



THE ASSOCIATION OF ESTATE AGENTS IN NIGERIA

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Together we build a Nation



PROPOSED CODE OF PROFESSIONAL FEES & COMMISSION

Promoting Transparency, Ethics and Consumer Confidence

PREAMBLE

The Association of Estate Agents in Nigeria (AEAN) is committed to promoting professionalism, ethical conduct and consumer confidence in the real estate industry.

This Code establishes minimum standards for professional fees, agency relationships and ethical conduct. It is guided by the principles of agency law, international best practice, the regulatory framework in Nigeria, and the need to foster a transparent and sustainable real estate market.

1. PRINCIPLE OF AGENCY

The foundation of every agency relationship is that:

The person who appoints the agent (the principal) is responsible for paying the agreed professional fee.

Accordingly:

- A Vendor appointing an agent to sell property shall pay the agreed commission.
- A Purchaser appointing a buyer's agent shall pay the agreed buyer representation fee.
- A Landlord appointing a letting agent shall pay the agreed letting commission.
- A Tenant appointing an agent to source accommodation shall pay the agreed tenant representation fee.

An agent shall not demand payment from a party who has not retained or instructed the agent unless that party has expressly agreed in writing to do so.

2. PROFESSIONAL COMMISSION

Property Sales

AEAN recognises the following professional benchmarks:

- LASRERA Guideline: Up to 5% of the purchase price.
- NIESV Scale of Professional Charges: Up to 10% of the purchase price, subject to professional engagement and applicable scale.

Members shall comply with the regulatory framework applicable to their jurisdiction.

• **Esv. Olugbenga O. Ismail**
NATIONAL CHAIRMAN

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Vice National Chairman Local

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National Treasurer

• **Miss. Imaobong Ekpe**
National Publicity Secretary

• **Esv. Olaposi Akano**
NIESV/ESVARBON AEAN Liaison Officer

Where no statutory limitation exists, commissions shall be negotiated fairly and disclosed in writing before commencement of the assignment.

3. BUYER REPRESENTATION

Where a purchaser appoints an AEAN member exclusively to identify, negotiate and secure a property:

- A Buyer Representation Agreement shall be executed.
- The buyer shall pay the agreed professional fee.
- The buyer's agent owes fiduciary duties solely to the buyer.

4. DUAL AGENCY

Dual representation should only occur where:

- Both parties provide informed written consent.
- All fees are fully disclosed.
- The agent can act fairly and impartially.

Secret commissions and undisclosed dual agency are strictly prohibited.

5. CO-BROKING

AEAN strongly encourages collaboration among members.

Where two or more AEAN members conclude a transaction together:

- Commission sharing shall be agreed before negotiations commence.
- Agreements should be documented in writing.
- Disputes should first be referred to AEAN's Ethics and Professional Practice Committee before litigation.

6. EXCLUSIVE AGENCY

Exclusive appointments should:

- Be in writing.
- State the duration.
- Clearly specify commission.
- Define termination provisions.
- Protect both client and agent.

7. OPEN LISTINGS

For non-exclusive instructions:

- The successful introducing agent shall earn the agreed commission.
- Multiple agents should cooperate professionally.
- Misrepresentation of authority is prohibited.

8. DISCLOSURE

Every AEAN member shall disclose:

- Agency status.
- Professional fees.
- Marketing expenses (where applicable).
- Any referral arrangements.
- Any conflict of interest.

9. PROFESSIONAL COVENANTS

Every AEAN member shall covenant to:

- ✓ Act honestly and with integrity.
- ✓ Protect the interests of the client.
- ✓ Maintain confidentiality.
- ✓ Avoid misleading advertising.
- ✓ Avoid false offers or fictitious bids.
- ✓ Keep proper transaction records.
- ✓ Account promptly for monies received.
- ✓ Operate dedicated client accounts where required.
- ✓ Comply with all anti-money laundering (AML) and know-your-customer (KYC) obligations.
- ✓ Maintain professional competence through continuing education.

10. PROHIBITED PRACTICES

AEAN members shall not:

- Charge hidden commissions.

- Collect fees from both parties without disclosure and consent.
- Misrepresent authority to market property.
- Divert clients from another instructed agent.
- Demand inspection fees that were not agreed beforehand.
- Publish false listings.
- Advertise property without authority.
- Receive secret rebates or kickbacks.

11. WRITTEN AGREEMENTS

Every instruction should, wherever practicable, include:

- Identity of the client.
- Property description.
- Scope of appointment.
- Commission basis.
- Payment terms.
- Marketing authority.
- Duration.
- Dispute resolution mechanism.

12. DISPUTE RESOLUTION

Members agree to submit professional disputes to AEAN's Ethics and Professional Practice Committee before commencing court proceedings, except where urgent legal relief is necessary.

13. GLOBAL BEST PRACTICE

AEAN aligns itself with internationally recognised principles adopted by leading professional bodies worldwide:

- Transparency of fees.
- Written agency agreements.
- Client-first representation.
- Full disclosure.
- Fiduciary responsibility.
- Professional indemnity.
- Ethical collaboration.
- Consumer protection.
- Fair competition.
- Professional accountability.

AEAN MEMBER PLEDGE

"I will uphold the highest standards of professionalism, integrity and transparency. I will place my client's interests above personal gain, charge only agreed professional fees, respect fellow practitioners and contribute to building a trusted and globally respected Nigerian real estate profession."

Yours faithfully,

For: AEAN

A handwritten signature in blue ink, consisting of a stylized 'I' followed by a long horizontal stroke.

Olugbenga Ismail, FNIVS, FRICS
National Chairman
Association of Estate Agents in Nigeria (AEAN)