

<b>Title</b>	<b>Appraise businesses and complete an agency agreement</b>		
<b>Level</b>	<b>5</b>	<b>Credits</b>	<b>5</b>

<b>Purpose</b>	<p>This unit standard is for people preparing to enter into, or who are currently working in, the business broking sales of the real estate industry.</p> <p>People credited with this unit standard are able to:</p> <ul style="list-style-type: none"> <li>– appraise businesses in accordance with industry requirements; and</li> <li>– complete an agency agreement for an appraised business.</li> </ul>
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<b>Classification</b>	Real Estate > Rural, Residential, Commercial and Business Sales
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<b>Available grade</b>	Achieved
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## Guidance information

- 1 Legislation
  - Building Act 2004;
  - Consumer Guarantees Act 1993;
  - Contract and Commercial Law Act 2017;
  - Employment Relations Act 2000;
  - Fair Trading Act 1986;
  - Financial Transactions Reporting Act 1996;
  - Goods and Services Tax Act 1985;
  - Health and Safety at Work Act 2015;
  - Human Rights Act 1993;
  - Privacy Act 1993;
  - Real Estate Agents Act 2008;
  - Resource Management Act 1991;
  - Unit Titles Act 2010;
  - and all subsequent amendments and replacements.
  
- 2 Definitions
  - Agency agreement* – 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.
  - Client* – the person on whose behalf an agent carries out real estate agency work.
  - Code* – refers to the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012. Within the real estate industry, this may also be referred to as the Code of Conduct, the Real Estate Agents Authority Practice Rules, or the Rules.
  - GST* – Goods and Service Tax.

*Industry requirements* – all actions by licensees and employees which must comply with relevant professional standards, legislation, and rules made under the provision of applicable legislation.

*Licensee* – salesperson, branch manager, or agent.

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

### 3 Assessment

- a For assessment against Outcome 1, the assessor will need to confirm the candidate understands that this is an appraisal, not a valuation of each business.
- b Assessment against this unit standard must be based on the following criteria: If a candidate holds a current real estate licence, evidence must be derived from a real or a simulated workplace situation. If a candidate is not licensed, evidence must be drawn from a simulated workplace situation. A simulated workplace situation must reflect industry requirements and requires performance that replicates a real working environment.

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## Outcomes and performance criteria

### Outcome 1

Appraise businesses in accordance with industry requirements.

#### Performance criteria

- 1.1 Identify and explain different appraisal methods that can be used to appraise different types of businesses.
 

Range methods may include but are not limited to – direct market data, capitalised earnings, net assets, revenue multiple.
- 1.2 Appraise businesses to determine the appraised value for each business.
 

Range evidence of two different businesses is required.
- 1.3 Identify the different opportunities and threats, and assess the impact these opportunities and threats may have on the appraised value for each business.
- 1.4 Identify strengths and weaknesses of a business being under new ownership, and assess the effect this may have on the appraised value and sale of each business.
- 1.5 Develop comprehensive and accurate appraisal reports that outline relevant information for the clients.
 

Range relevant information may include but is not limited to – an appraised value, business performance, buyer demand, market conditions, council compliance requirements, security of lease tenure, ease of transferability of the intangible assets of the business to a new owner, comparative ratio vs. national standard.

- 1.6 Explain company processes that may be used to analyse, interpret, and present findings of financial statements to determine the net position of a business.
- 1.7 Explain GST exclusive in terms of the appraisals.

## Outcome 2

Complete an agency agreement for an appraised business.

### Performance criteria

- 2.1 Build relationships and qualify a prospective client to determine the client's motives, wants, and needs consistent with industry requirements.
- Range      qualifying a prospective client may include but is not limited to – establishing the type of business, client sale price expectations, client dominant selling motives, impact of client motivations on asking price, initial asking price ranges for the business, client preferred financial arrangements, timeframe of selling business, breakdown of tangible and intangible stock, selling features of the business, client preferred customer, client future plans post sale, and timeframe of transitioning the business to a new owner.
- 2.2 Complete an agency agreement and obtain formal authority to list the business from the client, consistent with industry requirements.
- 2.3 Explain the obligations the licensee and agency has to the client consistent with the Code.
- 2.4 Explain the importance of identifying legal ownership of the business in terms of the agency agreement. Confirm all signatories of authorities relevant to the business are listed on the agreement.
- 2.5 Clarify disclosure rules in terms of legal obligations on the licensee and client.
- 2.6 Identify two situations where documentation and/or information is not provided to the licensee. Explain the implications this may have on the sale of the business and the obligations of the licensee in each situation.

<b>Replacement information</b>	This unit standard replaced unit standard 23144 and unit standard 26151.
<b>Planned review date</b>	31 December 2022

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

Process	Version	Date	Last Date for Assessment
Registration	1	26 October 2017	N/A

**Consent and Moderation Requirements (CMR) reference**

0003

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

**Comments on this unit standard**

Please contact The Skills Organisation [reviewcomments@skills.org.nz](mailto:reviewcomments@skills.org.nz) if you wish to suggest changes to the content of this unit standard.