

Real Estate Brokerage System Comparative Study of China and the United States

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Abstract: Both China and the U.S. focus on real estate brokerage system. This paper compares the real estate brokerage system of China and the U.S. in five aspects, including the requirements on real estate agents, the registration of exams, management systems, regulation and the mode on real estate brokerage operations, analyzing the characteristics and problems of both Chinese and American real estate brokerage systems.

Key words: comparison; development; real estate brokerage

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The American real estate brokerage system has been developed for over a hundred years and has comparative completed regulations and rules on the management of brokerage personnel. Chinese real estate brokerage system has developed rapidly in recent years and has its own characteristics on the management of brokerage personnel. This paper compares the management of real estate agent between China and America to get the inspiration on the development of both Chinese and American real estate brokerage systems.

1. Comparison on the Requirements of Real Estate Agents

(1) American real estate agents are divided into salespeople (sales person) and brokers (broker) categories.

Requirements on American real estate brokerage agents: over 18 years of age, a U.S. citizen or a foreigner has a legitimate right of permanent residence; no criminal record; complete the required course and study hours; pass the licensing exams organized by the state government; a registered broker guarantee. Sellers are not permitted to initiate the establishment of real estate agencies, to enter into contracts for buyers and sellers or to gain commissions. Sellers can only be commissioned by the broker under the guidance of a broker to help the broker in real estate transactions, real estate agents and escrow and other specific brokerage business. The broker will pay the sellers' salary based on their achievements.

U.S. realtors' eligibility requirements: The Seller who has already obtained a license for one year relevant work experience or two; no criminal record; completed the required course of study and hours; passed licensing exams organized by the state government agents. The main duty for the real estate broker is to manage real estate agencies and real estate salesmen. The real estate broker is the operator and manager and can initiate the

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establishment of his own real estate agencies, which can also add other real estate brokerage institutions established by other real estate brokers and rename the institutions to develop the real estate brokerage services.

(2) Chinese real estate brokerage agents are divided into real estate brokers and real estate broker associate categories.

Chinese real estate agents eligibility requirements: citizens of People's Republic of China, comply with state laws and regulations, above college education, meet the appropriate years of work and the requirements on real estate brokerage services based on different education backgrounds, participate in the national real estate brokerage qualification examination and obtain qualification certificates of realtors. Realtors have the right to initiate a legally established or added real estate agencies, responsible for real estate brokerage key positions, guide realtor associated various economic activities, enter into real estate brokerage contracts and other important business documents authorized by the institution, practice real estate brokerage business and earn a reasonable commission.

Chinese eligibility requirements for the Associate of Realtors: citizens of People's Republic of China comply with state laws and regulations, high school education, participate in the Realtor Associate qualification examination organized by provincial organizations and obtain qualification certificates. Associate Realtors have the right to add people to help deal with real estate brokers and brokerage related matters. They receive reasonable remuneration.

2. Comparison between Chinese and American Real Estate Brokerage Exam Registration

(1) American real estate brokerage personnel exam registration. U.S. real estate brokers and staffs receive licenses after completing required courses and passing the examination. Study hours and exams vary in states, generally including real estate principles, real estate laws, real estate economics, real estate practice, real estate finance, real estate appraisal, real estate market and other aspects. Courses are divided into primary and secondary types, primary salespersons learn course and pass the examination but the brokers need to learn the Intermediate courses and pass the examination. After passing the examination, after a real estate broker obtains a license, he must work in a real estate brokerage agency and complete an application form of real estate brokers by the licensed department. They need to continue the registration thereafter (typically 2-4 years) to the licensed department. Renewal of registration requires the continuing education, some states also needs the re-examination, the examination mainly involves some new laws, rules and regulations and is much simpler compared to the licensed exam. Government regularly publishes the registration of licensed real estate brokers to the community.

(2) Chinese real estate brokerage personnel exam registration. The exam of Chinese brokerage agent has its unified outline, unified proposition and unified organization. The current exam has four subjects: "real estate basic system and policy", "real estate broker knowledge", "real estate broker Introduction" and "real estate brokerage practice". After real estate brokers obtain qualification certificates, they must also go through the registration in order to register the name of real estate brokers. The registration of real estate qualification is valid for three years.

Chinese real estate broker associate has its unified national framework and each province organizes and names the exam. Subjects of current exams are "Real estate brokerage comprehensive capabilities" and "real estate broker operating practices". After Associate Realtors pass the examination and obtain qualification certificates, they must go to the provincial department of real estate management for the registration of work qualification.

3. The Comparison between Chinese and American Management Systems

(1) The United States has no national unified management system for real estate brokerage personnel. In addition to the management of Realtors Congressional legislation, each state conducts the legislation and the state government manages according to the legislation, each state has the examination system for real estate brokerage agents, the evaluation system, the unified system of continuing education and state government training, examination certificate, license issuance. These management systems are generally the same in each state. However, there are some differences in the specific rules, such as educational restrictions, training time, training materials, disciplines, continuing education age (some states two years, some states four years), etc. U.S. real estate brokerage agents are managed by the states and cannot be interstate. Therefore, each state cannot recognize each others' problems, restricting the activities of real estate brokerage agents.

(2) Compared to foreign completed legal system, Chinese legal system is comparatively weak, but China unified management of real estate brokerage agents. China unified national real estate brokers' examination, unified registration and unified National General Certificate of Realtors. Although each province has its own Realtors Associate exam, the syllabus is unified nationwide. This unified requirement ensures the quality and level of real estate brokers. Meanwhile the Realtors National General Certificate can be used nationwide, widening the space of activities for real estate brokerage agents.

4. Comparison between Chinese and American Regulations

(1) American supervision on real estate brokerage agents. In strict accordance, the United States regulates that real estate agents need to get the qualified license before conducting real estate brokerage service. For staffs without licenses, based on the situation of seriousness, they may be punished by fines, suspension, revocation of license and may even be punished with imprisonment. The United States has a better real estate brokerage regulation, if a real estate broker misconducts or gets out of line, such as misrepresentation, false promises, multi-agency, the purchase of deposit into his own personal accounts, conceals the actual profits, fraudulently obtains a license, false-advertising or no oversight responsibilities, the government will take a fine, the suspension of license, revoke licenses or other measures to strengthen penalties. The United States has established a fair sequence to protect the fundamental interests of consumers and has the most rigorous and the most stringent legal protection measures. For the damage of the consumer behavior and the disloyal behavior, the U.S has the most severe punishment. If the American real estate brokerage agent such as the fraudulent behavior, not only will he be bankrupt because of the compensation but will be expelled from the brokerage industry as well. So the U.S. real estate brokerage agents generally have certain ethical and professional qualities, forming higher social evaluation and satisfaction.

(2) Regulations of Chinese real estate brokerage agents. China in recent years has developed "real estate brokerage management approach", "real estate broker Practice Rules" and other norms, but the whole Chinese legislation on real estate brokerage personnel management still falls behind such as inadequate laws and regulations and lax enforcement and supervision. Although China has regulated that real estate brokerage agents without licenses are not qualified to work, but in fact, more than half of the real estate brokers are neither qualified agents nor have realtors Associate qualification, but they still engage in real estate brokerage activities without any constraints and limitations. Chinese real estate brokers qualification system has been implemented for 10

years, but not many people can pass the annual examination and many people who pass the examination just for certificates, they do not really practice in real estate brokerage organization. Associate Realtors system in many provinces has not yet been established, resulting in acute shortages of professionals in the real estate brokerage agents, the overall quality is not high, real estate brokerage staff behavior is not standardized, social credibility is low, the real estate broker complaints remain high, inducing the crisis of confidence in the real estate brokerage industry. Therefore, China needs to vigorously strengthen training for real estate brokerage agents and real estate broker associates, and the strict implementation that non-professionals cannot engage in real estate brokerage business requirements. At the same time, China has to strengthen the supervision of real estate brokerage agents to improve both the service level and quality of real estate brokerage system, improving the rapid development of Chinese real estate brokerage industry.

5. The Comparison between Chinese and American Modes of Operation

(1) The mode of American real estate brokers is complex and diverse. The United States has also innovated through practice. The earlier development of U.S. brokers has formed its complex mode of operation. For example, contracts between the principal and the agent are six, including exclusive contracts of right of monopoly, exclusive contracts, open contracts, contracts for differences, prepaid fee contracts and prepaid expense contracts. The above contracts are given according to the wishes of the two parties to ensure the smooth brokerage business under a variety of situations, while maintaining the interests of both parties.

(2) Compared to the United States, the development of Chinese brokerage operation mode is relatively simple. China has simple procedures and its operational level is not high. Meanwhile, the principal and the agent cannot design a mutually satisfactory alternative mode of operation of brokers in complex transactions. Therefore, China should improve the quality of employees to improve the level and the level of real estate brokerage operations

6. Conclusion

In summary, both Chinese and American real estate brokerage management have their own characteristics. On one hand, American real estate brokerage management is relatively mature, relatively completed laws and regulations and its management practices and management measures are in place, forming a high degree of standardization. These are what Chinese real estate brokerage industry worth learning. On the other hand, it's worthy for the U.S. real estate brokerage industry to learn Chinese brokerage unified management and unified requirements.

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