

<b>Title</b>	<b>Appraise, complete and explain agency agreements for smaller and medium sized businesses</b>		
<b>Level</b>	<b>4</b>	<b>Credits</b>	<b>9</b>

<b>Purpose</b>	<p>This unit standard is for people preparing to enter into, or who are currently working in, the business broking sector of the real estate industry.</p> <p>People credited with this unit standard are able to:</p> <ul style="list-style-type: none"> <li>– prepare appraisal of the market value of smaller and medium sized businesses;</li> <li>– complete and explain agency agreements to prospective client; and</li> <li>– demonstrate an understanding of the need to confirm appraisals of market values of smaller and medium sized businesses.</li> </ul>
----------------	--

<b>Classification</b>	Real Estate > Rural, Residential, Commercial and Business Sales
-----------------------	---

<b>Available grade</b>	Achieved
------------------------	----------

### Guidance Information

- 1 References
- Building Act 2004;  
 Consumer Guarantees Act 1993;  
 Contractual Remedies Act 1979;  
 Employment Relations Act 2000;  
 Fair Trading Act 1986;  
 Financial Transactions Reporting Act 1996;  
 Goods and Services Tax Act 1985;  
 Health and Safety in Employment Act 1992;  
 Holidays Act 2003;  
 Human Rights Act 2020;  
 Overseas Investment Act 2005;  
 Overseas Investment Regulations 2005;  
 Privacy Act 2020;  
 Property Law Act 2007;  
 Real Estate Agents Act 2008;  
 Resource Management Act 1991;  
 Unit Titles Act 2010;  
 and all subsequent amendments and replacements.

## 2 Definitions

*Agent* means a real estate agent who holds or is deemed to hold a current license as an agent under the Real Estate Agents Act 2008.

*Agency Agreement* means an agreement under which an agent is authorised to undertake real estate agency work for a client in respect of a transaction. It is commonly known in the industry as a listing form.

*Appraise/appraisal* means estimating the market value of a business.

*Businesses* include proportional interests in businesses such as partnerships and shares.

*Client* means the person on whose behalf an agent carries out real estate agency work and is commonly known in the industry as a vendor or seller.

*Common Law* is also known as case law – judgements made by courts, rather than laws written by parliament. Judgements relating to the duties of an 'agent' may be applicable to this unit standard.

*Code* means the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2009 which set out the code of professional conduct and client care. These are available from <http://www.rea.govt.nz/>.

*Customer* means a person who is a buyer or potential buyer of land or a business and is commonly known in the industry as purchaser or buyer.

*Industry requirements* mean all actions must comply with relevant professional body standards, legislation, codes of professional conduct and client care, and approved guides. Legislation is available from <http://www.legislation.govt.nz> and codes of professional conduct and client care, and approved guides are available from <http://www.rea.govt.nz/>.

*Company procedures* are the specific procedures used in real estate companies and vary from company to company. All must comply with the Real Estate Agents Act 2008 and any applicable real estate regulations that may apply.

*Medium sized businesses* are businesses with a profit of \$100,000 – \$200,000 per annum.

*Prospective client* means a person who is considering or intending to enter into an agency agreement with an agent to carry out real estate agency work.

*Smaller sized businesses* are businesses with a profit of under \$100,000 per annum.

*Lessor* is a person that leases a property to another, and is also known as a landlord or owner.

## 3 Assessment

This unit standard must be assessed on the basis of evidence of demonstrated performance in the workplace or in simulated work situations designed to draw upon similar performance to that required in the workplace.

---

## Outcomes and performance criteria

### Outcome 1

Prepare appraisal of the market value of smaller and medium sized businesses.

Range evidence is required of appraising two different smaller sized businesses and two different medium sized businesses.

**Performance criteria**

- 1.1 Appraisal methods used to prepare appraisals are in accordance with industry requirements.
- Range includes but is not limited to – comparable sales method.
- 1.2 Effects of legal ownership arrangements are assessed and explained in terms of results of appraisal in accordance with industry requirements.
- 1.3 Conclusions are drawn from the appraisal and the market value of the business is determined in accordance with industry requirements.
- 1.4 Selling or leasing price ranges and preferred financial arrangements are agreed with clients and lessors consistent with industry requirements.
- 1.5 Price range and terms of sale covering deposits, amount and length of time, repayments, interest rates, and other factors relevant to the specific businesses are agreed with clients.
- 1.6 GST registration is confirmed with clients and recorded in accordance with industry requirements.

**Outcome 2**

Complete and explain agency agreements to prospective client.

**Performance criteria**

- 2.1 Purpose of agency agreement form is explained to the prospective client in accordance with industry requirements.
- Range includes but is not limited to – types of agency, prospective client obligations in terms of other agency agreements.
- 2.2 Obligations of salesperson and agency are explained in terms of the Real Estate Agents Act 2008 and the Code.
- Range includes but is not limited to – commission structures, marketing and advertising expenses, obligations for residential property.
- 2.3 Authority to list the business is obtained from the prospective client in writing.
- 2.4 Signatories of authorities are obtained consistent with industry requirements.
- 2.5 Prospective clients are qualified and relationships built to determine clients' motives, wants, and needs.

Range            qualifying includes but is not limited to – clients' dominant selling motives, impact of clients' motivations on asking price, initial asking price ranges for properties, clients' preferred financial arrangements and timeframes for the sale of properties, impact of rental price range on selling price range, indicative agency/marketing preferences from a prospective client.

**Outcome 3**

Demonstrate an understanding of the need to confirm appraisals of market values of smaller and medium sized businesses.

**Performance criteria**

- 3.1            Explain the need for comprehensive methods of checking appraisals to ensure compliance with company procedures and industry requirements.
- 3.2            Need for confirmation of appraisal by branch manager, licensee, or principal officer is explained in terms of implications for salesperson and licensee.
- 3.3            Explanation includes the need to record the confirmation in terms of industry requirements.

<b>Replacement information</b>	<p>This unit standard replaced unit standard 23142 and unit standard 23143.</p> <p>This unit standard and unit standard 23144 were replaced by unit standard 30489.</p>
--------------------------------	---

**This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.**

**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	12 February 2010	31 December 2013
Rollover and Revision	2	16 August 2012	31 December 2020
Review	3	26 October 2017	31 December 2020
Rollover	4	1 November 2018	31 December 2020
Rollover	5	26 March 2020	31 December 2021
Rollover	6	26 November 2020	31 December 2022
Rollover	7	29 April 2021	30 June 2023

<b>Consent and Moderation Requirements (CMR) reference</b>	0003
--	------

This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

This unit standard is expiring