



What is a buyer representation agreement?

A: A **buyer representation agreement** is a written employment agreement between a buyer and a real estate broker for the purpose of locating and acquiring a fee ownership in real estate.

A buyer broker is compelled, beginning January 2025, to enter into a written buyer representation agreement with their buyer-clients for authority to commence the search for property they seek to acquire.

The representation period runs for up to three months when the buyer-client is an individual. The representation may need to be renewed before the three months passes when property has not yet been contracted to purchase. Also, the renewal period may not exceed three months from the date of renewal. [Calif. Civil Code §1670.50(d)(2)]

To avoid subjecting their license to review, a buyer broker expecting a fee for assisting a buyer enters into a written buyer representation agreement for authority — permission — to act

on behalf of their buyer-client. Before assisting the buyer, the broker's agent prepares and reviews the agreement with the client and obtains their signature in approval of the fee the broker can anticipate.

A representation agreement includes a fee provision setting the amount of their broker's fee and when it is earned and payable. An upfront payment of a retainer fee on employing an agent is essentially prohibited. Thus, a broker fee is not paid until earned by meeting the client's objective for hiring a broker, called a **contingency fee**.

Occasionally, a buyer has located a property and then seeks the services of a broker to prepare and submit an offer. Here, the broker expecting a fee must be employed under a written buyer representation agreement before the buyer signs a purchase agreement offer the broker prepares for submission to the seller or seller broker. [CC §1670.50(a)]