

## ***Residential Buyer/Tenant Representation Agreement - Short Form (TXR 1507)***

The new *Residential Buyer/Tenant Representation Agreement – Short Form* is essentially two forms in one. It can be used to provide a full range of services, or it can be used to provide showing services only.

**Paragraph 1. Parties.** Insert the names of the broker and the buyer/tenant clients.

**Paragraph 2. Appointment.** The broker is the real estate agent for the client. This is a representation agreement under both the Full Services and Showing Services options. The broker has a fiduciary relationship with the client.

**Paragraph 3. Definitions.** This paragraph defines the meaning of “acquire” and “market area” as used in the agreement. Insert the market area where the client will be shown and possibly acquire the property. The market area can be an individual address or a larger area, such as a county in Texas. For a longer list of properties that do not fit in the available space, an attachment or exhibit may be added to the agreement. A reference to the attached exhibit can be inserted in the blank line.

**Paragraph 4. Term.** Insert the dates the agreement will begin and end. The agreement can be as short as one day or last for several months.

**Paragraph 5. Broker Obligations.** Select which services will be provided.

- **Full Services.** The broker will assist the client in acquiring property in the defined market area. For example, a broker will show property, write and negotiate offers, and help the client through closing.
- **Showing Services.** The broker will only provide the client with access to property in the defined market area. Insert a flat fee amount that the client will pay the broker for providing the showing services.
  - The Showing Services option can be used with a buyer or tenant who is not ready to sign a long-term exclusive representation agreement but still allows the broker to meet the MLS requirement of having a written agreement with a buyer to show a home.
  - The remaining paragraphs of the agreement do not apply.
  - The broker must comply with minimum duties under the law along with the broker’s fiduciary and ethical duties. For example, while showing a client properties under the Showing Services option, the fiduciary duty of confidentiality applies. (See the FAQs below for more information concerning minimum duties.)
  - The agreement has a blank line to insert a flat fee for broker compensation, which can be any amount agreeable to the parties including \$0. For more complex fee arrangements, an exhibit can be attached. **Please note, to comply with MLS policies, the amount of broker compensation must be objectively ascertainable, which means it must be a definite or specific amount.**
  - Brokers should establish brokerage policies and procedures regarding representation under the Showing Services option, such as issues regarding forms of payment accepted by the broker, the way the fee will be collected (in person versus online), and sales agent compensation splits.

**The following additional provisions apply only if Full Services is selected.**

**Paragraph 6. Client Obligations.** The broker is the exclusive agent of the client, and the client must inform other interested parties that the broker exclusively represents the client.

**Paragraph 7. Broker Compensation.** Insert the negotiated fee the client will pay the broker for providing full services.

**Paragraph 8. Intermediary.** Select whether the client authorizes the broker to act as an intermediary, where the broker will represent both the seller and buyer or landlord and tenant in a transaction.

- Intermediary with Showing Services: Intermediary authorization is not required for showing services even if the broker, or sponsored agents, show the client the brokers' own listings. Intermediary authorization would become necessary if the client wants to submit an offer on a property listed by the broker. If the broker and the client later agree to a full services arrangement, the broker should get intermediary authorization at that time.

## Frequently Asked Questions

**If my buyer initially signs a buyer's representation agreement for showing services only but now wants me to submit an offer, do I have to amend the agreement?**

Yes. Under the Showing Services option, you have only agreed to provide access to property within the defined market area in exchange for the agreed upon fee. Any additional services desired by clients, including activities like drafting offers, advising on terms of offers, or negotiating with sellers on the clients' behalf, must be agreed to by the parties. The parties can amend the short form to select the Full Services option by using the *Amendment to Buyer/Tenant Representation Agreement* (TXR 1505). The parties should also determine if intermediary authorization is needed and what the broker's fee should be. Alternatively, the parties can choose to execute the *Residential Buyer/Tenant Representation Agreement – Long Form* (TXR 1501) to provide a full range of services.

Under the terms of the buyer/tenant representation agreement, the broker is prohibited from receiving compensation for brokerage services that exceed the amounts stated in the agreement. Therefore, you could not receive any compensation for the additional services that exceed the showing services compensation amount without amending the representation agreement.

**How can I only provide showing services using the *Residential Buyer/Tenant Representation Agreement – Short Form* (TXR 1507) and comply with minimum duty requirements under Texas law?**

Brokers can meet their minimum duties under Texas law while agreeing to provide showing services only. Section 1101.557 of the Texas Occupations Code requires license holders to, at minimum, answer the party's questions and present any offer to or from the party. This simply means the agent is required to give the offer to the intended party. This does not require the agent to write the offer or negotiate the terms for the buyer. This requirement is intended to prevent agents from withholding information from their clients. If the seller sends an offer to an agent, the agent cannot hold onto the offer but must forward the offer to the buyer. Likewise, if a buyer has an offer to send to the seller, the agent must forward the offer to the seller.

So, if buyers give their agent an offer under a showing services agreement, the agent will have to forward the offer to the seller. Keep in mind that the agency relationship exists only for the term of the agreement. If the showing services agreement is for one day or a weekend, many buyers will not provide an agent with an offer during that short period of time.

Brokers are permitted under the law to agree on which services the broker will provide to clients. For example, there are limited services listing brokers and there are referral agents who have agreed to provide only certain services to their clients. All brokers must still meet their legal and ethical duties, such as placing their clients' interests ahead of their own and treating parties to a transaction fairly, while performing the limited services agreed to in the contract.

*Disclaimer: The above information is being provided as a general guide and is not intended to be and should not be considered legal advice. Use of any form and how to complete each form depends on the needs of the parties on a case-by-case basis.*