



From Feb 2020, Realtors mandated to explain accurate commission fee and get confirmed by contractors before signing a housing sales contract

5 Nov 2019, The Ministry of Land, Infrastructure and Transport (MOLIT) announced an update on Enforcement Decree of the Licensed Real Estate Agents Act.

Starting from February next year, real estate agents in South Korea will be required to explain the accurate commission fee before signing housing sales contract with the contractor.

As of Now	Effective From Feb 2020										
<p>Realtors tend not to explain about commission fee until contractors pay for the balance.</p> <p>Even if realtors request for maximum rate of commission fee, contractors cannot negotiate and must follow on this as lease agreement has been already signed.</p> <p>Real estate agents in South Korea can charge in proportion to the contract amount. Maximum rates of commission fee depend on housing sales price are as follows:</p> <table border="1" data-bbox="164 1373 797 1549"> <tr> <td>Less than 50 million KRW</td> <td>0.6%</td> </tr> <tr> <td>50 ~ less than 200 million KRW</td> <td>0.5%</td> </tr> <tr> <td>200 ~ less than 600 million KRW</td> <td>0.4%</td> </tr> <tr> <td>600 ~ less than 900 million KRW</td> <td>0.5%</td> </tr> <tr> <td>900 million KRW or more</td> <td>0.9%</td> </tr> </table>	Less than 50 million KRW	0.6%	50 ~ less than 200 million KRW	0.5%	200 ~ less than 600 million KRW	0.4%	600 ~ less than 900 million KRW	0.5%	900 million KRW or more	0.9%	<p>Realtors must accurately explain to contractors about the background how commission fee has been calculated and get confirmation (signature) from contractors at contract preparation stage.</p> <p>Maximum 5 million KRW will be imposed for realtors who does not fully explain the background of their commission fee.</p> <p>Maximum rate of commission fee set by law will remain same.</p>
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This is to ensure that the maximum fee set by law is not considered to be as fixed rate for realtors. MOLIT expects stating accurate commission fee will prevent miscommunication or arguments between realtors and contractors. Korea Appraisal Board will also run a hotline from February to receive complaints on unfair behavior by realtors.



Should you have any questions, please feel free to contact our team:



Jennifer Choi

Jennifer.choi@peoplefirstrelo.com

+82 10 8673 3344

Relocation Manager / Partner

People First Relocation, South Korea



Yaenah Park

Yaenah.park@peoplefirstrelo.com

+82 10 8728 1344

Relocation Consultant

People First Relocation, South Korea