot disclose to you any of the confidential information they received from the Released Client while they were representing that client, such as:
  - minimum/maximum price
  - preferred contract terms
  - any other important information.

**will be the Released Client**

You will no longer be represented by your real estate professional in this transaction.

- Your former real estate professional will no longer be able to give you advice or negotiate on your behalf in this transaction.

- Your former real estate professional can no longer provide you with the special legal duties a client is entitled to receive, such as:
  - Loyalty
  - Full disclosure
  - Duty to Avoid Conflicts.

- However, your former real estate professional must maintain the confidentiality of information you may have shared while you were being represented by the real estate professional, such as:
  - your minimum/maximum price
  - your preferred contract terms
  - any other important information.

- You can choose to be represented by a different real estate professional in the transaction, or to be unrepresented.
Instructions for Agreement Regarding Conflict of Interest Between Clients

Real Estate Professional: If all parties agree to the terms proposed in the following agreement, promptly submit the completed, signed and dated agreement to your brokerage.

If one or more clients do not agree to the terms of the agreement, you must stop acting for all clients. You may refer each client to another real estate professional who can represent their interests in the transaction.

Agreement Regarding Conflict of Interest Between Clients

This is an agreement made in compliance with section 5-18 of the Rules under the Real Estate Services Act. For this agreement to take effect it must be completed and signed by all parties.

Parties (please print)

Real Estate Professional: ____________________________ Date: ____________________________

Continuing Client: ____________________________ Released Client: ____________________________

The Continuing Client is the:

☐ Seller
☐ Potential buyer
☐ Lessor
☐ Potential lessee
☐ Assignor
☐ Potential assignee
☐ Other (describe) ____________________________

The Released Client is the:

☐ Seller
☐ Potential buyer
☐ Lessor
☐ Potential lessee
☐ Assignor
☐ Potential assignee
☐ Other (describe) ____________________________

Of the Property Located at:

__________________________________________

__________________________________________
Background

1. The Real Estate Professional is separately representing the Continuing Client and the Released Client, who have conflicting interests in respect of a real estate transaction or potential transaction involving a property located at the address indicated above (the “Transaction”).

2. The Real Estate Professional cannot represent both the Continuing Client and the Released Client in the Transaction as to do so would amount to “dual agency”, which is prohibited by Section 5-16 of the Rules made under the Real Estate Services Act.

3. The Real Estate Professional proposes to stop representing the Released Client in respect of the Transaction and to continue representing the Continuing Client in respect of the Transaction.

Agreement

The Released Client and the Continuing Client acknowledge and agree that:

1. The Real Estate Professional has disclosed that there is a conflict between the Continuing Client and the Released Client as follows: (select one)

   - Potential buyer is interested in purchasing seller’s property
   - Two separate potential buyers are interested in purchasing the same property
   - Lessee is interested in leasing lessor’s property
   - Two separate existing clients wish to enter into an assignment agreement together
   - Other: (describe)

2. The Real Estate Professional will continue to represent the Continuing Client in respect of the Transaction.

3. The Real Estate Professional will no longer be representing the Released Client in respect of the Transaction. This means that:
   - the Real Estate Professional will not give the Released Client advice in the Transaction, or negotiate on the Released Client’s behalf in the Transaction; and
   - in the Transaction, the Real Estate Professional will not owe the Released Client the following special legal duties: loyalty, full disclosure, or the duty to avoid conflicts.

4. The Real Estate Professional will continue to protect any confidential information that was disclosed by the Released Client to the Real Estate Professional in the course of the Real Estate Professional’s representation of the Released Client (“Previous Confidential Information”).

5. Even if the Previous Confidential Information would be relevant to the Continuing Client in the Transaction, the Real Estate Professional:
   - is prohibited from disclosing the Previous Confidential Information to the Continuing Client; and
   - the advice and information the Real Estate Professional may provide to the Continuing Client may be limited due to the Real Estate Professional’s ongoing duty not to disclose the Previous Confidential Information.
AGREEMENT REGARDING CONFLICT OF INTEREST BETWEEN CLIENTS

The Real Estate Professional has advised the Released Client and the Continuing Client to seek independent professional advice in respect of the Transaction.

Consumers: You are strongly advised to read this entire document and seek independent professional advice before signing this agreement.

If you agree to the terms of this agreement, complete and sign as either the Continuing Client or Released Client.

Signatures

Real Estate Professional (please print) ___________________________ Date: ______________

Signature: __________________________________________________________

Continuing Client (please print) ___________________________ Date: ______________

Signature: __________________________________________________________

Released Client (please print) ___________________________ Date: ______________

Signature: __________________________________________________________

CONSUMER PRIVACY NOTICE

A real estate professional is collecting your personal information on this form for the purpose of complying with Rules made under the Real Estate Services Act, S.B.C. 2004, c. 42. Copies of this form, including any personal information you have provided such as your name or signature, will be provided to the parties to the agreement set on this form, and to the real estate professional’s brokerage. The Real Estate Council of BC, the provincial body responsible for regulating real estate professionals, may review this form for the purpose of monitoring compliance with the Rules.

If you have any questions regarding the Real Estate Council of BC’s collection and use of your personal information, please contact:
Privacy Officer, Real Estate Council of BC, 900-750 West Pender Street, Vancouver, BC, V6C 2T8; telephone: 604.683.9664 or toll-free at 1.877.683.9664; email: privacy@recbc.ca

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