

Title	Demonstrate and apply knowledge to appraise complex residential properties		
Level	5	Credits	5

Purpose	<p>This unit standard is for people preparing to enter, or currently working in, the residential sector of the real estate industry.</p> <p>People credited with this unit standard are able to:</p> <ul style="list-style-type: none"> – appraise multi-unit residential properties; – complete and explain the agency authority process for the appraised multi-unit properties; – appraise vacant residential land to facilitate a complex real estate transaction; – explain the process for the development of vacant land for a subdivision; and – demonstrate knowledge of investment properties in relation to complex residential real estate transactions.
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Classification	Real Estate > Rural, Residential, Commercial and Business Sales
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Available grade	Achieved
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Guidance information

- 1 Legislation
 Building Act 2004;
 Consumer Guarantees Act 1993;
 Contract and Commercial Law Act 2017;
 Fair Trading Act 1986;
 Goods and Services Tax Act 1985;
 Health and Safety at Work Act 2015;
 Human Rights Act 1993;
 Land Transfer Act 1952;
 Overseas Investment Act 2005;
 Overseas Investment Regulations 2005;
 Privacy Act 1993;
 Real Estate Agents Act 2008;
 Resource Management Act 1991;
 Resource Management (Simplifying and Streamlining) Amendment Act 2009;
 Residential Tenancies Act 1986;
 Unit Titles Act 2010;
 and all subsequent amendments and replacements.

2 Reference

Territorial plan includes district plans and unitary plans. It is expected for the candidate to be familiar with the plans of their Territorial Authority.

3 Definitions

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.

Complex real estate transactions – may include but are not limited to vacant residential land, property on stratum ownership, property owned by a trust, property owned by company shares, subdivision, property with covenants, cross lease, matrimonial property, property affected by the Overseas Investment Act 2005.

CMA – also known in the real estate industry as Current Market Analysis, Comparative Market Analysis, Competitive Market Appraisal.

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.

4 Assessment

- a Other appraisal methods that may be used may include but is not limited to – replacement cost, net rate, sales comparison, development analysis, residual method, capitalisation of net income, capital value per square metre method, sales multiple method.
- 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.

Outcomes and Performance criteria

Outcome 1

Appraise multi-unit residential properties.

Performance criteria

- 1.1 Appraise a multi-unit property using a CMA to determine the current market value range.
- 1.2 Appraise another multi-unit property using another appraisal method to determine the current market value range of the property.
- 1.3 Develop accurate and comprehensive appraisal reports, consistent with industry requirements.

Range reports includes but are not limited to – rental appraisal, seismic rating, historic classification.

- 1.4 Explain the appraisal reports to the clients in a clear and concise manner that ensures client understanding, consistent with industry requirements.
- 1.5 Explain the obligations of the licensee and the agency to the clients in terms of the appraisals.
- 1.6 Assess and explain the implications of tenure on the value of the properties.
- Range tenure includes – freehold, leasehold, cross lease, unit title, company share.
- 1.7 Assess and explain the implications of interests and encumbrances on the value of one of the properties.
- Range interests and encumbrances may include but are not limited to – caveats, covenants, easements, rights of way, other interests.
- 1.8 Explain the implications of zoning restrictions, territorial authority plans, and building restrictions on the value of the property.

Outcome 2

Complete and explain the agency authority process for the appraised multi-unit properties.

Performance criteria

- 2.1 Build relationships and qualify prospective clients to determine their motives, wants, and needs.
- 2.2 Explain the purpose of an agency authority and the legal implications for the agency and prospective clients.
- 2.3 Complete an agency authority and obtain formal authority to list the property from the prospective clients.
- 2.4 Describe the responsibility of the licensee and agency when the clients are unable or unwilling to provide documents and/or information pertaining to the property.
- Range evidence of three different situations is required.
- 2.5 Explain the implications for the licensee, agency, and clients if there is a failure to obtain all required signatures on the agency authority.

Outcome 3

Appraise vacant residential land to facilitate a complex real estate transaction.

Performance criteria

- 3.1 Appraise vacant land using an appropriate appraisal method to establish indications of current market value, and justify the appropriateness of the method used.
- 3.2 Explain the process of another appraisal method that may be used to appraise vacant land.
- 3.3 Develop an accurate and comprehensive appraisal report for a prospective client, in accordance with industry requirements.

Outcome 4

Explain the process for the development of vacant land for a subdivision.

Performance criteria

- 4.1 Explain the stages of development in the subdivision process, consistent with territorial plans.
- 4.2 Explain the legal status of consents, services, and titles relevant to the appraisal of the land.
- 4.3 Explain the repercussions of misrepresentations and failure to disclose, in terms of consumer law.
- 4.4 Identify the appropriate authorities and specialists that may be consulted in respect of the development of vacant land.

Outcome 5

Demonstrate knowledge of investment properties in relation to complex residential real estate transactions.

Performance criteria

- 5.1 Define investment property and explain the body of knowledge a licensee should have about investment properties.
- 5.2 Assess an aspect of building law in terms of an investment property.
- 5.3 Appraise an investment property using net rate, replacement cost, and capitalisation of income, consistent with industry requirements.
- 5.4 Explain the concepts of yield and capital gain, and identify the objectives of prospective investors to establish an appropriate investment property strategy.

- 5.5 Explain what a licensee needs to know about landlord's rights and responsibilities, in terms of property damage and contamination caused by tenants or other parties.
- 5.6 Explain what a licensee needs to know about tenant's rights and responsibilities in terms of the property.

Replacement information	This unit standard replaced unit standard 4713 and unit standard 23151.
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Planned review date	31 December 2022
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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
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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 if you wish to suggest changes to the content of this unit standard.