

Is the 'Chinese Wall' a solution to Multiple Representation?

Orea's Legal Forum

Question:

A Real Estate Brokerage takes the position that they do not do multiple representation as they have the following in-house policies in effect: a 'Chinese wall' that does not allow information to flow between Realtors within the same Brokerage; and each buyer and seller client are represented by two different Realtors within the Brokerage. Have they effectively achieved their goal?

Answer from Legal Forum:

Legal Forum Response: Representation agreements are made between the seller (or buyer) and the brokerage - not the individual brokers or salespersons.

If one broker or salesperson within the brokerage is working with the seller as client and a different broker or salesperson within the brokerage is working with the buyer as client in the same transaction, the brokerage and all of its brokers and salespersons are in a multiple representation situation - even those who are not directly involved in the transaction.

The brokerage and all of its individual salespersons and brokers represent both the buyer and seller; therefore all are in a multiple representation situation. The same applies where the brokerage represents, as clients, more than one buyer competing for the same property, even if different brokers or salespersons within the brokerage are working with the different buyers.