



Consumer Advocates
in American Real Estate (501(c)3)

HOME BUYER SUGGESTIONS FOR BUYER BROKER NEGOTIATIONS

SECTION	WHEN THEY SAY THIS	CONSIDER THIS INSTEAD
Termination	"This contract may only be canceled by mutual agreement of the parties."	"Either Buyer or the Broker may terminate this Contract prior to its expiration date. If canceled, while not under contract for a property, then neither party will be liable for any obligations under this contract."
Failure To Close	"If Buyer refuses to close the Purchase for any reason other than the failure of seller to perform, Buyer shall pay Broker all the compensation due under this Contract."	"Buyer is only obligated to pay the fee upon successful closing."
Additional Fees	"Buyer agrees to pay an administrative fee/transactional fee of \$_____ in addition to other compensation owed."	These additional fees can be hidden in the body of the contract. Do not agree to pay these junk fees.
Protection Period	"Buyer owes the Broker the full compensation if within _____ days after expiration of this Contract, Buyer purchases a property Broker has shown or exhibited to Buyer."	Don't agree to protection periods because they could make the Buyer pay the Broker, even if the Buyer doesn't use the Broker to buy a house.
Dual/Designated Agency	"Buyer will agree to dual or designated agency representation and will consider properties listed by Broker." OR "If Buyer declines Dual Agency, Buyer will not be shown listings owned by the brokerage."	If a dual agency or designated agency situation happens, the Buyer can cancel this contract for this house. The Buyer can then hire a different broker to represent them. Neither party will be responsible for any obligations in this contract for this house.
Additional Services	"Buyer directs Broker to arrange for a qualified closing agent to conduct the closing."	Broker and Agent agree to assist the Buyer in shopping for and comparing pricing for lending, title, warranty and insurance services. The Broker/Agent will recommend a minimum of three providers in each category, ensuring that none are affiliated or offering additional compensation to the Broker or Agent.
Arbitration & Class Action Lawsuits	Any terms related to arbitration or prohibition of class action lawsuits.	We recommend not using brokerages or service providers that use these terms. Arbitration agreements and prohibitions on joining class action cases are very harmful and strip you of important rights and damages.
Viewing Homes	"Buyer requests to only view homes that are offering compensation to the Buyer Broker."	Do not agree to this. Under the new standard, a seller typically does not offer upfront commission but instead negotiate credits with the buyer to cover agent fees. Making an offer with this request poses no risk. If the seller declines, you can either negotiate further or move on to another house.
Coverage Area	"Buyer gives the Broker exclusive right to sell or exchange the real property described as City/County/State."	Negotiate writing in specific addresses of homes being toured instead of a general city/county/state coverage area if you are unsure you want to work with the agent.



BONUS BUYER BROKER NEGOTIATION SUGGESTIONS

SECTION	CONSIDER ADDING	WHY
Referral Fees	"Neither the Broker nor Agent shall accept or pay any referral fees on any transactions that involve the Buyer."	Referral fees can significantly limit your ability to negotiate with your agent. They might be paying 25-50% in referral fees to another agent, a relocation company, or a "best agent" website. If such agreement is made before you meet the agent, they must disclose this to you so you can choose another agent for better negotiation power.
Seller Compensation	"If compensation is not being offered, Buyer instructs Broker to negotiate seller credits to cover broker fees."	If you can't afford to pay for your Buyer Broker out of pocket, make sure your offer includes a request for a seller credit. You can always revise this provision in your buyer broker contract if you change your mind and elect to pay your buyer broker yourself. Make sure to communicate with your lender about this strategy.
Fees	<p>"If the Listing Broker is offering compensation to the Buyer Broker beyond the fee stated in the Buyer agreement (excess), the Buyer Broker agrees to:</p> <p>() Decline the excess compensation and direct the money to be credited to the Seller.</p> <p>() Instruct the Broker to apply the excess commission at closing to the Buyer." Known as a Buyer Rebate</p>	<p>Some brokers are going to try and maintain the artificially high buyer brokerage fees by "advising" their sellers to offer compensation directly to buyer brokers. If you negotiated a lower fee than what is being offered, this section allows you to control where that excess goes.</p> <p><i>Note: Alabama, Alaska, Kansas, Mississippi, Missouri, Oklahoma, Oregon, Tennessee, and in some cases Iowa do not allow rebates thanks to Realtor lobbying efforts, leaving excess commission going back to the listing agent instead of the Buyer or Seller saving money.</i></p>

FAQ

What is Dual & Designated Agency?

Dual and designated agency are when the Broker claims to represent both the Buyer and Seller in the same transaction (or two Buyers in the same transaction), but there is really no "representation" at all. The broker is incentivized to limit the market exposure of your house and they are prohibited from negotiating on your behalf. Dual and Designated agency are the source of most consumer complaints received by CAARE. We suggest that you decline this type of representation.

Why is your advice different than what my agent told me?

The real estate industry has been doing things the same way for many years. While some agents really get how to make changes that better serve their clients, others might be resistant to change or believe their old methods are still the best. If you ever come across something that seems off or you're unsure while discussing plans with your agent, please don't hesitate to reach out to us anytime.

We're here to help!
info@caare.org

What are Seller Concessions?

Seller concessions, also known as seller credits, occur when the seller agrees to cover certain costs or provide financial benefits to the buyer during the purchase. More brokerages are encouraging sellers to offer these concessions instead of sharing commissions.

This benefits buyers in several ways:

- **Direct Cost Reduction:** Concessions reduce the buyer's closing costs or other expenses, directly benefiting their financial situation.
- **Flexibility:** Buyers can use concessions in various ways, like covering fees or reducing the loan balance, unlike fixed agent commissions.
- **Improved Negotiation:** Negotiating lower agent commissions can make the buyer's offer more attractive to sellers.
- **Control Over Funds:** Buyers control how concessions are used, impacting their immediate financial needs.

What is CAARE?

Consumer Advocates in American Real Estate is the only nonprofit in the nation dedicated to consumer protection in the residential brokerage profession.

*CAARE is not your attorney and is not licensed to provide you with legal advice. These suggested contract changes should be reviewed by your attorney. We are not familiar with your state's laws surrounding these matters and only an attorney in your state may properly advise you. The purpose of these suggestions is to call attention to some of the contract terms we believe are anti consumer and anticompetitive. How you address these terms is a matter of law and is to be determined between you and your attorney