

SCHEDULE OF RATES OF COMMISSION
(TO BE STRICTLY ENFORCED)

WITH EFFECT FROM 16TH OCTOBER 1998

The Estate Agents' Association of India has fixed the following uniform SCHEDULE of Rates of Commission for its members, payable by their clients on different types of transactions handled by them.

I. SALE-PURCHASE:

Where any immovable property is transferred or agreed to be transferred by way of sale or exchange or whether by way of admitting as a member or by way of transfer of shares in a Co-operative Society or Company or any other Association of persons or by way of any Agreement of arrangement or in any other manner whatsoever including Transfer of Development Rights or FSI or Long Term Transfer of Development Rights, 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:

- 1) Where a member acts for both the Buyer and Seller commission at the rate of 2% shall be paid by both the Buyer and Seller.
- 2) Where a member acts only for the Buyer or the Seller commission at the rate of 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 Section

269 U Chapter XX-C of the Income Tax Act, 1961 and also under Transfer of Property Act, 1882.

Note:In the event, a company is taken over, with the express or implied intention of acquiring the immovable property of the company, then 2% of the total value of the takeover amount or 2% of the Market Value of the property, whichever is higher, will have to be paid by the Vendor and Purchaser to the agent, as his commission/brokerage.

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

- 1) 25% of the commissions shall be paid forthwith to the member at the time of payment of earnest money or token amount whether simultaneously accompanied by execution of an Agreement or Deed of Transfer or not by way of non-refundable service charges and out of pocket expenses.
- 2) 75% of the commission to be paid on receipt of allotment letter or on signing of Agreement or on possession or on receipt of full payment whichever is earlier.

II. **GOODWILL**

- (1) Commission @5% on the total consideration of the property shall be due and payable to the member by both the Purchaser and the Seller on the Purchase Price and Sale Price respectively of any

premises, where goodwill and/or consideration is payable.

III. **(A) LEASE/LEAVE & LICENCE/BUSINESS CENTRE:**

In case of Lease/Leave and Licence/Business Centre Agreement, commission @ 2 months rent AND 2% of the deposit amount, becomes due and payable, BOTH by the Lessor/Licensor/Business Centre owner and by the Lessee/Licensee/Occupier of the Business Centre or the broker/brokers concerned. The above commission is payable whether the period of lease/leave and licence/business centre ranges from 11/12 months or 33/36 months.

On Renewal of Lease/Leave & Licence/Business Centre after 11/12 months or 33/36 months, 1 months' rent and 1% of the deposit amount becomes due and payable both by Lessor/Licensor/Business Centre Owner and Lessee/Licensee and occupier of Business Centre, to the broker/brokers concerned on the escalated deposit and rent etc.

(B) DEPOSIT/LOAN AMOUNT

Lessor/Licensor/Business Centre Owner and Lessee/ Licensee/Business Centre occupier shall individually pay to the broker/brokers concerned 2% of the total deposit/loan amount or advance rent, whether the period of Lease/Leave and License/Business Centre is 11/12 month of

33/36 months. On Renewal, or Lease/Leave and License/Business Centre, whether the renewal is for 11/12 months or 33/36 months, one percent of the deposit/loan amount becomes due and payable both by the Lessor/Licensor/Business Centre owner and the Lessor/ Licensor/Business Centre Owner and Lessee/ Licensee/Business Centre occupier as brokerage to the broker/ brokers concerned.

Note: In the event the period in point III exceeds 33 or 36 months the brokerage shall be mutually agreed upon between the broker/brokers and party/parties.

(C) **PAYING GUEST**

Commission equivalent to two months compensation shall be payable by Paying guest to the member and 1 month's rent from the owner.

IV. **OUT OF MUNICIPAL LIMITS**

Commission @5% shall become due and payable to the member of the total amount collected as rent/ compensation in respect of properties managed by the members. For additional service rendered extra fees shall be due and payable to the member as may be mutually agreed upon.

All commission shall become payable to the member on 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.

VI. A. **FRANCHISING**

- i) Commission at twice the minimum monthly income/guarantee or 2 months rent, whichever is higher is payable to the Estate Agent.
- ii) In the event of anything mentioned in VI (A) (i) is not application 2% of market value of property shall be payable as commission by both Franchisor and Franchisee.

B) **TIME SHARING**

In the case of Time Sharing minimum of 10% or higher amount as mutually agreed upon, shall be payable as commission, by the seller/developer/time share Marketing/Management Company/Resort etc.

Note: Commission/Brokerage/Agency Fee/Service Charges/
Any other charges under any name whatsoever paid to the member for service rendered SHALL NOT BE REFUNDABLE UNDER ANY CIRCUMSTANCES.

SERVICE TAX

Section 116 of the Finance (No.2) Act 1998 provides for levy of Service Tax on the services rendered by Real Estate Agents and Real Estate Consultants. Vide Notification No.53/98-ST to 58/98-St dated 7th October

1998 this has become into effect from 16th October 1998. The rate of service tax is 12.24%. Failure to collect and remit service tax in nominated banks, will invite severe penalty.

Note: The above Schedule of Rates of Commission are the minimum standard rates to be charged.

BY ORDER

MANAGING COMMITTEE, EAAI, MUMBAI

GUIDELINES FOR 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 atleast make sure that he has read and accepted in writing the 'Principles' governing the division of commission amongst member 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 commission first. If nothing has been discussed and settled in regard to the division of commission then the principles outlined by the Association will apply.
3. Whenever you feel that the agent or member has done something wrong, don't do anything that will tarnish the image of the Association as an organization of highly responsible and widely respected Estate Agents, but

report such complaints to the Dispute Settlement Sub-Committee of the Association for disciplinary action.

4. If you are approached by a member for business, however small, be courteous to him and extend to 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 client is known to you, accept him as his client for that particular transaction (of which you had no knowledge) with good grace.
7. If you learnt that your client has taken inspection of certain premises and now wants you to handle the transaction, please do not do it without the consent of the first agent.
8. Do not misrepresent facts and do not do anything to harm another members' interest.

**AND ABOVE ALL
CONDUCT YOUR BUSINESS WITH DIGNITY, SINCERITY
AND INTEGRITY**

GUIDELINES FOR CLIENTS

1. Whether you want to buy or sell property or acquire/give on Leave and License or Lease or any other basis, let an Estate Agent, who is a member of THE ESTATE AGENTS ASSOCIATION OF INDIA (EAAI) handle your matter.
2. After entrusting the matter to an agent of your choice from amongst the members, please stick to him and give full opportunity to serve you,
3. If you have been informed and/or taken/given inspection of certain premises, through a particular agent, please continue with him for further negotiation and don't ask other Agents to negotiate or intervene for you for that particular item.
4. Any information passed on to you by an Agent to your enquiry 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 the Schedule of Rates of Commission, as framed by the Association should be paid immediately to the agent either at the time of the signing of the Agreement or taking/giving possession, whichever is earlier.

6. If there is any confusion or dispute about payment of commission or division thereof amongst the agents, you can refer the matter to this Association for guidance and help.
7. Finally, treat every agent with courtesy and report to this Association, if you are not getting proper service from a Member of the Association.