

Code of Ethics & Standards of Practice for NAR-INDIA Kolkata Members

“The Code of Ethics is a set of fundamental principles, operational principles, and standards to guide the actions and management of non-profit organizations.”

Code of Ethics for NAR-INDIA Kolkata Professional Members

- 1.** Any constitutional law will take precedence if obligations of Code of Ethics conflicts law.
- 2.** All members should recognize and protect interest of nation and its citizens through optimum use of land through preservation of healthy and sustainable environment
- 3.** This imposes grave social responsibility and patriotic duty with due diligence.
- 4.** Each and every member of NAR-INDIA Kolkata is expected to be knowledgeable professional with extensive knowledge about real estate and its related issues and is willing to share it with others.
- 5.** Each NAR-INDIA Kolkata member is expected to identify and report violation of code of ethics involving misappropriation of client or customer fraud or property , will full discrimination or frauds to each local real estate member association.
- 6.** Each NAR-INDIA Kolkata professional member is expected to be competent, fair and highly integral to moral conduct in business relations without effecting inducement of profit and any un justified client instructions.
- 7.** Each member is pledged to protect and promote interest of the client, by treating all parties in an honest manner.
- 8.** Each member should avoid exaggerations, misrepresentation or concealment of pertinent facts related to property or transactions without violating their scope of agency agreement of confidentiality.

Standard of Practices for NAR-INDIA Kolkata Members

- 1.** Each member is expected to cooperate with other brokers and other NAR-INDIA KOLKATA members in the best interest of client without any obligation to share commission, fees or any compensation with others.
- 2.** Each member should disclose their direct or indirect ownership interest at personal, family and professional level to the owner or owners broker in writing.

3. Each NAR-INDIA Kolkata member should disclose their interest in providing their professional services to all affected parties.
4. Each NAR-INDIA Kolkata members should accept any commission, rebate or profit on expenditure made for their client with explicit knowledge and consent of their clients.
5. Each person should keep proper records of the meetings between prospective buyer and seller. No other member should try to do that deal after the meeting (Validity - 90 days).
6. Each NAR-INDIA Kolkata member should protect all parties through initializing, signing and maintaining a confirmation sheet in writing expressing specific terms, conditions, obligations and commitment of all parties in clear and simple understandable language.
7. Each NAR-INDIA Kolkata member should provide their professional services to any person or persons against discrimination based on race, color, religion, sex, handicap, family status or nationality origin.
8. Each NAR-INDIA Kolkata member is expected to provide services to the clients and customers in specific real estate discipline they are engaged and competent in. they can only provide specialized real estate professional services outside their domain expertise and competency by engaging assistance from domain expert and competent person.
9. Each NAR-INDIA Kolkata member should present a true picture in their advertisement and their representation to public clearly mentioning their actual professional status.
10. Each NAR-INDIA Kolkata member should only engage in activities authorized by law.
11. If charged with unethical practices in any professional standards proceeding or investigation, each NAR-INDIA Kolkata member is expected to furnish all pertinent facts before the proper tribunals/ arbitrations boards of the member association or affiliated institute, society or council in which membership are held.
12. Each NAR-INDIA Kolkata member is expected to refrain themselves from making any false misleading statement about competitors their business practices or their business knowingly and recklessly.
13. Each NAR-INDIA Kolkata member should engage in practice or take any action consistent with Law of the land.
14. Each NAR-INDIA Kolkata member is expected to provide optimum services to their client at pre recommended brokerage fixed by respective city association.

Sharing Principles

Principles governing the division of commission amongst the NAR-INDIA Kolkata Members

TWO AGENTS INA TRANSACTION

- (1) If there are two agents involved in a transaction, each one shall collect from his/her own party the commission as agreed between the agent and his own party unless it is clearly agreed between the two agents at the outset that the total commission earned on the transaction shall be divided in equal or in specified shares between them.

MORE THAN TWO AGENTS IN A TRANSACTION

- (2) When three agents are involved i.e. one acts for the seller and one acts for the buyer and the third completes the transaction by way of negotiations, paperwork, etc. then the total commission earned shall be divided in three equal parts or as mutually agreed.
- (3) If a third agent is involved in share of brokerage, it should be clearly stated at the time of offer/_____ and prior written consent should be taken from other side agents.
- (4) In cases where an agent has handled a transaction but has failed to finalize the transaction for certain reason within 90 days from the first meeting between the parties, he will not be entitled to any commission earned by the agent who subsequently completes the transaction successfully in respect of the same premises.
- (5) If one member brings in a client for a specific proposal and subsequently another brings in the same client for another proposal and a transaction

materializes for the second proposal, then the first member will not be entitled to any share in the commission.

(6)The validity of any client or broker referred by one broker to another will be for six months.

NOTE

The above rules are in nature of guidelines for fair dealings amongst the members who are otherwise entitled to settle their own arrangement of sharing the commission before the commencement of negotiation of transaction.

In all other cases not covered by the above rules and in the event of any dispute amongst the members regarding the sharing of the commission the Grievance Cell of the Association should be requested to adjudge the issues and their award should be accepted in good grace.

Customers - How to get the best from NAR-INDIA Kolkata

When you deal with a NAR-INDIA Kolkata member, you enjoy the added benefits of professional services, transparency and secure transactions.

Do follow the guidelines below to ensure that you that you enjoy fruitful transactions with your NAR-INDIA Kolkata accredited agent.

1. Whether you want to or sell property or acquire/ give on license or lease or on any other basis, let an estate agent who is the member of NAR-INDIA Kolkata handle the matter.
2. After entrusting the matter to an agent of your choice (from members of NAR-INDIA Kolkata) please give him full opportunity to serve you.

3. If you are interested in a certain property through a particular agent please continue with him for further negotiations and don't approach any other to negotiate or intervene for you on that particular proposal.
4. Any information passed on to you by an agent on your inquiry or offer should on no account be divulged by you to another agent or person who is likely to take advantage of it. Such information is to be treated by you as strictly confidential.
5. Commission as per schedule of rates of commission as framed by the Association should be paid immediately to the agent either at the time of signing of the agreement or taking or giving possession of the property whichever is earlier.
6. If there is any confusion or dispute amongst the agents about the payments of the commission or division thereof amongst the agents, you can refer the matter to the Association for guidance and help.
7. Finally, treat every agent with courtesy and if you have any problems from any member of the Association regarding the service rendered by them, report the same to the Association.

Code of Conduct for NAR-INDIA Kolkata Members

1. In the conduct of your business, you have often to seek co-operation of other estate agents. In such an eventuality, please deal only with any one of the Members of the Association. (You have the list with addresses and telephone numbers). If however, you are compelled to deal with a non-member, then try to persuade him to become a member of our Association. In case he does not wish to come under the discipline of the Association, first, then at least make sure that he had read and accepted in writing the "Principles governing the Division of Commission amongst members of the Association as framed by our Association and has agreed to become a member after completion of the

transaction and has further agreed, to submit in the event of a dispute, to the arbitration of the Sub-committee appointed by the Association for the Settlement of Disputes.

2. Before commencing work on a transaction with another agent or agents, settle the matter of the division of the commission first. If nothing has been discussed and settled in the regard to the division of the commission then the principles as outlined by the Association will apply.
3. Whenever you feel that an agent or member has done something wrong, don't do anything to tarnish the image of the Association as an organization of highly responsible and widely respected Estate Agents, but report such complaints to the Grievance Cell of the Association for disciplinary action.
4. If you are approached by a member for business, however small, be courteous to him and extend him your full co-operation.
5. If you are given information by another Member, you must not divulge the same to another unless you are in a position to protect his interest or you have his permission to do so.
6. If you are introduced to a client by another agent and that the client is known to you, accept him as his client for that particular transaction (of which you had no knowledge) with good grace.
7. Do not misrepresent facts and do not do anything to harm another member's interest.

And above all conduct your business with Dignity, Sincerity and Integrity

NAR-INDIA Kolkata Schedule of Rates of Commission

NAR-INDIA Kolkata has fixed the following uniform Schedule of Commission for its members, payable by their Builders, Developers, and clients for various transactions concluded by them

The following **SCHEDULE** was adopted by the Association and the members were directed to adhere to this schedule strictly.

SALE PURCHASE

Where any immovable property is transferred or agreed to be transferred by way of sale or exchanged or whether by way of transfer of shares in a Co-operative Society or Company or Association of persons or by way of any agreement or arrangement or in any other manner whatsoever the commission at the following rates on the total consideration amount (inclusive of loan amount) and / or deferred payment, if any, shall be paid as under:

- a. Where a member represents both the Buyer and the Seller, he is entitled to a commission charge at the rate of 2% of the total value upto 7 Cr, above which 1% will be charged on the differential value, from both the Buyer and also from the Seller. Note this is for sale and outright excepting land.
- b. In case of a member representing either the Buyer or the Seller, commission at the rate of 2% of the total value upto 7 Cr, above which 1% will be charged on the differential value, shall be paid by the party, for whom he or she is acting.
- c. For land, when the member is representing the Seller, the member shall be paid commission charge at the rate of 2% of the total value up to 15 Cr, above which 1% will be charged on the differential value.
- d. For land transactions, when the member is representing the Buyer, in case of Joint Development or Joint Ventures, The member shall be paid a commission charge at the rate of 2% of the notional value of the land.
- e. For land transactions, when the member represents the Seller:
 - I. In case of outright sale, the member shall be paid, as commission charge, 2% of the total transactional value.
 - II. In case of Joint Venture, the member shall be paid, as commission charge, 2% of the notional value of the land.
 - III. In case of negotiations, the member shall be paid 2% of the total value up to 15 Cr and thereafter 1% on the differential value.
- f. Where a member acts for the Buyer and the Seller commission at lumpsum (which is settled or agreed before the transaction, either it could be more or less than 2%) shall be paid by the party for whom the member acts.

Any transaction of immovable property includes all transactions covered under definition given in the Section 269 U of Chapter XX-C of the Income Tax Act, 1961 and also under Transfer of Property Act, 1882.

The above commission at the aforesaid rates shall, unless otherwise, agree to be paid as under:

- a. For any sales or outright transactions, except land, the member would be paid 50% of his/her professional fees, on upto 25% of the payment of the property. Also, the member would be paid 100% of his/her professional fees, on upto 50% of the payment of the property
- b. Scenarios arising from instances under negotiation

- I. When up to 25% of the payment is made on the property, the member is to receive 50% of his/her professional fees
 - II. When up to 50% of the payment is made on the property, the member is to receive 75% of his/her professional fees
 - III. When up to 75% of the payment is made on the property, the member is to receive 100% of his/her professional fees
- c. Professional fees in case of ready or resale property taken on or before registration of the deed of conveyance and/or at the time of the Agreement for sale or at the time of taking hand over for fitant.
- d. For lease or rent,
- I. 50% of the professional fees shall be paid to the member at the time of signing the Agreement
 - II. The entire balance amount of 50% of the total value is to be paid to the member at the time of possession for fitant.
- e. Professional fees in case of ready or resale property taken on or before Registration of Deed of Conveyance and/or at the time of Agreement for lease or at the time of taking handover for fitant.
- f. For land transactions, when the member is representing either the Buyer or the Seller or both, full professional fees is payable simultaneously with the consummation of the transaction.

LEASE OR LEAVE AND LICENCE

In case of lease or rent transactions, the member shall be paid a commission charge of 2 months of rent. In case of revenue sharing transactions, the member shall be paid a commission charge of 2 months of notional rental.

The following SCHEDULE was adopted by the Association and the member were ranging from 11/12 months and 22/24 months. Thereafter, additional amount equivalent to one months' compensation / rent shall become due and payable to the member from the lessee / licensee as commission for every additional renewal period of 11/12 months or part thereof, as the case may be. The lessor or the licensor shall be liable to pay one month pay on the execution of lease or leave and License Agreement but shall not be liable to pay on renewal.

DEPOSIT

In the event of licensee / lessee depositing or advancing an amount equivalent to more than six month's rent / compensation to the lessor / licensor, the former shall pay brokerage equivalent to two month's rent compensation and in addition two percent on such total deposit or advance amount.

MANAGEMENT OF PROPERTIES

Commission at 5% shall become due and payable to the member on the total amount collected as rent / compensation in respect of properties managed by the

member. For additional services rendered extra fees shall be due and payable to the member as may be mutually agreed upon.

All commissions shall become payable to the member by the purchaser / seller / licensee as the case may be at the time of execution of the agreement and / or at the time of handing over or taking over the possession of the accommodation / premises whichever is earlier.

Commission Brokerage / Agency Fees / Service Charges / Terminal Charges under any name paid to the member for the services rendered SHALL NOT BE REFUNDABLE OR ADJUSTABLE UNDER ANY CIRCUMSTANCES.

NOTE: Service Tax or any other Government levies is applicable on all brokerage fees.

JOINT VENTURE (J.V.) / JOINT DEVELOPMENT (J.D.)

Ascertaining brokerage in a Joint Venture (J.V.) deal or a Joint Development (J.D.) deal.

Typically a Joint Venture is one in which both parties are developing a land as partners. In this case a Special Purpose Vehicle (Spv is made for all purpose of accounting of the venture and the profits are shared as per agreed percentages between the partners).

A J.D. is when the land owner and developer agree to develop the land and a share (percentage) of the receipts is paid to the land owner.

There are three ways of calculating the brokerage for such deals:

- 1) Simplest way is to state the land price and take 2% of the notional value from both the parties along with the service tax prevailing at the time of signing the J.V. or J.D.
- 2) Take 2% from both parties on the deposit that is paid and then take 2% on the revenue generated from the project everytime the land owner is paid along with the service tax payable. This is taken from both the parties.
- 3) Take 1% from both parties on the revenue generated from the project (sale of all flats/offices/shops etc.) along with service tax payable every time the money is paid to the land owner. This brokerage is also payable by both parties.