Authority Update

Real Estate Agents Authority

8 April 2013

The new Code of Conduct is now in effect

The new Code of Conduct 2012 takes effect from today.

A number of things have changed and it is important that you understand the changes and what you need to do to comply with the new Code of Conduct 2012.

A summary of the key changes is below. More information is available on our website and there is a short video you can watch.

Download a copy of the Code of Conduct 2012

Download the Code of Conduct 2012 FAQ's

If you have any questions please email us or call us on 0800 367 7322 or (04) 471 8930.

Key changes

- You must explain to clients when an agency agreement will end. This is a new rule - Rule 10.6(b).
- When an agency agreement with a client is cancelled you must give your former client a list of customers who, if they sell to, may entitle you to a commission. This is a new rule - Rule 9.11.
- You must recommend to all parties that they seek legal advice before signing agency agreements or sale and purchase agreements. This is an amended rule - Rule 9.7.

- Agents who are operating as a business must ensure that all their salespersons are properly supervised and managed. This is a new rule – Rule 8.3.

- You must explain to clients in writing when there is no comparable or semi-comparable sales data to base an appraisal on. This is a new rule – Rule 10.3.

- Before an agency agreement is signed, you must explain to the prospective client that how they chose to sell their property can impact on the benefits you receive. This is a new rule – Rule 10.5.

- There are new rules for buyer's agency agreements including what information must be explained before an agency agreement is signed; only working within the terms agreed with the client; submitting offers; and record keeping obligations. This is a new rule – Rule 11.

There are minor amendments to some other rules as well as some structural changes to the way the Code of Conduct 2012 is laid out that you can read about on our website.

Information for agents

As an agent these rules will require some changes to the processes that you and your team use.

Some things to consider include:

- What training you will need to provide to your staff to ensure that they have a sound knowledge of the Code of Conduct 2012.

- How you may need to change business processes to accommodate the new cancellation of agency requirements (rule 9.11).

- How the new Code of Conduct impacts on your agency agreements - you may need to amend them to ensure:
  - they reflect the new expectations around double commission warnings (rule 9.10)
  - they include adequate information about required cancellation of agency processes (rule 9.11)
  - they set out when the agency agreement ends (rules 10.6(b), 11.2(b))
  - that where they refer to a rule in the Code of Conduct that it is still the correct reference (rules 6.5, 6.6, 9.6, 9.7, 9.8, 9.13, 9.14, 9.15 & 9.16 from the 2009 Code of Conduct have moved).

In addition, if you are an agent operating as a business you should review your supervision policies. New rule 8.3 means you need to consider how your business ensures that salespersons are supervised and managed.

Remember, if you have any questions about your obligations under the new Code of Conduct 2012 just email us or give us a call.

Kevin Lampen-Smith
Chief Executive Officer/Registrar

visit: reaa.govt.nz