

# REINZ Code of Agency Practice

August 2019

The Real Estate Institute of New Zealand (REINZ) is a voluntary organisation representing practitioners in the real estate industry. REINZ and its members are committed to developing and enhancing the real estate industry by providing excellent customer care and upholding excellent standards of practice that are open, ethical and honest.

All Members of REINZ agree to support this objective by abiding by these principles in all their dealings with their Clients, Customers, other Members of REINZ and other members of the real estate profession.

This Code of Agency Practice (“The Code”) governs the conduct of REINZ Members who are either owners or officers of companies who conduct real estate businesses (“Agency Members”), including businesses offering real estate sales services, property management, body corporate management, valuation or any other associated real estate services.

The associated Code of Individual Membership covers the individual conduct of all persons engaged in every Agency Member’s business. All Agency Members of REINZ will ensure that their businesses are conducted in accordance with both the Principles and the spirit and intention of this Code, and that they, and the individuals engaged in their businesses, at all times act in accordance with the Code of Individual Membership.

This Code is intended to complement, but does not form part of, the requirements laid out in the Real Estate Agents Act 2008, the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012, any professional standards set by the Real Estate Agents Authority, or any associated legislative provisions (together the “legislative requirements”). In the event of any conflict between the legislative requirements and this Code, or any other REINZ Code, the legislative requirements shall prevail.

## Basic Principles

All Agency Members of REINZ shall:

1. Act openly, ethically and honestly in their dealings with all parties and ensure that all of their Employees do so.
2. Ensure that they and their Employees at all times possess the necessary qualifications and licences to practice in their field of real estate.
3. Abide by and uphold all of the requirements of any statutory or professional body established to oversee their respective areas of practice, including the Real Estate Agents Authority.
4. Render a skilled and professional service to their Clients and to Customers with fidelity, honesty and courtesy.
5. Act at all times in a manner that brings credit to the profession and to avoid acting in any way which may serve to bring the profession into disrepute.

6. Ensure that Client Monies held by, or on behalf of a Member are at all times held in Trust Accounts.
7. Where legal standards exist in respect of an Agency Member's Trust Accounts, (such as real estate agency work), ensure that all such legal standards are adhered to as a minimum. In addition, or as a minimum, if there are no prescribed legal standards for that activity (such as body corporate management), Agency Members shall ensure:
  - (i) That Client Monies are protected and that all necessary and prudent steps are taken to ensure the security of such Client Monies. This shall include holding fidelity insurance, and regular independent reviews of the operation and balance of the Trust Account.
  - (ii) That any and all instructions in regard to the disposition of Client Monies are promptly followed, except where to do so would be unlawful or unethical or is in conflict with instructions from other stakeholders.
8. Maintain a commitment to improving industry knowledge, skills and qualifications and to ensuring that Employees engaged in their business or practice are encouraged and assisted to do so.
9. Ensure that all advertising and marketing materials and conduct of the Agency Member, and their Employees is a fair representation of all relevant facts, and not in breach of any relevant statutory requirement (such as the Fair Trading Act 1986, the Commerce Act 1986 and the Privacy Act 1993).

Ensure advertising and marketing content does not denigrate other competitors or the wider real estate profession or practitioners and, where statistics from REINZ is used or cited in any advertising or marketing content, their use is consistent with the REINZ Statistics Authorised User Agreement.

10. Where any dispute exists with another Member of REINZ or any other member of the industry, (including a Commission Dispute, as defined in this Code), and the parties are unable to resolve the dispute between themselves, use REINZ's Disputes Resolution Process (as defined by the Board from time to time). Members of REINZ accept that the primary purpose of this provision is to avoid exposing Clients to double commissions and will endeavour to act in a manner likely to achieve this outcome.
11. Act in the best interests of their Clients and in accordance with their instructions, except where to do so would be unlawful or unethical.
12. Ensure that the Agency Member does not accept any appointment, listing, assignment or role which would result in a conflict between their interests and that of their Client, and to immediately declare any interest or potential conflict of interest that may arise or become evident after the appointment commences.
13. Contribute to REINZ's market data collection processes and make use of the data in accordance with any relevant REINZ User Agreement (including the REINZ Statistics Authorised User Agreement), so as to ensure that the REINZ range of statistics remain the preeminent source of real estate market statistics.
14. Establish and maintain robust inhouse complaint procedures that treat all complaints as serious in nature and endeavour to satisfactorily address consumer issues as quickly as possible. REINZ will from time to time issue best practice guidance on complaint handling procedures, which members commit to considering and working into their complaints handling processes.
15. Ensure that Client instructions are routinely and adequately documented and followed, except where to do so would be illegal or unethical.

16. Where an Agency Member incurs expenses on behalf of a Client and either seeks reimbursement or deducts those expenses from monies held on behalf of the Client, the Agency Member shall ensure that:
  - a) No deductions are made from Clients' Monies without prior written approval (either specifically, or by way of a standing authority with the Client)
  - b) All documentation regarding the deduction (including, where appropriate, copies of invoices and / or receipts for payment) are provided to the Client within a Reasonable Timeframe.
17. Protect their Clients and the public from fraud and misrepresentation in connection with real estate business.
18. Ensure that they and their Employees are adequately trained and qualified for the roles they hold and the instructions they accept from Clients. A Member must not accept an assignment, instruction (or role) unless they are competent to do so.
19. Carry professional indemnity insurance (covering the business and all individuals engaged in its business) which is sufficient to provide protection for the business' Clients, given the nature of the properties the business manages or sells. A minimum level of \$1M is required.
20. Ensure that all Employees who avail themselves of the services of REINZ are registered with REINZ and that any dues in respect of such registration are promptly paid when due.
21. Where an Agency Member make public their personal views on the real estate sector, they shall not claim or imply they are representing the official view or policies of REINZ, unless they have been authorised to do so by the Chief Executive Officer or Board of REINZ.
22. Comply with their obligations under this Code.

## Definitions

"Agency Member"	A business entity or person whose name is entered in the Records of Membership as a Member of the Institute, whether as an Agency Member, Affiliated Member, Property Management Agency Member or any other class of corporate membership recognised by the Board of REINZ.
"Client"	The person or entity on whose behalf an Agency Member carries out real estate agency work.
"Customer"	Means a person or entity with whom an Agency Member deals, either on behalf of a Client or on their own behalf, in a transaction and excludes a Client or prospective Client.
"Client Monies"	Funds held on behalf of a Client where beneficial ownership of those monies remains vested in the Client, such as deposits and rents collected on the Client's behalf. This term shall not include sums paid to a member for services to be procured and paid for by the member – such as marketing costs.
"Commission Dispute"	Any situation in which a Member has been paid or is about to be paid a commission and another Member claims a commission in respect of the same transaction.

“Employee”	Any person, whether engaged as an employee or independent contractor, who is engaged in the conduct of an Agency Member’s business, whether licensed or unlicensed under the Real Estate Agents Act 2008, and whether acting as a salesperson, property manager, body corporate manager, valuer, or in any other role.
“Trust Account”	An account held at a recognised trading bank with rating of [AA+] or better and recognised as such by the relevant bank as being a trust account in which funds which are not the property of the Agency Member are held. The words “Trust Account” must appear in the name of any account in which Client funds are held at any time that they are, or should be, under the Agency Member’s control.
“Reasonable Timeframe”	A period of time which is appropriate given the basis of the Client relationship at the relevant time. That is, if an Agency Member is by agreement accounting to the Client on a periodic basis (such as one month), then a “reasonable timeframe” would be in line with that accounting period. In other circumstances, a “reasonable timeframe” would be within 10 working days for one off or significant transactions (over \$10,000).
“REINZ”	The Real Estate Institute of New Zealand Incorporated.