New Reforms

On 7th September 2015, NSW Fair Trading released the news that reforms are coming by early next year, in relation to agents opinions of property prices.

Let’s have a look at what they have to say…….. our comments are on the right hand side in red.

Reforms set to rule out understated property prices

Agents will have clearer requirements to adhere to as a result of underquoting reforms. The proposed laws announced by the Minister responsible for Fair Trading seek to prevent prospective buyers wasting time and money on inspections because a property price has been underquoted.

The reforms will restrict agents from advertising or communicating (in writing or verbally) any price for a marketed property that is less than their evidence-based estimated selling price recorded in the agency agreement.

This has always been, and is currently, illegal – so nothing new here either. It appears that the new reforms will highlight this.

About the requirements

Under the new laws, agents will be required to:

• include their estimate of a property’s likely selling price in the agency agreement
• record the evidence that informed their estimate and provide the vendor with this evidence in writing

• Required now – no change
• Required now – no change
• ensure a price range is no greater than 10% of the bottom figure (eg. $500,000-$550,000)

• ensure advertising does not include any imprecise or unclear statements such as ‘offers over’ or ‘offers above’ or $XXX,000+. Importantly, an agent must never include any price in an advertisement that is less than the estimated selling in the agency agreement

• record all quotes provided while a property is marketed

• notify the vendor if the original estimated selling price is revised. The agent will be required to provide the vendor with evidence (eg. market feedback) for their revised estimate and amend the agency agreement. Agents will also need to update any marketing for the property as soon as possible to ensure that no price is communicated that is lower than the new estimated selling price for the property.

• This is new. The 10% rule has only been a good guide up until now. The new reforms will make this a requirement

• This is new. This will significantly change how many agents advertise properties

• Required now – no change

• Partially required now – this will make the process more transparent for vendors and purchasers.

This will also mean that advertising will change during a campaign, based on feedback from prospective purchasers.

There is no clarity here about what constitutes feedback – written offers or purchasers making ambit claims as to what they will pay. Hopefully there will be more clarity in the new reforms as to what this means for agents.

NSW Fair Trading claims that the above requirements will create a level playing field for agents in a competitive market. They also preserve the vendor’s opportunity to work with the agent to gain the best price possible for their property. Fundamentally, they will enable true competition between buyers whose interest in a property is not solicited on the basis of an agent’s understated price assessment.

The reforms to the Property Stock and Business Agents Act 2002 will be before Parliament in the coming weeks. They are expected to commence in early 2016. In developing the reforms, NSW Fair Trading assessed comparable laws in other jurisdictions and consulted with key representatives from the real estate sector.
CERTIFICATE OF 
REGISTRATION 
COURSES

Sydney  
(Dist Ed + 2 day workshop)  
Sat 19th – Sun 20th Sep

Gosford  
(Dist Ed + 1 day workshop)  
Tue 22nd Sep

Castle Hill  
Mon 6th – Wed 8th Oct

Newcastle  
(Dist Ed + 1 day workshop)  
Thu 8th Oct

Tamworth  
(Dist Ed + 1 day workshop)  
Thu 15th Oct

Sydney  
Mon 19th – Wed 21st Oct

Orange  
(Dist Ed + 1 day workshop)  
Tue 20th Oct

FINANCE AND 
MORTGAGE 
BROKING 
COURSES

Cert IV in Finance & 
Mortgage Broking  
Sydney  
Mon 12th - Wed 14th Oct

Dip of Finance & Mort 
Broking Mgmt  
Sydney  
Thu 22nd - Fri 23rd Oct

News from the Office

If you would like to read more, there is an underquoting reforms page on the NSW Fair Trading website. The link to the page is: http://www.fairtrading.nsw.gov.au/ftw/About_us/Legislation/Changes_to_legislation/Underquoting_reforms.page?

Til next time,
Wishing you every success in your business ventures,
Rosy Sullivan

After our excitement of being notified that the College has been selected for additional places for government funded training, the business of the past few weeks almost fades into the distance (almost).

It has been a very busy fortnight here in the College, starting off with our Certificate of Registration course in Castle Hill which was absolutely fantastic. We had a very motivated group of students, which our trainers always love to see and we here in the College love to hear! This week has seen a huge Mortgage Broking program in our CBD training rooms – and really, all those calculators in one place is just scary!! As well as our Sydney courses, we also had our trainers travelling off to Albury, Wagga Wagga, Port Macquarie, Wollongong, Wellington and Dubbo for our CPD courses. All the trainers were very happy with the courses and cannot wait to see all our students again next year for their annual CPD training.

With such a busy time in the College, we still have time for plenty of cake (of course) – this past fortnight seeing the birthdays of Katrina Knell (our Financial Planning trainer), John Roberts (our Operations Manager), Michael Buble (our office mascot – oh….. and international superstar) and Sarah Shaw (our newest member of the Admin team). A very happy birthday to them all.

Online CPD now available for Real Estate Sales, Property Management, Commercial & Retail Sales & Leasing, Business Broking, Strata, Stock and Station and On-site Residential Property Management.

$99

Social Media
Do you want a Real Estate Licence?

- Are you 15 years old or over?
- Are you no longer at school?
- Are you living or working in NSW?
- Are you an Australian citizen, Australian permanent resident, Australian permanent humanitarian visa holder or New Zealand citizen?

If you answered YES to the above questions, you will be eligible for government funding.

**Free Assessment**
Send us your resume & copies of any qualification transcripts you may have for a free and confidential preliminary RPL assessment.

**Complete the Eligibility Survey**