

Buyers Agent

Fact sheet

What is a buyer's agent?

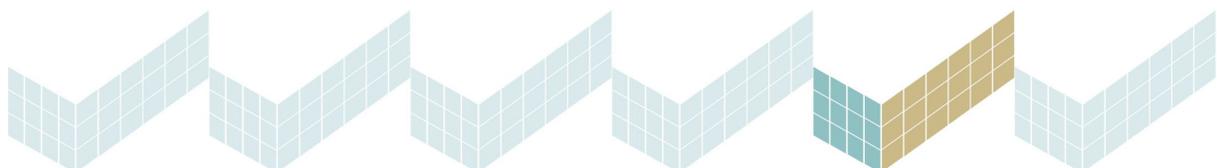
In New Zealand real estate agents usually work on behalf of a seller and are paid by the seller. In a number of other countries, such as the United Kingdom and the United States, buyer's agents are also common. Buyer's agents are agents who work on behalf of a buyer, and are paid for their services by the buyer.

Buyer's agents are quite rare in New Zealand, but there are some operating, usually in niche markets.

Buyer's agents are different to other agents in the following ways:

- They are engaged and paid by the buyer, not the seller.
- They do not maintain property listings.
- They may offer a number of services, such as:
 - Sourcing properties for a buyer, on the basis of criteria set out by the buyer. In some cases they may also source property for a person seeking to rent rather than buy.
 - Undertaking some inspection and checking of properties, such as obtaining a LIM or related information for the buyer.
 - Negotiating with the seller on behalf of a buyer.
 - Bidding at auction on behalf of a buyer.

Within New Zealand buyer's agents appear to act primarily for overseas buyers who want to locate property in particular locations.



Does a buyer's agent need to be licensed?

Yes. Any person carrying out real estate agency work, as defined by the Real Estate Agents Act 2008 must be licensed, regardless of whether they act for a buyer or seller.

Buyer's agents are bound by all of the requirements of the Real Estate Agents Act 2008. This means that they must carry out work for a client under an agency agreement, disclose information as required under the Act, and comply with the Real Estate Agents Authority's Code of Professional Conduct and Client Care.

Do I need a buyer's agent in order to buy property in New Zealand?

No you do not. Having a buyer's agent is a matter of personal choice, and the majority of buyers find that they can easily source property without a buyer's agent. If you do decide to appoint a buyer's agent, you should ensure that the person is licensed (you can check this on the register of licensees at www.reaa.govt.nz), that you have an agency agreement that clearly spells out what services will be provided and at what cost, and ensure that your lawyer looks at the agency agreement before you sign it.

Before you sign the agency agreement the buyer's agent must provide you with a copy of the Real Estate Agents Authority's "New Zealand Residential Property Agency Agreements Guide". You will be asked to provide signed acknowledgement that you have received this guide.

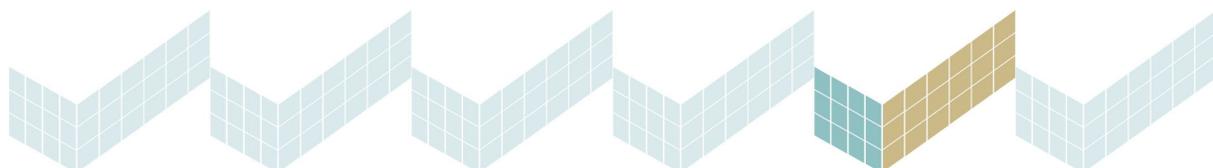
If you are authorising a buyers agent to negotiate or bid at auction on your behalf, you also need to ensure that you are very clear about the limits of the agent's authority, and when they need to seek your approval for a particular action or decision.

What does it cost?

There is no standard rate or scale of charges for buyer's agents. It is important that you ask in advance about costs, and what services will be provided as a part of this cost. If the buyers agent charges a set fee, you should check whether any separate charges are made for expenses.

When do I pay a buyer's agent?

The terms under which a buyer's agent are paid are generally negotiated between the agent and client. You should ensure that payment is made on the basis of achievement of results.



Can an agent act for both a buyer and seller of the same property?

No. This is a conflict of interest. An agent cannot work in the interests of two different parties (the buyer and the seller) in a negotiation concerning a property. The Real Estate Agents Authority's Code of Professional Conduct and Client Care specifically states that an agent cannot receive commissions from both parties to a transaction. If you engage an agent (whether as a buyer or seller) the agent must always work in your interests only.

Fact sheets that provide further information on the property buying and selling process are available from www.reaa.govt.nz or by calling **0800forREAA** (0800 367 7322).

Real Estate Agents Authority

PO Box 25371, Wellington, 6146

Phone: **0800forREAA (0800 367 7322)**

Fax: **04 815 8468**

Email: **info@reaa.govt.nz**

Website: **www.reaa.govt.nz**

To the best of the Real Estate Agents Authority knowledge, the information in this guide is accurate at the date shown below. However, the requirements on which this information is based can change at any time and the most up-to-date information is available at www.reaa.govt.nz [Version 1.0, 17 November 2009].

