

The Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012 (the Code of Conduct) outlines the **minimum** standards all real estate licensees (agents, branch managers, and salespersons) must meet when carrying out real estate agency work and dealing with customers and clients. Breaches of the Code of Conduct can result in disciplinary action and penalties.

The summary below highlights some of the key aspects of licensees' professional obligations under the Code of Conduct. This summary is not a substitute for the full Code of Conduct. The Real Estate Authority expects licensees to comply with all of the rules in the Code of Conduct.

A copy of the full Code of Conduct is available at www.rea.govt.nz/real-estate-professionals/obligations/the-code-of-conduct

Commonly used Code of Conduct rules include:

Professional competence: Licensees must exercise skill, care, competence and diligence at all times when carrying out real estate agency work (Rule 5.1).

Disclosure of defects: Licensees must disclose known defects to a customer. Where it would appear likely to a reasonably competent licensee that there may be hidden or underlying defects a licensee must either: obtain confirmation from the client supported by expert advice that there is no defect, or ensure the customer is informed of the risk (Rule 10.7 also refer 10.8)

Know the law: Licensees must have sound knowledge of the Real Estate Agents Act 2008, regulations, rules issued by REA and other legislation relevant to real estate agency work (Rule 5.2 and 8.4).

Obligations owed to the client: Licensees must comply with fiduciary obligations to their client (Rule 6.1).

Act in good faith and deal fairly: A licensee must act in good faith and deal fairly with all parties engaged in a transaction (Rule 6.2). They must not engage in any conduct that would put a client or prospective client, or customer under undue or unfair pressure (Rule 9.2).

Don't bring the industry into disrepute: (Rule 6.3).

Misleading conduct: Licensees must not mislead clients or customers, provide false information or withhold information that should in fairness be provided e.g. silence can mislead (Rule 6.4 and 9.4).

Client and customer care and communication: Licensees must act in the best interests of their clients and according to their lawful instructions (Rule 9.1). A licensee must communicate regularly and in a timely manner and keep their client well informed (Rule 9.3).

Supervision: Agents operating a business must ensure all salespeople employed or engaged by the Agent are properly supervised and managed (Rule 8.3).

Conflicts of interest: Licensees must not act in a capacity that would attract more than one commission in the same transaction. They must not engage in business or professional activity that would or could compromise their obligations (Rule 9.14 and 9.15).

Agency agreements and contractual documents: Before signing an agency agreement, sale and purchase agreement or other contractual document, a licensee must recommend that the person seek legal advice and ensure the person is aware they can or may need to seek technical or other advice and information, and allow them reasonable time to do so (Rule 9.7).

Confidentiality: A licensee must not disclose confidential personal information relating to a client without their written consent unless an exception applies (Rule 9.17).

Appraisals and pricing: Licensees must provide clients with a written appraisal that realistically reflects current market conditions, supported by comparable information, if it exists (Rule 10.2 and 10.3) and an advertised price must reflect the pricing expectations agreed with the client (Rule 10.4).

Advertising and marketing: Licensees must not advertise land or businesses on terms that are different from those authorised by the client (Rule 10.9).

Information about complaints: Information about how to lodge complaints must be available to clients and consumers (Rule 12.1). Other obligations include ensuring awareness of both how to make a complaint to your agency and REA's complaints process (Rule 12.2 and 12.3). A licensee employed or engaged by an agent must advise the agent within 10 working days of becoming aware of any complaint made to REA against them, and any CAC or Tribunal decision or Order (Rule 12.4) and also their previous agency if the conduct arose at that agency (Rule 12.5).

Duty to report misconduct or unsatisfactory conduct: A licensee who suspects another licensee may be guilty of unsatisfactory conduct, may make a report to REA and must report suspected misconduct (Rule 7.1 and 7.2).