

EXHIBIT "C" - AGENCY LAW

This 4 page pamphlet describes your legal rights in dealing with a real estate firm or broker.



REAL ESTATE BROKERAGE IN WASHINGTON

Introduction

This pamphlet provides general information about real estate brokerage as it pertains to the laws related to real estate brokerage relationships. It describes a real estate broker's duties to the seller/buyer and a buyer/seller. Detailed and complete information about real estate brokerage relationships is available in chapter 3A.06 RCW.

If you have any questions about the information in this pamphlet, contact your broker or the designated broker of your broker's firm.

Licensing and Supervision of Brokers

To provide real estate brokerage services in Washington, a broker must be licensed under chapter 3A.06 RCW and licensed with a real estate firm, which also must be licensed. Each real estate firm has a designated broker who is responsible for supervising the brokers licensed with the firm. Some firms may have branch offices that are supervised by a branch manager and some firms may designate certain supervisory duties to one or more managing brokers.

The Washington State Department of Licensing is responsible for enforcing all laws and rules relating to the conduct of real estate firms and brokers.

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Agency Relationship

In an agency relationship, a broker is referred to as an "agent" and the seller/buyer and buyer/seller is referred to as the "principal." For simplicity in this pamphlet, seller includes landlord, and buyer includes tenant.

For Sellers

A real estate firm and designated real estate firm's written services agreement with a seller to establish an agency relationship. The firm will then appoint one or more brokers to be agents of the seller. The firm's designated broker and any managing broker responsible for the supervision of those brokers are also agents of the seller.

For Buyers

A real estate firm and broker(s) who perform real estate brokerage services for a buyer establish an agency relationship by performing those services. The firm's designated broker and any managing broker responsible for the supervision of that broker are also agents of the buyer. If written services agreements between the buyer and the firm must be entered into before, or as soon as reasonably practicable after, a broker begins rendering real estate brokerage services to the buyer.

For Both Buyer and Seller - as a Limited Dual Agent

A limited dual agent provides limited representation to both the buyer and the seller in a transaction. Limited dual agency requires the consent of each principal in a written services agreement and may occur in two situations: (1) when the buyer and the seller are represented by the same broker, in which case the broker's designated broker and any managing broker responsible for the supervision of that broker are also limited dual agents; and (2) when the buyer and the seller are represented by different brokers in the same firm, in which case each broker solely represents the principal the broker was appointed to represent, but the broker's designated broker and any managing broker responsible for the supervision of those brokers are limited dual agents.

Duration of Agency Relationship

Once established, an agency relationship continues until the earliest of the following:

1. Completion of performance by the broker;
2. Expiration of the term agreed upon by the parties;
3. Termination of the relationship by mutual agreement of the parties; or
4. Termination of the relationship by notice from either party to the other. However, such a termination does not affect the contractual rights of either party.

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Written Services Agreement

A written services agreement between the firm and principal must contain the following:

1. The term and nature of the agreement;
2. Name of the broker(s) appointed to act as an agent for the principal;
3. Whether the agency relationship is exclusive (which does not allow the principal to enter into an agency relationship with another firm during the term) or nonexclusive (which allows the principal to enter into an agency relationship with multiple firms at the same time);
4. Whether the principal consents to limited dual agency;
5. The terms of compensation;
6. In an agreement with a buyer, whether the broker agrees to show a property when there is no agreement of offer by any party or firm to pay compensation to the broker's firm; and
7. Any other agreements between the parties.

A Broker's Duties to All Parties

A broker owes the following duties to all parties in a transaction:

1. To exercise reasonable skill and care;
2. To deal honestly and in good faith;
3. To timely present all written offers, written notices, and other written communications to and from either party;
4. To disclose all writing or other facts known by the broker and not apparent or readily ascertainable to a party. A material fact includes information that substantially adversely affects the value of the property or a party's ability to perform its obligations in a transaction, or otherwise to carry out intent of either the purpose of the transaction. However, a broker does not have any duty to investigate matters that the broker has not agreed to investigate;
5. To account in a timely manner for all money and property received from or on behalf of either party;
6. To provide this pamphlet to all parties to whom the broker renders real estate brokerage services and to any party interested party;
7. To disclose in writing who the broker represents; and
8. To disclose in writing any terms of compensation offered by a party to a real estate firm's real estate firm representing another party.

A Broker's Duties to the Buyer or Seller

A broker owes the following duties to their principal (the buyer or seller):

1. To be loyal to their principal by taking no action that is adverse or detrimental to their principal's interest in a transaction;
2. To timely disclose to their principal any conflicts of interest;
3. To advise their principal to seek expert advice on matters relating to the transaction that are beyond the broker's expertise;
4. To not disclose any confidential information from or about their principal; and
5. To make a good faith and continuous effort to offer a property for the buyer or to find a buyer for the seller's property, with the principal's consent, until the purchase or sale of property or as agreed otherwise in writing.

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Limited Dual Agent Duties

A limited dual agent may not advocate terms favorable to one principal to the detriment of the other principal. A broker, acting as a limited dual agent, owes the following duties to both the buyer and seller:

1. To take no action that is adverse or detrimental to either principal's interest in a transaction;
2. To timely disclose to both principals any conflicts of interest;
3. To advise both principals to seek expert advice on matters relating to the transaction that are beyond the limited dual agent's expertise;
4. To not disclose any confidential information from or about either principal; and
5. To make a good faith and continuous effort to find a property for the buyer and to find a buyer for the seller's property, until the principals have entered a contract for the purchase or sale of property or as agreed otherwise in writing.

Compensation

In any real estate transaction, a firm's compensation may be paid by the seller, the buyer, a third party, or by sharing the compensation between firms. To receive compensation from any party, a firm must have a written services agreement with the party the firm represents to provide a "Compensation Disclosure" to the buyer in a transaction (to commission or not).

A written services agreement must contain the following regarding compensation:

1. The amount the principal agrees to compensate the firm for broker's services as an agent or limited dual agent;
2. The principal's consent, if any, and any terms of such consent, to compensation sharing between firms and parties; and
3. The principal's consent, if any, and any terms of such consent, to compensation of the firm by more than one party.

Short Sales

A "short sale" is a transaction where the seller's proceeds from the sale are insufficient to cover the seller's obligations at closing (e.g., the seller's outstanding mortgage is greater than the sale price). If a sale is a short sale, the seller's real estate firm must disclose to the seller that the decision by any beneficiary or mortgagee to release its interest in the property for less than the amount the seller owes to allow the sale to proceed, does not automatically release the seller of the obligation to pay any debt or costs resulting or arising, including real estate broker's compensation.



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Buyer: _____ Date: _____

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