

Buyer Representation Agreements: How They Work for You

Why Should a REALTOR® Use A Buyer Representation Agreement?

You want your buyer to be as committed to you as you are to them. All C.A.R. buyer representation agreements establish an agency relationship between the buyer and the real estate licensee. This relationship may come in handy in the event of a commission procuring cause dispute.

Why Would a Buyer Agree to Sign a Buyer Representation Agreement?

- The buyer's real estate licensee representative is committing, in writing, to look out for the buyer's interests.
- Most buyers have no "out of pocket" costs to pay the buyer's representative's fee because compensation is generally paid by the seller.
- The real estate licensee may more actively pursue every possible lead for the buyer because the compensation is not exclusively linked to the amount, if any, the seller's broker is promising to pay.
- As market conditions change, working with a real estate licensee that is contractually committed to representing the buyer can help the buyer take advantage of newfound leverage and market realities.

What types of buyer representation agreements are available?

C.A.R. Form BRE is an exclusive agreement and provides that the broker is entitled to be paid if the buyer purchases property meeting the criteria set out in paragraph 1A.

- C.A.R. Form BRNE is a non-exclusive agreement and provides the broker is only entitled to compensation if the broker introduced the property to buyer or otherwise acted on buyer's behalf for that property.
- C.A.R. Form BRNN is both non-exclusive and not-for-compensation.

What should be emphasized to a buyer when presenting the buyer representation forms?

- The forms establish a mutual agreement to work for and with one another.
- Any compensation offered by the seller's broker is credited against the buyer's obligation to pay. The buyer may not have to pay anything at all for the broker's services.
- The term of the agreement may be as long or as short as both parties agree. Some brokers may prefer to start with a short period to get to know the buyer better and find out if the buyer is serious, qualified and compatible with the broker.
- The scope of the agreement can be broad – all single-family residential properties in the County, or narrow – only single-family residential properties with at least 3 bedrooms, 3 baths, priced within a certain range and located within a certain city or community.
- Buyer representation agreements can be modified by mutual agreement (Form MT).
- Signing an agreement is very common for professional services, such as with contractors, lawyers, consultants, accountants, and doctors, even if payment ultimately comes from a third party like an insurance carrier.

Are buyer representation agreements enforceable?

Yes, the predecessor to the current buyer representation agreement was enforced by a California Court of Appeal in the 2008 case of Schaffter v. Creative Capital Leasing Group, LLC.