



Authority Update



23 December 2009

Welcome from the CEO/Registrar

Greetings, we have had a tremendous response to the Authority 'being open for business' in the last month. In the last couple of weeks we sent our first newsletter, which we intend to provide on a two monthly basis.

However, there are a few matters which we would like to draw your attention to, so we are providing a special newsletter to provide this information.

I am pleased to confirm that electronic copies of the Approved Guides for agency agreements and sale and purchase agreements are now available on the Authority [website](#).

These have been made available electronically in response to requests from licensees and consumers who asked for a copy of the Guides. These are now able to be provided via email to out of town or overseas buyers and sellers, in order to meet the requirements of the new Act.

You will need to provide a copy of the Guide to the relevant people and ensure you get the necessary acknowledgement from them that they have received it.

The Guides are in PDF version - you cannot change them in any way, including adding any logo or branding.

In the normal course of business, you should continue to provide your clients with printed copies of the Guides. Copies can be ordered by calling 0800forREAA (0800 367 7322).

While the Authority can provide you with information via newsletters, the 0800 number and the website, it is important to remember that you are individually responsible for ensuring your adherence to the requirements of the Real Estate Agents Act 2008.

Some additional frequently asked questions (FAQs) are listed below for your information.

The summer months are traditionally a busy time for the industry, so I hope you find the time to have a relaxing break with family and friends.

Janet Mazenier
Chief Executive/Registrar

FAQ's



The following are the industry's most frequently asked questions (FAQ's). These and other FAQ's are available on the Authority's [website](#).

Q - Do I need an agent's licence if my company is licensed as an agent?

Under the 2008 Act in order for a company to be licensed as an agent, at least one officer of the company must also hold an agent's licence as an individual. This is a change from the 1976 Act, where officers of the company had to be eligible to hold an agent's licence, but were not necessarily personally licensed.

You must ensure that you or another officer of the company holds an individual licence as an agent before the company's licence is due for renewal on 31 March 2010. If no officer of the company has an agent's licence by that time, the company will no longer be eligible to hold a licence and will not be able to carry out real estate agency work.

Q - To what extent does the new legislative regime apply to commercial, industrial and rural property transactions?

The new regime applies equally to commercial, industrial and rural property transactions as to residential property transactions. However, the following provisions of the Act apply only to residential property:

- Approved Guide to be provided before agency agreement entered into for residential property (section 127);
- Parties may cancel sole agency agreements in respect of residential property on the expiry of 90 days after agreement is signed (section 131);
- Approved Guide to be provided before contractual document relating to the proposed sale of a residential property is signed (section 133).

Any licensee who is carrying out agency work in respect of any commercial, industrial and rural property transaction must ensure that they comply with the requirements of the Act, regulations and the Code of Professional Conduct and Client Care at all times.

Diary Dates

January 2010:

You will receive information on the licence renewal process. This information will be sent to you and will be available on the Authority's website.

February/March 2010:

The Authority will be running a series of industry seminars throughout the country in late February/March. You will be provided with more information on these seminars in the New Year.

31 March 2010:

Your completed licence renewal application must be received by us before 31 March 2010.

Q - Do I have to provide a written appraisal every time I enter into an agency agreement in respect of a land or business transaction?

Yes - this is required by the Code of Professional Conduct and Client Care (see rules 9.5 and 9.8 (a)) which require together that the commission calculation be based on the appraised price of the land or business, and that an appraised price be given in writing. This applies to all transactions, including commercial leases. If it is not possible to provide comparable information on transactions relating to similar land in similar locations, or businesses, you should include in the appraisal that no comparable information is available.

Q - Can agents include their logo and other company branding on the Approved Guides?

No. The Approved Guides have been published by the Authority to provide information for the protection of consumers. You are not allowed to co-brand or change any information in the Guides.

Q - How is residential property defined?

Residential property generally means any property used, or intended to be used, mainly for residential purposes.

Q - I have an agent's licence but do not currently operate a trust account - do I need to give the Authority details of my auditor?

You should advise the Authority that you are not currently operating a trust account. You can do this by recording this on the auditor form which is available on our website, and returning it to the Authority.

Q - When do I need to send in my application to renew my licence?

If your licence expires on 31 March 2010, please wait until the Authority sends you a renewal notice. The Authority will be sending these in mid/late January 2010. Renewal application forms are different to the application forms on the website.

Q - Do I need to advertise before I renew my licence?

No - you do not need to advertise your renewal application. Only applications for new licences must be advertised. Similarly, there is no right of objection to an application for renewal of a licence.

visit: reaa.govt.nz

