

IF YOU DON'T KNOW, ASK!

Remember to discuss your relationship with a broker early in the transaction. Find out what services the broker can offer you and ask yourself: "Am I this broker's client or customer, or both? Is this relationship the one I want?" If you're not sure, make sure the broker explains the difference to you. Remember that when you sign a contract, you will be asked to confirm that you're aware who the broker working with the buyer represents. It's the best way to do business when you're buying real property!

IF YOU'RE SELLING REAL PROPERTY...

Since you signed a listing agreement, you probably know that the listing broker is your agent. But you should ask your broker about other brokers who may enter the transaction. Your listing agreement may authorize other brokers to represent you in the sale of your real property as your subagent. Whenever sales people bring potential buyers to view your property, you should know who they represent.

References:

Section 16-99-3.1, "Disclosure of Agency," Hawaii Administrative Rules, (effective date July 11, 1987).

Unofficial summary excerpt from 16-99-3.1 (obtain copies of actual text of rule adoption at CASHIER-DCCA, 1010 Richards St., Honolulu, Hawaii 96817).

Prior to preparing, in any real estate transaction excluding leases (rentals) for one year or less, any contract between the buyer and seller, the real estate broker and, where applicable, their sales associate shall disclose to the respective sellers and buyers orally or in writing who the broker represents.

Section 467-14(12): Hawaii Revised Statutes (effective July 1, 1987).

The real estate commission may revoke any license issued under this chapter, or suspend the right of the licensee to use the license, for any of the following causes:

- (12) When the licensee fails to obtain on the contract between the parties to the real estate transaction confirmation of who the broker represents; ***

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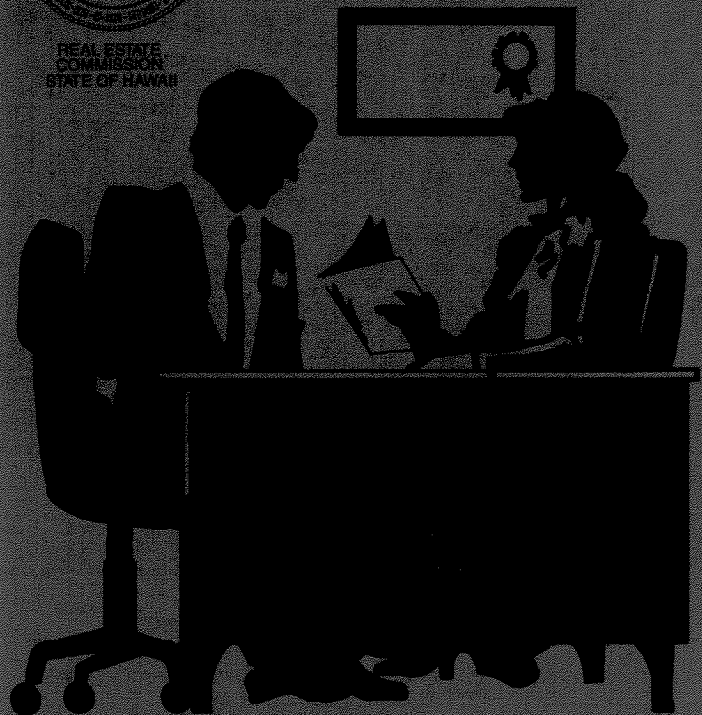
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WORKING WITH A REAL ESTATE BROKER



REAL ESTATE
COMMISSION
STATE OF HAWAII



Important Information For Anyone Planning To Buy Or Sell Real Property*

If you're planning to buy or sell real property most likely you'll soon meet a real estate broker or salesperson. There are many services a broker can offer you without making a working commitment, but before long you should discuss the broker's role. It's the first thing you need to know about buying real property.

*When you buy, sell, exchange, offer an option involving: residential, timeshare, co-ops, industrial or commercial real estate excluding leases (rentals) for one year or less.

1.

BUYER REPRESENTED BY BROKER

If you wish, you can retain the services of a broker to help you buy real property—just as you would hire an accountant or attorney. You become a client in the purchase and your broker represents you exclusively. You gain the benefits of your broker's experience and expertise. In addition, the broker may search out more properties for you and assist you in arriving at an offering price.

If you decide to use a broker as your agent, select one carefully. Discuss the services he or she can provide, and whether you will be charged a fee. This should be put in writing.



BUYER

BROKER

2.

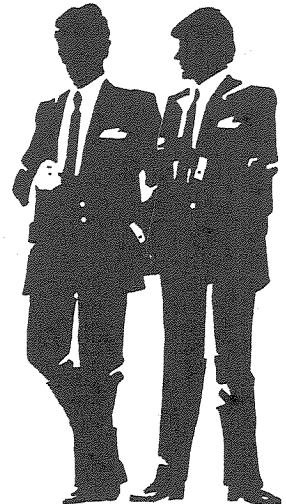
BROKER REPRESENTS SELLER ONLY

In this case, the seller is the broker's client and you, the buyer are, in effect, a customer. You can buy real property in this situation just as you would purchase a product from a salesperson—that is, without professional representation by an agent of your own.

Even though the broker is employed by the seller, the broker can still work with you, providing information about properties, sales prices of similar real properties, and financing procedures. A broker representing the seller can even help you prepare and present your offer to purchase the seller's real property. The broker, however, cannot negotiate the terms of the transaction for you.

As the seller's agent, the broker's primary loyalty is to the seller. Therefore, you may not want to reveal certain information about yourself, such as your urgency to move or your willingness to increase your offer. The seller's agent must transfer this type of information to the seller.

As a buyer, you may decide you don't need your own broker. The seller's agent may be able to provide you with all the information you require to buy the real property you want without representation.



SELLER

BROKER

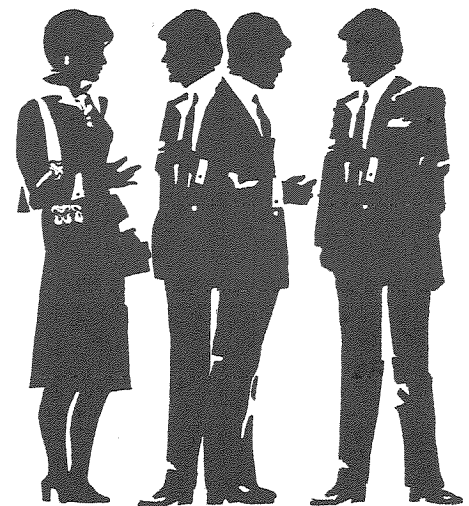
3.

BROKER REPRESENTS BOTH BUYER AND SELLER

It is possible under certain established circumstances for a broker to represent both buyer and seller in a real estate transaction. However, state law requires that the broker inform both parties of the dual representation,

briefly describe the type of representation to be offered, disclose all facts relevant to each party, including any possible conflicts of interest, and obtain their written consent.

The reason for this law is to clarify at the outset the financial relationships and responsibilities of each party in a dual agency situation. Knowing the facts will help you decide how much personal information you wish to disclose to the broker.



BUYER

BROKER

SELLER