

# The Listing Agreement

*Things You Need to Know*

## **Compliments of Sandy Stinson**

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# The Listing Agreement

Your home is probably the largest asset you will ever sell and you want to be sure you do it right. Selling your home is a complicated transaction involving many legal forms and procedures. Having a Realtor on your side will ensure the sale of your home goes smoothly.

When you decide to sell your home with a Realtor, one of the most important forms you will encounter is the Listing Agreement. The Listing Agreement is the contract between you and the real estate brokerage authorizing the brokerage, including its brokers and salespeople, to market your property.

The agreement serves many important functions including establishing the basis for the relationship between you and the brokerage and sets well-defined limits on the agent's authority. Detailed information about your home is spelled out in the listing agreement which helps other Realtors respond to questions from potential buyers about your property. Finally, the Listing Agreement forms the basis for any offers drafted on your home as well as any resulting negotiations involving the offer.

There are two types of listings - an "Exclusive" listing and a "Multiple" listing. An exclusive listing gives the brokerage the sole right to find a buyer for your home during a specific time period. You agree to pay a pre-established real estate commission to the broker once the sale is completed. The commission is payable to the broker regardless of whether someone else sells your home -- including yourself during the set period or even if your home sells at a future date to someone the broker introduced to the property.

A multiple listing is also an exclusive listing between you and the broker, but includes your authorization to allow the broker to market your home on the Multiple Listing Service (MLS) and have other Realtors help to find a buyer. In this case, you pay the agreed upon commission and it is shared between the listing broker and the Realtor who found the buyer.

Most often, a Realtor will recommend that you list your home through the MLS so that you receive maximum exposure in the shortest time possible. Many Realtors in Ontario use a standard listing agreement form such as the one published by the Ontario Real Estate Association.

Because the Listing Agreement is so vital to the whole real estate transaction, Realtors are well-trained to carefully include every last required detail. The agreement is divided into two sections - authority and property details.

As mentioned earlier, the authority section establishes the legal relationship between you and the real estate broker, sets a time limit for that relationship, and describes the obligations of each party.

The detail section provides information about the property being offered for sale and the ideal terms the seller would like to see in an offer. Your property will be completely identified by its

full legal description, including street and house number, as well as to lot and plan number if the property is in a registered plan or subdivision.

Your property size and location, floor area, room sizes, style and number of rooms, zoning, building age and type of construction will all be spelled out on the Listing Agreement.

The listing price is specified along with any other clauses regarding price or terms. There is a specific reference to the commission that will be paid upon a successful sale, trade or exchange of the property. The phrasing of the commission agreement makes it clear that the Realtor has been hired to procure an offer acceptable to the seller. Once this is accomplished, the agent is entitled to claim commission.

Other details to be filled in on the Listing Agreement include mortgage information, how many days until closing after your home sells, and how your property will be shown. Your Realtor will also discuss with you what items you are willing to sell along with the home. These items usually fall under one of two categories - fixtures or chattels. Fixtures are permanent improvements that normally stay with a property as part of the sale. Things like central air conditioning, built-in appliances and wall-to-wall carpeting are fixtures.

Chattels are usually movable pieces of personal property such as microwave ovens, blinds or washers and dryers. You may wish to include some of these "chattels" to sweeten the deal. These items will be clearly spelled out in the Listing Agreement.

The Listing Agreement is such an important part of your real estate transaction that you'll want to be sure it is as comprehensive and accurate as possible. A Realtor will work with you to fill in all the details and leave nothing to chance.