

# THE BRBC: SCOPE OF REPRESENTATION GET IT RIGHT SO YOU CAN GET PAID!

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To help members get ready for upcoming practice changes resulting from the NAR settlement, C.A.R. is preparing a series of articles about the various revised and new forms that REALTORS® will need in a real estate transaction once the new MLS policies are effective August 17, 2024. You can find other articles in this series here: [www.car.org/riskmanagement/brokercompliance](http://www.car.org/riskmanagement/brokercompliance)

In this article on C.A.R.'s Buyer Representation and Broker Compensation Agreement (C.A.R. Form BRBC), we discuss an important issue – the scope of an agent's representation of a buyer. Why is this important? Because, among other things, the scope of representation can affect your right to compensation!

There are two main things to keep in mind when discussing the scope of representation. The first is the length of the representation period. The maximum representation period allowed under the BRBC is 3 months, unless the buyer is a corporation, limited liability company, or partnership. Effective January 1, 2025, California law will also impose a 3-month limit on the term of a buyer-broker agreement. However, the representation period may be extended for an additional 3-month (or less) period by using a modification agreement, such as C.A.R.'s Modification of Terms – Buyer Representation Agreement (C.A.R. Form MT-BR). Subsequent extensions are also permitted.

The second thing to keep in mind is the definition of the property to be acquired. The BRBC contains various fields for you to set forth the parameters of the property that the buyer is interested in. This includes the property type (e.g., single family residential, vacant land, etc.), location (e.g., counties and cities), and any other additional criteria, such as price range. Striking a balance between a definition that is too narrow and too broad is important. If the definition is too narrow, it may be very difficult for you to find a property for your client that would also entitle you to compensation. If the definition is too broad (such as "any property in the state of California"), a court may find that the definition is not enforceable.

These are important considerations because a prerequisite to a buyer's broker earning the right to be paid is that the buyer must enter into an agreement to acquire the defined property during the representation period. For example, if the defined property is single family residential and the buyer ends up purchasing a duplex, the broker would not be contractually entitled to compensation. Likewise, if the buyer enters into an agreement to acquire the property after the representation period has already ended, the broker would not be entitled to compensation unless a protection period has been included in the agreement. (A protection period, which is an option available in the BRBC, allows the broker to get paid if, within a set number of days after the expiration of the representation period, the buyer enters into an agreement to acquire a property for which there was broker involvement.)

C.A.R. will release a revised version of the BRBC in late June 2024, which will contain terms that reflect the NAR settlement. Be sure to check [car.org](http://car.org) frequently for updates and new resources about the BRBC.

