

Key Points to Know

Buyer-Broker Agreements formalize the working relationship between you and your customers, defining roles, responsibilities, and expectations. They ensure an exclusive relationship, protect both the customer and the brokerage, and promote transparency and trust. The National Association of Realtors is mandating that the following components be in any BBA:

- The specific amount or rate of compensation and how it will be determined must be clearly disclosed. The amount must be specific, easily verifiable, and not open-ended.
- A clause prohibiting the brokerage from receiving more compensation services than the agreed amount or rate in the BBA.
- A clear statement that broker fees and commissions are not set by law and are fully negotiable.

Ensuring Compliance with Buyer Broker Agreements

While Stellar MLS will not collect Buyer-Broker Agreements, we must enforce their existence and ensure all required components are included. Similar to listing contracts, we will request a copy of the original agreement if improper use is reported.

Effective August 6, 2024, any violation of [the rule](#) requiring a Buyer-Broker Agreement prior to touring a property will result in an automatic \$500 fine for first-time offenders.

Require MLS participants working with a buyer to enter into a written agreement with the buyer prior to touring a property.

Buyer Broker Agreements

MLS Practice Changes

- Only applies to MLS Brokers (and their agents) when “working with” buyers.
- MLS Requirement for a Signed BBA: prior to “touring” a home.
- Note: does not apply to rentals, commercial, vacant land.

Key Trigger: Touring a home

- Definition: When a buyer and/or the agent from brokerage working with buyer **physically enter a home**.
- Including when the agent working with the buyer enters a home to provide a **live, virtual tour** to a buyer that isn't present.
- **A Home** means a residential property of one-four dwelling units.

Mandatory implementation for all MLSs per NAR

OPEN HOUSE - NO BBA NEEDED – as the client is just looking

- It's when the buyer says to you that they would like to make an offer**
- At this point, you would need to find out if they are represented by another Agent (buyer's agent)**
- If not, you must have them sign the BBA before you can write up a contract**
- This means that you are representing the Seller and the Buyer**
- ALL buyer's require a BBA fully signed before any contracts can be written up**

Buyer Agreement Stipulations

1. A **specific** and **conspicuous** disclosure of **the amount or rate of compensation** the Broker will receive or how this amount will be determined, to the extent that the Broker will receive compensation from any source.
2. The **amount of compensation** in a manner that is **objectively ascertainable and not open-ended**.
3. A term that **prohibits** the Broker from **receiving compensation** for brokerage services from any source that **exceeds the amount or rate agreed** to in the agreement with the buyer; and
4. A **conspicuous statement** that **broker fees** and commissions **are not set by law** and are fully negotiable.

*****FOR FSBO or a HOME BUILDER'S PROPERTIES:**

- If the listing is in the MLS, then these rules “apply” – you MUST have a BBA**
- If “NOT” listed in the MLS, then these rules “DO NOT APPLY”**

****IF BUYER REFUSED TO SIGN THE BBA:**

- If the agent takes the risk of showing the property to the buyer anyway, then the Agent and/or the Broker is the one that will bear the penalty if discovered**
- You may have to walk away from this particular buyer**
- It is not illegal to do it but you run the risk of liability of the requirement now in ALL States across the Country as of 8/17/24**
- You can use the “Property Pre-Touring Agreement” to start with but if an Offer is made – the buyer MUST sign a BBA**