



New York state amends agency disclosure law

September 27, 2010 - Financial Digest

In a move that will facilitate residential real estate transactions and alleviate any confusion about which party is represented by a real estate broker, New York state governor David Paterson recently signed into law amendments to the state's real estate agency disclosure law to take effect on January 1, 2011 that will increase transparency of the real estate process and offer increased protections for consumers and real estate brokers. The amendments, fully supported by The Real Estate Board of New York's (REBNY) residential leadership, will impact real estate brokers by requiring that agency disclosure forms be completed for all residential transactions and permitting consumers to give their advance consent to dual agency representation.

Previously, verbal consent for agency disclosure was accepted for multifamily buildings over four units. The new law specifies that a written agency disclosure form must be used for all residential transactions. In addition, the amendments have created a section on the agency disclosure form where consumers can give their advanced consent to being represented by two agents from the same real estate broker in the same transaction.

Neil Garfinkel, REBNY's residential counsel, who was involved in the negotiations and drafting of the disclosure law amendments said, "These amendments will ensure that brokers and consumers are legally protected by requiring written disclosure in all residential transactions. We also sought to ensure that the advanced consent measure be included so that brokers, who show numerous listings to potential buyers, would not need to have separate agency disclosure forms prior to showing each listing. This is an important distinction, particularly for New York City brokers who frequently represent buyers and who may show dozens of apartments before a transaction happens. The advance consent provision reflects the realities of the marketplace and will ultimately facilitate transactions."

"The revised agency disclosure law provides additional safeguards for sellers, buyers, tenants, landlords and brokers to ensure that transactions move forward fairly with all parties understanding who is representing whom," said Steven Spinola, REBNY president. "REBNY, through its Residential Brokerage Division Board of Directors, worked closely with the state legislature and NYSAR to negotiate amendments that would increase transparency of the real estate transaction process, but also would be realistic for brokers to implement."

REBNY will be holding multiple seminars in the fall to educate its members to the nuances of the revised disclosure form before it goes into effect.