

## Explanatory Information - Letters of Engagement

The Property Service (Regulation) Act came into law in 2011 and this led to the establishment of the Property Services Regulatory Authority (PSRA) in 2012.

The main function of the Property Services Regulation Authority is to licence and regulate Property Services Providers (i.e. Auctioneers/Estate Agents, Letting Agents and Property Management Agents) and to put in place a complaints investigation and redress system for consumers. For more information see [www.psr.ie](http://www.psr.ie)

The purpose of the new legislation is to protect the public and one of the new legal requirements is that a Letter of Engagement (or contract) must be provided by a Property Service Provider (PSP) and signed by a client (i.e. a property vendor) before the PSP can act on behalf of the client. This is now a statutory requirement and in order to assist the public, the Society of Chartered Surveyors Ireland (SCSI), has prepared some explanatory information in the form of some Frequently Asked Questions (FAQ's) which are set out below.

### *What is a Letter of Engagement?*

A Letter of Engagement, sometimes also referred to as a contract, is a document setting out the detail of services to be provided by a Property Services Provider (i.e. Auctioneers/Estate Agents, Letting Agents and Property Management Agents) to a client such as a vendor wishing to appoint an estate agent to sell their property.

The Letter of Engagement is a standard document and is available to download from the Property Services Regulatory Authority (PSRA) website.

### *Why is my Estate Agent insisting that I sign and return the Letter of Engagement?*

Under the new legislation, the Property Services Regulatory Authority (PSRA) has set down a requirement in law that all Property Services Providers (i.e. Auctioneers/Estate Agents, Letting Agents and Property Management Agents) must have a signed Letter of Engagement in place in order to provide professional services. Therefore, it is illegal for a Property Service provider to begin providing a service, such as marketing, without a signed Letter of Engagement in advance.

### *My Estate Agent has told me that I must sign and return it within 7 days. Is this necessary?*

Yes. Under the law, a Letter of Engagement must be issued by a Property Service Provider to a client within 7 days of agreeing or beginning to provide a property service, whichever is the earliest. The client must return the Letter of Engagement, duly signed, within 7 working days.

### *What happens if I do not sign and return the Letter of Engagement?*

If a Property Service Provider does not receive a signed Letter of Engagement returned from the client, they must cease to provide or shall not start to provide the property service. In addition, if the signed Letter of Engagement is not returned by the client within 7 working days, the letter will be invalid.

### *Why has this requirement been introduced?*

This requirement has been introduced to protect the public and to ensure that there is clarity between the Property Services Provider and the client in terms of the service to be provided in order to improve transparency and reduce the likelihood of misunderstandings or disputes occurring.

### *The Letter of Engagement given to me is very lengthy and complex?*

All Property Service Providers are required to use the standard Letters of Engagement that have been prescribed by the PSRA. Unless provided in the prescribed forms, there is no discretion to change or amend the detail in the Letters of Engagement. Copies of the prescribed forms are available on [www.psr.ie](http://www.psr.ie)

### *Why are there so many different types of Letters of Engagement prescribed by the PSRA?*

There are 11 mandatory Letters of Engagement prescribed by the PSRA that set out the terms of service in respect of all types of agency (including sale by auction), letting apartments and property management apartments. Your PSP will determine which letter is appropriate for the service they are providing.

### *Who are the Society of Chartered Surveyors Ireland?*

The Society of Chartered Surveyors Ireland (SCSI) is the largest professional body for property, land and construction professionals in Ireland. With over 4,000 members nationwide its mission is to enhance, advance and enforce professional standards in the public interest.

The Society has over 2,000 members who are Property Service Providers (i.e. Auctioneers/Estate Agents, Letting Agents and Property Management Agents) and who must adhere to the Society's Code of Conduct and Professional Standards, and also be committed to ongoing professional development and training.

**The Society's website is [www.scsi.ie](http://www.scsi.ie) and it contains a range of public guidance and consumer publications. It also lists the contact details of all its members under 'Find a Surveyor'.**