



How are fees paid to my buyer broker?

A: Fee arrangements are agreed to between a client, such as a buyer, and their broker. The buyer broker fee is set separately and without concern for fee negotiations conducted by other brokers and their clients, such as a seller.

The broker fee amount agreed to by a buyer-client and their broker, payable when earned, is entered in a form prepared by the broker, called a representation agreement. It is signed by the broker and their client.

The buyer representation agreement authorizes the buyer broker to represent their buyer-client to locate suitable property, advise on its acquisition and negotiate to acquire the property. [See **RPI** Form 103.1 and 103.2]

The buyer representation agreement states the amount of the brokerage fee negotiated and when it is earned for the broker services necessary for a buyer to acquire an interest in property. Further, the writing establishes the buyer will pay the fee, unless the seller pays the fee under the terms of the purchase agreement offer prepared by the buyer broker. However, all broker fees are paid by the seller at the close of escrow from funds the seller receives on the buyer's payment of the purchase price.

The buyer on closing pays the same price and transactional costs on the same purchase price and costs paid in the past.