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| Title | Prepare and present Sales and Purchase Agreements for rural properties | | |
| Level | 5 | Credits | 5 |

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| Purpose | <p>This unit standard is for people who are preparing to enter into, or currently working in, the rural sector of the real estate industry.</p> <p>People credited with this unit standard are able to:</p> <ul style="list-style-type: none"> – explain the obligations, restrictions, and implications in drafting an Agreement for Sale and Purchase of Real Estate for a rural property; – demonstrate knowledge of GST and taxation in relation to rural land transactions; – draft an Agreement for Sale and Purchase of Real Estate form for different rural properties; and – facilitate and manage the sale of rural properties in accordance with industry requirements. |
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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;
 - Climate Change Response Act 2002;
 - Conservation Act 1987;
 - Consumer Guarantees Act 1993;
 - Crown Minerals Act 1991;
 - Fair Trading Act 1986;
 - Financial Advisors Act 2008;
 - Forests Act 1949;
 - Goods and Services Tax Act 1985;
 - Health and Safety at Work Act 2015;
 - Human Rights Act 1993;
 - Overseas Investment Act 2005;
 - Overseas Investment Regulations 2005;
 - Privacy Act 1993;
 - Property (Relationships) Act 1976;
 - Real Estate Agents Act 2008;
 - Residential Tenancies Act 1986;
 - Resource Management Act 1991;

Te Ture Whenua Māori Act 1993;
Unit Titles Act 2010;
and all subsequent amendments and replacements.

2 Definitions

Agency procedures – are the specific procedures used in real estate agencies and vary from agency to agency. All procedures must comply with the Real Estate Agents Act 2008, applicable regulations, and the Code.

Agreement for Sale and Purchase of Real Estate form – is the REINZ and Auckland District Law Society (ADLS) approved form.

B&B – bed & breakfast operations.

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.

Customer – a person who is a party or potential party to a transaction and excludes a prospective client and client.

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.

GST – Goods and Service Tax.

Licensee – an agent, branch manager, or salesperson.

Rural property – may include but is not limited to lifestyle property, horticultural property, a dairy or a sheep and cattle property, specialised unit property.

Specialised unit property – may include factory farming such as for chickens (meat and eggs), a hatchery, fish farming, prawn farming, animal breeding for scientific reasons, wind farms, pip and stone fruit, vegetables, tree crops, nursery and plant propagation, equine.

Unamortised Capital Expenditure – the historical cost of an asset (which is what the client originally paid for it) less its total depreciation (which is the portion of value removed each year for accounting purposes) up to that point. That is, the unamortized cost of an asset is the value of the asset that has not yet been subtracted for depreciation. This asset is attached to the land and any future depreciation and taxable write-off is transferable with the property.

3 Assessment

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

Explain the obligations, restrictions, and implications in drafting an Agreement for Sale and Purchase of Real Estate for a rural property.

Performance criteria

- 1.1 Explain the obligations of the licensee in terms of the Code as applied to the client and customer.
- 1.2 Explain the restrictions and the implications for a licensee of misleading and deceptive conduct in accordance with the Real Estate Agents Act 2008.

Outcome 2

Demonstrate knowledge of GST and taxation in relation to rural land transactions.

Performance criteria

- 2.1 Explain the effect of GST on land transactions, in accordance with GST legislation.
- 2.2 Identify and explain the risks of incorrectly stating, and not stating, GST on documentation in relation to the licensee, agency, client, and customer.
- 2.3 Describe two different GST situations on rural land sales, and explain the responsibility a licensee and a client may have in each situation.
- 2.4 Explain how GST on rural land transactions affect the sale and purchase of rural property.
- 2.5 Explain dwelling and curtilage in relation to GST on rural land transactions.
- 2.6 Identify and explain situations when Schedule 2 regarding GST requirements needs to be completed and when it does not need to be completed in the Sale and Purchase agreement form.
- 2.7 Explain the need for accrual clauses (lowest possible price clause) in terms of the Income Tax Act 2007.
- 2.8 Explain Unamortised Capital Expenditure in accordance with the Income Tax Act 2007.

Outcome 3

Draft an Agreement for Sale and Purchase of Real Estate for different rural properties.

Range evidence of two Agreements for Sale and Purchase of Real Estate is required.

Performance criteria

- 3.1 Draft an offer using the current Agreement for Sale and Purchase of Real Estate form consistent with customer instructions and client requirements.
- 3.2 Identify two farming provision clauses that may need to be included in the Further Terms of Sale, and justify for including these clauses in the agreement.

3.3 Prepare and draft two special clauses relevant to the property, and justify including these clauses in the agreement.

Range one clause for warranty and one clause that is a condition.

3.4 Explain the implications these clauses may have on the sale of the property.

3.5 Review the agreement to determine any errors and omissions that are not consistent with client, customer, and industry requirements.

Outcome 4

Facilitate and manage the sale of rural properties in accordance with industry requirements.

Range evidence of two offers is required.

Performance criteria

4.1 Present and explain the offer to the client ensuring the client understands their obligations and responsibilities.

4.2 Apply negotiation techniques to facilitate the offer and manage any counter-offers.

4.3 Explain how to confirm ownership on the agreement and obtain the required signatories of authority relevant to the property.

4.4 Explain requirements to distribute originals and copies, and requirements to retain copies of agreements and offers.

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| Replacement information | This unit standard replaced unit standard 23152. |
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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 |

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| 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.