Buyer-Agent Compensation Explained

Plain language for California homebuyers.

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17+ years of local experience | 600+ homes sold | English and Spanish

1. The written agreement

A written buyer representation agreement explains the services your agent will provide, the term of the relationship, when compensation is due, and the amount or rate. Terms are negotiable. Under current California law, a buyer-broker representation agreement is required as soon as practicable and no later than execution of an offer. Many agents who participate in covered MLS practices require it before an in-person or live virtual tour.

2. Compensation is negotiable

Broker fees are not set by law. The agreement must state compensation clearly rather than leaving it open-ended. Ask what services are included, how the amount is calculated, when it is earned, and how the agreement can be changed or ended.

3. Who can pay

Your agreement makes you responsible for the compensation described in it. Depending on the property and negotiated purchase terms, some or all may be paid by the buyer, by the seller or listing broker through an agreed compensation arrangement, through an allowable seller concession, or by a combination. Seller participation is not guaranteed. Contract terms, lender rules, and available seller proceeds matter.

4. How it fits into an offer

Before writing, your agent should explain the compensation available, any amount you may request from the seller, and the effect on offer strength and cash needed. The purchase agreement is where negotiated seller-paid amounts or concessions become contractual.

5. What representation includes

[ ] Search planning, property screening, tours, and access coordination.

[ ] Pricing and comparable-sale analysis.

[ ] Offer structure, negotiation, and contract explanation within the agent's licensed role.

[ ] Inspection, disclosure, appraisal, title, lender, escrow, and deadline coordination.

[ ] Problem-solving, documentation, and advocacy through closing.

> Review the actual agreement before signing. This guide is educational, not a substitute for the contract or legal advice. California law, MLS rules, forms, and lender treatment can change; verify current requirements for your transaction.

Authoritative consumer references

California Department of Real Estate: dre.ca.gov | National Association of REALTORS consumer guides: facts.realtor

Educational information only. Loan, assistance, grant, contract, tax, and legal requirements vary. Program funding and eligibility can change. Verify your situation with your lender and appropriate licensed professionals before acting.