

Customer or Client? What's the Difference?

In real estate transactions, clients are entitled to a higher level of service than customers. How do you become a client? The answer depends on the state you live in, but often involves signing a Buyer Representation Agreement.¹

Once representation is established, you become a client and your agent owes you fiduciary duties, which means they must exercise discretion when acting on your behalf, including adhering to very specific responsibilities, obligations, and high standards of loyalty.

For example, if you're a client, a buyer's agent will seek to negotiate the most favorable transaction terms for you—and will not disclose any material facts about your situation that could hurt your negotiating position.

If, however, you are only a customer, a buyer's rep may not be in a position to answer even basic questions, such as "Why are they selling?" or "Is this home priced competitively?" because they are acting as a sub-agent for the seller.



Your services will vary, depending on your status.

If you are a CUSTOMER an agent will:	VS	If you are a CLIENT an agent will:
Maintain loyalty to the seller's needs		Pay full attention to your needs
Tell the seller all that they know about you		Tell you all that they know about the seller
Keep information about the seller confidential		Keep information about you confidential
Focus on the seller's property		Focus on choices that satisfy your needs
Provide just the material facts		Provide material facts and professional advice
Only provide price information that supports the seller's listing price		Provide price counseling based on comparable properties and their professional insights
Protect the seller		Protect and guide you
Negotiate on behalf of the seller		Negotiate on your behalf
Attempt to solve problems to the seller's advantage and satisfaction		Attempt to solve problems to your advantage and satisfaction

This chart is for general illustration purposes only. Agency laws vary by state; and specific terms of individual representation contracts will vary from one broker to another.

¹ Not every state requires a signed Buyer's Representation Agreement to establish representation (also called an agency relationship). In some cases, an agency relationship can be formed if both parties simply behave as if one exists.