

Buyer Representation Agreements

Introduction

The real estate licensee representing a buyer in a real estate transaction in California rarely has a written agreement with the buyer, most likely because such agents receive compensation from the listing broker pursuant to the MLS. As real estate brokerage models change, there may be more reason now than ever before for a real estate licensee working with a buyer to document that relationship.

C.A.R. has three buyer representation agreements.

CA.R. has three forms that document the buyer/real estate licensee relationship. The Buyer Representation Agreement -- Exclusive (Form BRE); the Buyer Representation Agreement -- Non-Exclusive (Form BRNE) and the Buyer Representation Agreement (Non-Exclusive/Not for Compensation) (Form BRNN). The BRE and BRNE provide for compensation to the broker, define the scope of the agency and establish written consent to a possible dual agency. The BRNN does not provide for compensation but does address agency.

A buyer may not have to pay if the buyer's broker is getting compensated from another source.

Both forms BRNE and BRE state that if the buyer's agent receives compensation from the listing broker or seller, then this amount is credited against the buyer's obligation to pay the broker.

Why use a buyer representation form?

The main purposes of risk management, compensation, and full disclosure of, and consent to, all aspects of the agency relationship are compelling reasons to use these forms. Brokers also benefit because the terms of the relationship and duties are spelled out instead of being established by verbal representations, conversations and actions. Clarification of responsibilities and limitations works to everyone's advantage.