



CALIFORNIA BUSINESS PROPERTIES ASSOCIATION

1121 L Street, Suite 501 · Sacramento, CA 95814 · Phone (916) 443-4676 · www.cbpa.com

Protecting Commercial Real Estate for Over 50 Years

AB 2992: Establishing Standards for Buyer-Broker Representation Agreements

This summary provides CBPA members with an overview of the key changes introduced by AB 2992, effective January 1, 2025. While this document outlines significant provisions and implications of the bill, it is not intended to serve as legal advice. Members are encouraged to consult with legal counsel for specific guidance on compliance with AB 2992.

Overview:

California Governor Gavin Newsom signed AB 2992 (Nguyen; D-Sacramento) into law, establishing standardized requirements for buyer-broker representation agreements in real estate transactions. This bill mandates formal agreements, clear disclosure requirements, and defined limits on agreement duration, aiming to enhance transparency and protect buyers in the process. Notably, AB 2992 had no registered opposition.

Key Provisions:

- **Mandatory Buyer-Broker Agreements:**

AB 2992 requires a written buyer-broker representation agreement before a buyer's offer is made. The agreement must include:

- Terms of agent compensation
- Specific services provided by the agent
- Payment timing and contract termination conditions

- **Disclosure Requirements:**

Agents must present a disclosure form to the buyer before the agreement is signed, detailing the agent's role and responsibilities and ensuring clarity about the agency relationship.

- **Duration and Renewal Restrictions:**

Buyer-broker agreements are limited to three months unless involving specific entities like corporations or LLCs. Automatic renewals are prohibited; renewals must be in writing, signed, and limited to an additional three-month term.

- **Arbitration Provisions:**

If an agreement includes binding arbitration, it must explicitly state this, with both



CALIFORNIA BUSINESS PROPERTIES ASSOCIATION

1121 L Street, Suite 501 · Sacramento, CA 95814 · Phone (916) 443-4676 · www.cbpa.com

Protecting Commercial Real Estate for Over 50 Years

parties acknowledging their understanding of the rights waived, such as court proceedings.

Implications for Commercial Real Estate (CRE):

AB 2992 strengthens buyer protections and formalizes real estate agent obligations, promoting transparency and professionalism in transactions. For CBPA members, these standardized practices enhance trust and clarity within the real estate process.