

BUYER AGENCY AGREEMENT

(Explanation Guide – Rev 7/2024)

NOTICE: This is a legally binding contract. If there are any terms of this document which you do not understand, consult an attorney before signing.

Buyer(s): _____ (“Buyer”)
Qualifying Broker: _____ (“Buyer’s Broker” or “Broker”)
If applicable, Agent: _____ Company: _____

The Parties hereby agree as follows:

1. **Buyer’s Agent:** Broker/Agent will be Buyer’s sole and exclusive agent for locating real property for purchase. Buyer agrees that 1) Buyer is not a party to any other active exclusive buyer agency agreement and 2) all negotiations for the purchase of a property and related communications will be conducted through Broker/Agent.

2. **Term:** This Agreement will begin on _____ and end on _____ at 11:59 pm. The Parties agree to extend the Agreement in writing if the Buyer is under contract to purchase a property, but such contract has not yet closed on the end date. This Agreement may be terminated in writing at any time.

3. **Buyer’s Broker Compensation**
 - a) **Notice:** *Compensation rates/amounts are not set by law or REALTOR® Association rules. Compensation is set by each Broker individually and is negotiable between Buyer and Buyer’s Broker.*
 - b) Buyer agrees to pay \$ _____, _____ % of the gross sales price, and/or Other _____ (all 0 if left blank), for the services listed in this Agreement.
 - c) As required by Alabama law, the compensation listed above, if any, is to be paid to Buyer’s Broker (not to Agent). Compensation is due at closing unless otherwise specified and is due the following circumstances:
 - i. For helping Buyer locate and purchase real property, including if the property is seen through open houses, sales by owners, and other situations where Broker/Agent may not be directly involved, during this Agreement’s Term.
 - ii. If Broker/Agent shows Buyer a property during this Agreement and Buyer signs a Purchase Agreement for such property within _____ days (30 if left blank) of this Agreement’s expiration or termination.
 - iii. If Buyer defaults under the terms of the Purchase Agreement and fails to close the sale through no fault of the seller, in which case compensation is due immediately, at the option of the Broker.
 - iv. Other (if written): _____.
 - d) A seller may, but is not required to, offer compensation to Buyer’s Broker. Buyer authorizes Buyer’s Broker to accept compensation from the seller and/or seller’s broker unless otherwise indicated herein.
 - i. Any payment received by Buyer’s Broker from the seller/ seller’s broker will be credited toward the total owed to Buyer’s Broker under this Agreement. However, if Buyer’s Broker has a listing agreement with the seller (whether as an agent or transaction broker), no credit toward the total owed under this

Commented [JH1]: This section identifies the Broker/Agent working relationship as exclusive and confirms the Buyer is not party to any other Agreement.

Commented [JH2]: This section defines when the Agreement begins and ends and what circumstances would cause it to be extended.

Commented [JH3]: This section states that compensation is negotiable and determines the amount agreed upon. Included are the circumstances for which compensation is due and steps to take in requesting the Seller pay compensation to the Buyer’s Broker.

Agreement will be given for any payment to Buyer's Broker from the seller as compensation for the services rendered under the listing agreement.

- ii. If Buyer owes Buyer's Broker compensation after any payment from seller/seller's broker has been deducted, Buyer's Broker and Buyer may discuss the potential benefits and detriments of including a term in a purchase agreement requesting additional Buyer Broker compensation.
- iii. If the seller/seller's broker does not pay as anticipated, and there is a contractual agreement with Buyer for seller/seller's broker to compensate Buyer's Broker, Buyer assigns Buyer's Broker any rights which Buyer may have to pursue the seller/ seller's broker for such compensation.

e) Broker is prohibited from receiving more compensation from any source than what is listed in this Agreement.

4. **Property Description and Location:** Buyer's preferences regarding property type, description, and/or location are as follows: _____.

Commented [JH4]: This section defines the Buyer's criteria for the property.

5. **Nondiscrimination:** Federal law, state law, the REALTOR® Code of Ethics, and this Agreement prohibit discrimination in the sale or lease of real property on the basis of race, color, national origin, religion, familial status, disability, sex, sexual orientation, or gender identity. Failure by either Party to abide by this provision is cause to terminate the Agreement.

Commented [JH5]: It is unlawful to discriminate against any protected class and violation of this law will be cause to terminate this Agreement.

6. **Buyer's Duties:** Buyer agrees to: a) timely consider and/or view properties selected by Broker/Agent; b) timely respond to communications from Broker/Agent; c) negotiate in good faith through Broker to acquire a property; d) provide earnest money as required by a purchase agreement; e) act in good faith toward the completion of any contract entered into for the purchase of a property; f) carefully read all disclosures, reports, and contracts and comply with the duties and deadlines contained therein; g) inspect and investigate the condition and suitability of the property the Buyer contracts to purchase, including the neighborhood surrounding the property; h) seek desired assistance from appropriate professionals to investigate and determine the condition and suitability of the property to be purchased; i) pay for reports, investigations or services provided by professionals hired to investigate and determine the condition and suitability of the property to be purchased; and j) abide by all terms of this Agreement.

Commented [JH6]: The National Association of Realtors encourages all Buyers to be fully involved and informed in the process of purchasing their home. This section defines the Buyer responsibilities to work with the Buyer's Agent toward a successful home purchase and closing. A Buyer's Duties checklist will be provided.

7. **Broker's/Agent's Duties to Buyer:** Broker/Agent's sole duties to Buyer are: a) assist Buyer with locating and presenting selected properties to Buyer; b) present all offers to purchase authorized by Buyer; c) present all offers to sell to Buyer received by Broker/Agent; d) assist Buyer, to the extent requested by Buyer, in negotiating the terms of and filling out a pre-printed real estate purchase and sale agreement; and e) comply with all applicable laws in performing its duties hereunder including the Real Estate Consumer's Agency and Disclosure Act (RECAD), Ala. Code § 34-27-80, et seq.

Commented [JH7]: This section defines the Buyer's Agent responsibilities to work for the Buyer toward a successful home purchase and closing.

FOR MORE INFORMATION ON UNDERSTANDING THE HOMEBUYING PROCESS AND THE REALTOR SERVICES OFFERED, SEE "BUYING YOUR HOME - WHAT YOU SHOULD KNOW."

8. **Limitations of Broker's/Agent's Responsibilities:** Buyer understands and agrees that Broker/Agent is not:
a) an expert on property condition, structural integrity, hazardous conditions, property boundaries, zoning, square footage, electrical and plumbing systems, flood zones, financial planning, taxes, mortgages, or other areas requiring special expertise. Buyer should seek expert advice from independent professionals regarding any of these matters. Broker/Agent will not warrant the performance of any such professional and is not liable for any acts or omissions by any such professional;

Commented [JH8]: This section discusses the areas where Realtors are not allowed to give expert advice concerning property conditions, land and legal matters, and so forth. Buyers should seek expert advice from independent professionals regarding any of these matters.

- b) licensed to practice law and cannot give legal advice. Buyer should obtain legal advice from a licensed attorney regarding any matter of concern regarding this Agreement or any documents the Buyer may be presented for the sale of a property;
- c) responsible for ensuring that Buyer complies with the duties and deadlines contained in any purchase agreement entered into by Buyer and that Buyer shall be solely responsible for such performance; and
- d) responsible to monitor, supervise, or inspect any portion of construction or repairs to any property.

9. Earnest Money: Buyer may be required under the terms of a purchase agreement to deposit earnest money with an escrow agent. If the Purchase Agreement is accepted and signed by all parties but does not close, a mutual release signed by all parties to the Purchase Agreement will be required to disburse the earnest money. If a dispute over earnest money arises and an Alabama real estate licensee holds the funds, the licensee may (1) retain the funds until there is a written mutual release from all parties; (2) interplead the disputed funds into the appropriate court (in which case the licensee is entitled to deduct court costs, attorney fees, and similar expenses related to the interpleader from the earnest money); or (3) disburse the funds according to the non-appealable order of a court of competent jurisdiction. (See Alabama Real Estate License Law Rule: 790-X-3-.03.)

Commented [JH9]: Earnest money may be required under the terms of the Purchase Agreement to be deposited with an escrow agent. This section details the steps to take to retrieve the earnest money if the contract is terminated or what to do if there is a dispute over the earnest money.

10. Disclosure of Buyer's Identity: Prior to Buyer's execution of an offer to purchase, Broker/Agent does does not have Buyer's permission to disclose Buyer's identity to all property owners and other third parties.

Commented [JH10]: Prior to Buyer's execution of an offer to purchase, this section gives the Buyer's Agent permission to disclose Buyer's identity to all property owners and other third parties.

11. Agency/ Brokerage Services Disclosure: As required by Alabama law, Broker/Agent has provided Buyer with a Real Estate Brokerages Services Disclosure Form describing the alternative types of brokerage services available and the specific types of brokerage services that are available from Broker/ Agent.

Commented [JH11]: As required by Alabama law, the RECAD must accompany all real estate agreements necessary for Broker/Agent engagement. It describes the specific types of brokerage services that are available from the Broker/Agent.

12. Buyer's Hold Harmless: Buyer hereby agrees to hold Broker/Agent harmless from any damages arising from this Agreement for which Broker/Agent is not at fault, including those resulting from inaccurate or incomplete information from Buyer.

Commented [JH12]: Buyer hereby agrees to hold Broker/Agent harmless from any damages arising from this Agreement for which Broker/Agent is not at fault, including those resulting from inaccurate or incomplete information from Buyer.

13. Other Potential Buyers: Broker/Agent may represent other potential buyers who are interested in purchasing the same or similar properties as Buyer. Broker/Agent will not disclose any buyer's terms or conditions with another buyer.

Commented [JH13]: Broker/Agent may represent other potential buyers who are interested in purchasing the same or similar properties as Buyer.

14. Mediation And Arbitration/Waiver Of Trial By Jury: All claims relating to this Agreement shall be submitted to mediation with a mutually agreed upon mediator within forty-five (45) days of notice of the claim. In the event no mediated resolution is reached within sixty (60) days of the party's notice of the claim, all claims will be resolved by binding arbitration in Alabama. The parties shall work together in good faith to select one (1) mutually acceptable arbitrator, who is an Alabama licensed attorney in good standing with the State Bar of Alabama, to administer and conduct the arbitration. If the parties cannot mutually agree on an arbitrator, the arbitrator shall be selected as follows: Each party shall simultaneously exchange with the other party a list of three arbitrators acceptable to that party to administer and conduct the arbitration. If there is only one (1) arbitrator that is common to both lists, that arbitrator shall administer and conduct the arbitration. If there is more than one arbitrator that is common to both lists, the parties shall either mutually agree on which arbitrator shall be selected or flip a coin to select the arbitrator. If there is not initially a common arbitrator on the lists, the parties shall repeat the process by expanding their lists by two each time until there is a common

Commented [JH14]: These sections spell out the steps of action to settle any disputes that cannot be resolved between the Parties personally. The Parties agree to use mediation first and then arbitration rather than a trial by jury.

name on the lists selected by the parties. The arbitration shall be conducted in accordance with the Alabama Supreme Court Commission on Dispute Resolution Guidelines for Arbitration Proceedings.

Each party acknowledges that (s)he is knowingly waiving the right to a trial by jury relating to all claims.

All disputes concerning the arbitrability of any claim or the enforceability or scope of this provision will be subject to the same binding arbitration. The losing party will bear the cost of the arbitrator and any attorney's fees incurred in pursuing or defending the claim or dispute; provided the arbitrator will have the authority to equitably apportion and award costs as a part of this award to the extent authorized by applicable law. The arbitrator will follow the law applicable to any such claim. The determination of the arbitrator will be final, binding on the parties, non-appealable, and may be entered in any court of competent jurisdiction to enforce it. All claims shall be brought by a party in his or her individual capacity and not as a plaintiff or class member in any purported class or representative proceeding. The arbitrator may not consolidate more than one person's claims and may not otherwise preside over any form of a representative or class proceeding. The Parties acknowledge and agree that the transactions contemplated by and relating to this Agreement, which may include the use of materials or components which are obtained from out-of-state, and which otherwise include the use of interstate mails, roadways and commerce, involve interstate commerce, as that term is defined in the Federal Arbitration Act, 9 U.S.C. § 2. Notwithstanding anything to the contrary contained herein, this agreement to arbitrate shall not apply to: (1) any claim regarding the handling and disbursement of earnest money; and (2) any claim of Broker regarding the entitlement to or the non-payment of a real estate commission hereunder.

15. **Sole Agreement:** This is the sole agreement between the Parties. Any statements, representations, or promises not included in this Agreement or an attachment will be of no effect. Any amendments to this Agreement must be in writing and signed by all Parties.

Commented [JH15]: Any statements, representations, or promises not included in this Agreement or an attachment will be of no effect. Any amendments to this Agreement must be in writing and signed by all Parties.

16. Additional provisions: