



What is a Buyer Representation and Broker Compensation Agreement?

By now you've probably read or heard about the significant changes happening in real estate, resulting from the National Association of REALTORS® ("NAR") settlement that went into effect on August 17, 2024, and how those changes will affect home buyers and sellers.

Here are the two main changes from the NAR settlement:

1. Buyers working with an agent ("REALTOR®") now need to sign a written agreement before touring a home. This agreement will clearly outline your agent's role, services, and compensation.
2. Properties listed for sale in the Multiple Listing Service ("MLS") will no longer be able to include an offer of compensation to the buyer's agent.

Thanks to the California Association of REALTORS® ("CAR"), the trade association your REALTOR® belongs to, the process of purchasing a home has recently evolved to provide more clarity and transparency for consumers like you.

One of the new requirements is that buyers must sign a written ***Buyer Representation and Broker Compensation Agreement – CAR Form BRBC*** ("Agreement") before touring a home with an agent. This is a positive development for both consumers and agents because it facilitates conversations to help homebuyers better understand the process and learn the right questions to ask agents, including what they're going to do for their clients.

The Agreement explains how your REALTOR® will act as your dedicated and professional guide. It also outlines their ethical and fiduciary duties to represent you to the best of their ability. The terms of the Agreement are negotiated between you and your REALTOR®. Together, you decide how long the representation lasts, and when and if to extend or end the Agreement.

In short, the Agreement:

- Spells out the buyer's agent's responsibilities during the time they represent you.
- Explains what your agent will do on your behalf, thereby providing more transparency in the transaction.
- Records exactly what and how your agent will be paid for their services.
- Ensures that you have an expert on your side as you negotiate the complex process of buying a home.

A buyer's agent will listen to your needs and preferences, and work with your budget to help you find suitable properties to tour. Because of their knowledge of the local area, these agents are able to narrow down the search and save you valuable time by showing you homes that match your criteria. Their skills and experience provide insights into neighborhood trends, property values, and market conditions.

The Agreement ensures that you and your REALTOR® are on the same page about the terms of your collaboration. It is designed to facilitate trust and efficiency in what is a hugely complex process. Buying a home is one of the largest, most consequential purchases of your life. It is crucial to have someone on your side who can help you understand the legal documents such as a purchase agreement, disclosures, and reports. A buyer's agent ensures that you are aware of your rights and obligations, to protect you from potential legal pitfalls.

Signing a ***Buyer Representation and Broker Compensation Agreement*** is the first step in solidifying a rewarding and productive collaboration with your REALTOR®.

So, What Do These Changes Really Mean for Buyers and Sellers?

If you are a Buyer:

- Buyers must now sign a written Agreement with their agent BEFORE touring homes, including virtual tours.
- These changes aim to increase transparency in real estate transactions. Buyer's will now have a clear understanding of your agent's services and compensation from the start.
- The Agreement will specify exactly how much the buyer's agent will be paid and how they will be paid.
- Seller offers to compensate buyer's agents will no longer be shared on the MLS.
- Offers of agent compensation will continue to be an option, consumers can pursue off-MLS through negotiation and consultation with their real estate professionals.

If you are a Seller:

- These changes aim to increase transparency in real estate transactions. Seller's will have a clear understanding of their agent's services and compensation from the start.
- Seller offers to compensate buyer's agents will no longer be shared on the MLS.
- Offers of agent compensation will continue to be an option, consumers can pursue off-MLS through negotiation and consultation with their real estate professionals.

What Hasn't Changed?

Our commitment to serving your best interests will never change! Additionally, our ability to negotiate agent compensation, prices and terms on behalf of our real estate clients will continue as usual. Sellers can still offer agent compensation, including concessions for buyer's closing cost assistance and/or the buyer's agent's compensation. Most importantly, Agent/Broker fees have and will always continue to remain fully negotiable!

To learn more about what REALTORS® do for their clients, please visit the California Association of REALTORS® website at <https://www.smartzonecar.org/what-realtors-do>.

We're here to help you navigate these changes and ensure you have all the information you need for your real estate decisions. Whether you are actively in the market or just have questions, please don't hesitate to contact us at any time. We thank you for your time and we look forward to hearing from you!

Sincerely,



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