

BROKERAGE DISCLOSURE

To assist in determining the type of brokerage relationship you wish to establish with Van Horn Realty, LLC. The following information is provided. There is also a brief description of Material Fact and Florida Supreme Court rulings regarding seller and brokerage disclosure requirements.

The source for this information is: Florida Real Estate Principles, Practices and Law, 40th edition, Linda J. Crawford, copyright 2017 Kaplan Inc. Published by DF Institute, Inc, d/b/a Dearborn Real Estate Education, 332 Front St. S., Suite 501, La Crosse, WI 54601. Specific pages are identified after each paragraph

Permitted Brokerage relationship within the State of Florida:

Transactional Agency: “A **transactional broker** is a broker who provides **limited representation** to a buyer, or a seller, or both in a real estate transaction, but who does *not* represent either party in a fiduciary capacity or as a single agent. Transaction brokers provide a limited form of nonfiduciary representation to a buyer, a seller, or both in a real estate transaction. In this relationship, the seller (or the buyer) is considered to be a customer of the real estate broker and not a principal. In a transaction broker relationship, the buyer or seller (customer) is not responsible for the acts of a licensee.” (page 63)

Single Agency: “The Florida real estate license law defines a **single agent** as a broker who represents, as a fiduciary, either the buyer or the seller, but not both, in the same transaction. In a single agent relationship, the seller (or the buyer) is the principal (or client) and the real estate broker is the agent. The term *principal* is used to mean the party with whom a real estate licensee has entered into a single agent relationship.” (page 65)

No Brokerage: “The seller (or the buyer) can choose not to be represented by a real estate broker. In such a situation, the broker would simply facilitate the sale (or the purchase) of real property without entering into either a single agent relationship or transaction broker relationship. A broker working in a **nonrepresentation (or no brokerage relationship)** capacity with a seller can enter into a listing agreement with that seller and be paid a commission. Similarly, a brokerage firm working in a no brokerage relationship capacity can work with a buyer. Florida law does not require that prospective buyers and seller be represented.” (page 68)

MATERIAL DEFECT AND DISCLOSURE DEFINED

Material Fact (Defect): “A piece of information that is relevant to a person making a decision that affects the value of the real property. Information about the condition of a property such as a known defects or code violations are material facts” (page 119)

Material Defect Disclosure: “Sellers of residential property must disclose material defects concerning the property. “The use of an “as is” provision in a contract for the sale of real property does not circumvent the duty to disclose material defects.” (page 245)

Johnson v. Davis, a well-known legal case in Florida, set legal precedence concerning material defects. The Florida Supreme Court ... stated “We hold that where the seller of a home knows of facts materially affecting the value of the property which are not readily observable and are not known to the buyer, the seller is under a duty to disclose them to the buyer.” (page 245)

“A later case (*Rayner v Wise Realty Co of Tallahassee*) extended the duty to disclose material defects to real estate licensees”. (page 245)