

- (b) which he knows a connected person or (in a case where he or a connected person would derive a financial benefit from the provision of the service) another person is offering, or intends to offer, to any prospective purchaser of an interest in the land.

(2) The additional information referred to in paragraph (1) above shall be given at the time and in the manner specified in Regulations 3 and 4 below.

Time of giving information

3.—(1) The time when an estate agent shall give the information specified in section 18(2) of the Act, as well as the additional information prescribed in Regulation 2 above, is the time when communication commences between the estate agent and the client or as soon as is reasonably practicable thereafter provided it is a time before the client is committed to any liability towards the estate agent.

(2) The time when an estate agent shall give the details of any change to the terms of the contract between himself and his client as are mentioned in section 18(3) of the Act, is the time when, or as soon as is reasonably practicable after, those changes are agreed.

Manner of giving information

4. The additional information prescribed in Regulation 2 above and the information required to be given under section 18(2) and (3) of the Act shall be given by the estate agent in writing.

Explanation of terms concerning client's liability to pay remuneration to an estate agent

5.—(1) If any of the terms "sole selling rights", "sole agency" and "ready, willing and able purchaser" are used by an estate agent in the course of carrying out estate agency work, he shall explain the intention and effect of those terms to his client in the manner described respectively below, that is to say—

- (a) "sole selling rights", by means of a written explanation having the form and content of the statement set out in paragraph (a) of the Schedule to these Regulations;
- (b) "sole agency", by means of a written explanation having the form and content of the statement set out in paragraph (b) of the Schedule to these Regulations; and
- (c) "ready, willing and able purchaser", by means of a written explanation having the form and content of the statement set out in paragraph (c) of the Schedule to these Regulations:

Provided that if, by reason of the provisions of the contract in which those terms appear, the respective explanations are in any way misleading, the content of the explanation shall be altered so as accurately to describe the liability of the client to pay remuneration in accordance with those provisions.

(2) Any other terms which, though differing from those referred to in paragraph (1) above, have a similar purport or effect shall be explained by the estate agent to his client by reference to whichever of paragraphs (a), (b) or (c) of the Schedule to these Regulations is appropriate, subject also to the proviso to paragraph (1) above.

(3) The explanation of the terms mentioned in paragraphs (1) and (2) above shall be given by the estate agent to his client in a document setting out the terms of the contract between them (whether that document be a written or printed agreement, a letter, terms of engagement or a form, and whether or not such document is signed by any of the parties), and shall be given at the time specified in Regulation 3(1) and (2) above.

Prominence etc. of explanation

6.—(1) Subject to the proviso to Regulation 5(1) and (2) above, the explanations set out in the Schedule to these Regulations shall be reproduced in the documents embodying them in the same form as they appear in that Schedule and without any material alterations or additions to the text, and shall be shown prominently, clearly and legibly.

(2) The wording of such explanations shall be given no less prominent than that given to any other information in the document setting out the terms of the contract (as more particularly described in Regulation 5(3) above) between the estate agent and his client apart from the heading thereto, trade names, names of the parties and numbers or lettering subsequently inserted therein in handwriting or in type.

Edward Leigh
Parliamentary Under Secretary of State,
Department of Trade and Industry

28th March 1991

THE SCHEDULE EXPLANATION OF CERTAIN TERMS⁽²⁾

Regulations 5 and 6

- (a) Sole selling rights

"SOLE SELLING RIGHTS"

You will be liable to pay remuneration to us, in addition to any other costs or charges agreed, in each of the following circumstances—

if [unconditional contracts for the sale of the property are exchanged]⁽³⁾ in the period during which we have sole selling rights, even if the purchaser was not found by us but by another agent or by any other person, including yourself;

if [unconditional contracts for the sale of the property are exchanged]⁽³⁾ after the expiry of the period during which we have sole selling rights but to a purchaser who was introduced to you during that period or with whom we had negotiations about the property during that period."

- (b) Sole agency

"SOLE AGENCY"

You will be liable to pay remuneration to us, in addition to any other costs or charges agreed, if at any time [unconditional contracts for the sale of the property are exchanged]⁽³⁾—

with a purchaser introduced by us during the period of our sole agency or with whom we had negotiations about the property during that period; or

with a purchaser introduced by another agent during that period."

- (c) Ready, willing and able purchaser