



Consumer Guide: Why am I being Asked to Sign a Written Buyer Agreement?

What is a “written buyer agreement?” What does it do? A written buyer agreement is an agreement between you and your real estate professional outlining the services your agent will provide you, and what they will be paid for those services.

Why am I being asked to sign an agreement? Written buyer agreements became a nationwide requirement for real estate professionals as a part of the National Association of Realtors settlement related to broker commissions. The requirement went into effect on August 17, 2024. Additionally, California passed Assembly Bill 2992 which requires homebuyers to have a buyer representation agreement with their agents.

Are these agreements new? In some places, yes. Many states have required them for years, while some have not. As a result, it is entirely possible you or others you know have not used them in the recent past. Regardless, they have now become a requirement for real estate professionals.

Are these agreements negotiable? Yes. You may negotiate any aspect of the agreement with your real estate professional, including the length of the agreement and the compensation. Compensation between you and your agent is negotiable and not set by law. In the written agreement, the compensation must be clearly defined.

How do I benefit from these agreements? The agreements clearly lay out what services you as a homebuyer expect your real estate professional to provide, and what your real estate professional will be paid. The agreements reduce any potential confusion at the outset of your relationship with your real estate professional.

When do I need to sign an agreement? You will be asked to enter into a written buyer agreement with your real estate professional before “touring” a home with them, either in-person or virtually. If you are simply asking a real estate professional about their services, you do not need to sign a written buyer agreement.

Does this mean I have to pay my real estate professional out of pocket? Not necessarily. While you are responsible for paying your real estate professional as outlined by your agreement, you can request, negotiate for, and receive compensation for your real estate professional from the seller. If the Broker receives compensation from the Seller, the amount shall be credited against Buyer's obligation to pay Broker.

How long is agreement for? The length of the term is negotiable, but per California Assembly Bill 2992, the maximum term for a buyer agreement is 3 months. Beyond the 3 months, any renewal must be in writing and signed by all parties to the agreement.

Can I change or exit an agreement? Yes. You and your real estate professional can mutually agree to change your agreement. Speak with your real estate professional if you would like to change or exit your agreement.