

Real Estate Brokerage Act

(Act No. 176 of June 10, 1952)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to secure the proper operations of the business of persons engaged in real estate brokerage by implementing a licensing system for said persons, through the enforcement of necessary regulations, properly managing business, making fair dealings and promoting the sound development of real estate brokerage while continuing the smooth distribution and facilitation, and protecting the profits of buyers, etc.

(Definitions of terms)

Article 2 In this Act, the meanings of the terms set forth in the following items are as prescribed respectively in those items:

(i) Building Lot: The term "Building Lot" means land used as a building site which includes other land that is situated in use zones corresponding to Article 8, paragraph (1), item (i) of the City Planning Act (Act No. 100 of 1968) and that is not being used for roads, parks, rivers, or other facilities provided for public use as specified by Cabinet Order.

(ii) Real Estate Brokerage: The term "Real Estate Brokerage" means a business

in which the buying, selling, or exchanging of Building Lots or buildings (including parts of buildings; the same applies hereinafter) or the provision of intermediary or agency services for the buying, selling, exchanging, or leasing of Building Lots or buildings is carried out in the course of business.

(iii) Real Estate Broker: The term "Real Estate Broker" means a person engaged in Real Estate Brokerage upon being granted a license as provided for in Article 3 paragraph (1).

Chapter II License

(License)

- Article 3 (1) If a person intends to engage in Real Estate Brokerage upon establishing business offices (head office, branch office, or any other business offices as specified by Cabinet Order; the same applies hereinafter) within zones in two or more prefectures, said person must obtain a license granted by the Minister of Land, Infrastructure, Transport and Tourism or, if the person intends to engage in said business upon establishing business offices within zones in a single prefecture only, obtain a license granted by the governor of the prefecture with jurisdiction over the locations of said business offices.
- (2) The period of validity of the license as provided for in the preceding paragraph is five years.
- (3) A person intending to continue engaging in Real Estate Brokerage after the expiration of the period of validity as provided for in the preceding paragraph must renew their license.
- (4) If an application for a renewal of a license as provided for in the preceding paragraph is made and said application is not subject to a disposition by the date on which the period of validity as provided for in paragraph (2) expires, the prior license is to remain in effect even after the expiration of the period of validity as provided for in the same paragraph, until such time that it is subject to disposition.
- (5) If a license is renewed as in the case referred to in the preceding paragraph, the period of validity of said license is to be calculated from the day following the date on which the period of validity for the prior license expires.
- (6) A person intending to obtain a license granted by the Minister of Land, Infrastructure, Transport and Tourism as provided for in paragraph (1) must pay a registration and license tax pursuant to the provisions of the Registration and License Tax Act (Act No. 35 of 1967), and a person intending to renew a license granted by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of paragraph (3) must pay a service fee pursuant to the provisions of a Cabinet Order.

(License conditions)

- Article 3-2 (1) The Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor may attach conditions to a license as provided for in paragraph (1) of the preceding article (including the renewal of a license as provided for in paragraph (3) of the same article; the same applies hereinafter except in Article 25, paragraph (6)), and may revise said conditions.
- (2) The conditions as provided for in the preceding paragraph must be limited to the minimum required to ensure appropriate operations for a Real Estate business and secure the fairness of Real Estate transactions and must not impose improper obligations on a person obtaining the license.

(License application)

- Article 4 (1) A person intending to obtain a license as provided for in paragraph (1) of Article 3 must submit a license application form on which matters as listed below are stated, if the person intends to engage in said business upon establishing business offices within zones in two or more prefectures, said person must apply to the Minister of Land, Infrastructure, Transport and Tourism or, if the person intends to engage in said business upon establishing business offices within zones in a single prefecture only, to the governor of the prefecture with jurisdiction over the locations of said business offices:
- (i) trade name or name;
 - (ii) if the person is a corporation, the names of the officers thereof and names of any employees as specified by Cabinet Order;
 - (iii) if the person is an individual, the name thereof and names of any employees as specified by Cabinet Order;
 - (iv) names and locations of business offices;
 - (v) name of the person as prescribed in Article 15, paragraph (1), corresponding to each business office as provided for in the preceding item (including any person deemed to be such a person pursuant to paragraph (2) of the same article; the same applies in Article 8, paragraph (2) item (vi));
 - (vi) if any other business is operated by the person, the type of said business..
- (2) The documents listed in the following items must be attached to a license application form as provided for in the preceding paragraph:
- (i) history of the Real Estate Brokerage;
 - (ii) written pledge of non-correspondence to any of the items listed in Article 5, paragraph (1);
 - (iii) written proof by business offices of having satisfied the requirements as prescribed in Article 15, paragraph (1);
 - (iv) other documents as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Licensing standards)

Article 5 (1) License must not be granted by the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor if a person intending to obtain a license as provided for in Article 3, paragraph (1), falls under any of the following items or if a false statement concerning important information has been made or, an entry of important facts has been omitted from the license application form or a document attached thereto:

- (i) an adult ward, person under curatorship, or bankrupt person whose rights have yet to be restored;
- (ii) a person whose license was rescinded as a result of falling under Article 66, paragraph (1), item (viii) or (ix), and for whom five years have not yet passed from the date of said rescission (including, if the person whose license as provided for herein was rescinded is a corporation, an officer belonging to said corporation at any time within sixty days prior to the public notification of the date and location of hearings pertaining to said rescission (executive member, director, or executive officer or a person similar thereto, such as an executive member, director, executive officer, or any other person deemed to possess the same or a higher level of authority as that possessed thereby who executes operations for the corporation, irrespective of whether the person has been granted a title as an advisor, consultant, or any other position holder; the same applies hereinafter in this article; Article 18, paragraph (1); Article 65, paragraph (2); and Article 66 paragraph (1)) and for whom five years have not yet passed from the date of said rescission);
- (ii)-2 a person who submits a notification under Article 11, paragraph (1), item (iv) or (v), sometime between the date on which the date and location of a hearing for disposition by a rescission of a license to be held as a result of the person falling under Article 66, paragraph (1), item (viii) or (ix), is publicly notified and the date of the said disposition or the date on which it is determined that said disposition will not be imposed (excluding any person with reasonable grounds for a dissolution or the discontinuation of the Real Estate Brokerage) and for whom five years have not yet passed from the date of said notification;
- (ii)-3 an officer belonging to a corporation that disappeared by a merger occurring within a period as prescribed in the preceding item or a corporation that submitted a notification under Article 11, paragraph (1), item (iv) or (v), (excluding any corporation with reasonable grounds for a merger or dissolution or the discontinuation of the Real Estate Brokerage) at any time within sixty days prior to the public notification as provided for in the preceding item and for whom five years have not yet passed from the date of said extinction or notification;
- (iii) a person who has been sentenced to imprisonment or a heavier punishment,

and for whom five years have not yet passed since the date on which the person finished serving the sentence or ceased to be subject to its enforcement;

- (iii)-2 a person has been sentenced to the punishment of a fine as a result of having contravened a provision of this Act or the Act on the Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) (excluding provisions of Article 32-3, paragraph (7), and Article 32-11, paragraph (1) of the same Act; the same applies in Article 18, paragraph (1), item (v)-2, and Article 52, item (vii)-(c)), or committed a crime under Article 204, Article 206, Article 208, Article 208-3, Article 222, or Article 247 of the Penal Code (Act No. 45 of 1907) or a crime under the Act on the Punishment of Physical Violence and Other Acts (Act No. 60 of 1926) and for whom five years have not yet passed since the date on which the person finished serving the sentence or ceased to be subject to its enforcement ;
 - (iv) a person who has committed a wrongful or significantly unjustifiable act in connection with the Real Estate Brokerage within five years prior to the license application;
 - (v) a person who is clearly at risk of committing a wrongful act, or an act in bad-faith in connection with the Real Estate Brokerage;
 - (vi) a minor lacking the same capacity to act as an adult person in connection with a business and whose legal agent (including an officer of a legal agent where said legal agent constitutes a corporation) falls under any of the preceding items;
 - (vii) a corporation which has an officer or employee falls under any of items (i) through (v) as specified by Cabinet Order;
 - (viii) an individual to whom, has an employee fall under any of items (i) through (v) as specified by Cabinet Order;
 - (ix) a person who fails to satisfy a requirement as prescribed in Article 15 applicable to business offices.
- (2) If no license is to be granted, the Minister of Land, Infrastructure, Transport and Tourism or the prefectural governor must provide written notification of the fact thereof to which an applicable reason has been appended to the applicant.

(Issuance of a license certificate)

Article 6 If a license as provided for in Article 3, paragraph (1), has been granted, the Minister of Land, Infrastructure, Transport and Tourism or the prefectural governor must issue a license certificate.

(Validity of the previous license upon its replacement)

Article 7 (1) If a Real Estate Broker who has obtained a license as provided for

in Article 3, paragraph (1), and who intends to continue engaging in the Real Estate Brokerage falling under any of the following items, when that person obtains a license granted by the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor, the previous license granted to the person by the Minister of Land, Infrastructure, Transport and Tourism or the prefectural governor is to cease to be effective:

- (i) when the person who has obtained a license granted by the Minister of Land, Infrastructure, Transport and Tourism will have business offices only within zones in a single prefecture;
 - (ii) when the person who has obtained a license granted by the governor of a prefecture has eliminated business offices within zones in said prefecture and will establish business offices within zones in another single prefecture;
 - (iii) when the person who has obtained a license from a prefectural governor will have business offices within zones in two or more prefectures.
- (2) If a Real Estate Broker falls under any of the items of the preceding paragraph and intends to continue engaging in the Real Estate Brokerage, the provisions of Article 3, paragraph (4), apply mutatis mutandis when an application under the provisions of Article 4, paragraph (1), is made.

(Register of Real Estate Brokers)

Article 8 (1) The Ministry of Land, Infrastructure, Transport and Tourism and each prefectural government are to maintain its respective register of Real Estate Brokers.

- (2) The Minister of Land, Infrastructure, Transport and Tourism must record the following matters pertaining to any Real Estate Broker to whom it has granted a license in its register of Real Estate Brokers and the governor of a prefecture must record the matters as listed below pertaining to any Real Estate Broker to whom it has granted a license and any Real Estate Broker who has obtained a license from the Minister of Land, Infrastructure, Transport and Tourism and who has business offices primarily within zones in said prefecture in its register of Real Estate Brokers:
- (i) license certificate number and license date;
 - (ii) trade name, or name;
 - (iii) if the person is a corporation, the names of the officers thereof and names of any employees as specified by Cabinet Order;
 - (iv) if the person is an individual, the name thereof and names of any employees as specified by Cabinet Order;
 - (v) names and locations of business offices;
 - (vi) name of the person as prescribed in Article 15, paragraph (1), corresponding to each business office as provided for in the preceding item;
 - (vii) if the authorization as provided for in Article 50-2, paragraph (1), has

been obtained, the fact thereof and the date of authorization;
(viii) other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Notification of change)

Article 9 If there has been a change to a matter as listed in any of items (ii) through (vi) of paragraph (2) of the preceding article, the Real Estate Broker must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, notify the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism or the prefectural governor from whom the applicable license was obtained within thirty days.

(Inspection of register of Real Estate Brokers)

Article 10 The Minister of Land, Infrastructure, Transport and Tourism or the governor of a prefecture, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, must make its register of Real Estate Brokers, license applications, and documents pertaining to notifications as provided for in the preceding article, as well as copies thereof, to make available for the public inspection.

(Notification of the discontinuation of business)

Article 11 (1) If a Real Estate Broker falls under any of the following items, the person corresponding to the applicable item must provide a notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism or the prefectural governor from whom the applicable license was obtained within thirty days of the applicable date (for item (i), the date on which the fact corresponding thereto becomes known):

(i) if the Real Estate Broker has died: the successor thereto;

(ii) if the corporation has disappeared by merger: the person who was an official representing said corporation;

(iii) if an order of commencement of bankruptcy proceedings for the Real Estate Broker has been made: the bankruptcy trustee for said Real Estate Broker;

(iv) if the corporation has dissolved other than by merger or an order of commencement of bankruptcy proceedings: the liquidator for said corporation;

(v) if the Real Estate Brokerage has been discontinued: the individual constituting the Real Estate Broker or the officer representing the corporation constituting the Real Estate Broker.

(2) If a notification has been submitted pursuant to the provisions of any of items (iii) through (v) of the preceding paragraph, the license as provided for in Article 3, paragraph (1), ceases to be effective.

(Prohibition against unlicensed businesses)

Article 12 (1) A person who has not obtained a license as provided for in Article 3, paragraph (1), is not to engage in Real Estate Brokerage.

(2) A person who has not obtained a license as provided for in Article 3, paragraph (1), is not to provide any indication to the effect that the person engages in Real Estate Brokerage or advertise for the purpose of engaging in Real Estate Brokerage.

(Prohibition against name lending)

Article 13 (1) A Real Estate Broker must not have another person engage in the Real Estate Brokerage under the name of said Real Estate Broker.

(2) A Real Estate Broker is not to have another person provide any indication to the effect that the person engages in Real Estate Brokerage or advertises for the purpose of engaging in Real Estate Brokerage under the name of said Real Estate Broker.

(Delegation to ordinances of the Ministry of Land, Infrastructure, Transport and Tourism)

Article 14 In addition to what is as prescribed in Articles 3 through 11, required particulars concerning license applications, the issuance of license certificates, the issuance of replacement certificates, the re-issuance and return of license certificates, and the recording of entries to, correction of entries in, and deletion of entries from a register of Real Estate Brokers are as specified by an applicable Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

Chapter III Real Estate Transaction Specialist

(Appointing Transaction Specialists)

Article 15 (1) A Real Estate Broker must appoint adult, exclusive transaction specialists (persons to whom a Real Estate Transaction Specialist identification card as provided for in Article 22-2, paragraph (1), has been issued; the same applies hereinafter) of the amount as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism in consideration of the size of each business office, the contents of operations, and other factors to each business office thereof and any other location as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism (referred to hereinafter in this article and Article 50, paragraph (1), as a "Business Office, etc.").

(2) If a Real Estate Broker (any officer (executive member, director, executive

officer, or any other person similar thereto who executes operations for the corporation) of said Real Estate Broker, if said Real Estate Broker is a corporation) is the transaction specialist in a case referred to in the preceding paragraph, the person will be deemed, for the Business Office, etc., at which the person personally and primarily engages in duties, to be the adult, exclusive transaction specialist appointed thereto.

- (3) A Real Estate Broker may not establish a Business Office, etc., that contravenes the provisions of paragraph (1) and must take measures required to ensure compliance with the provisions of the same paragraph within two weeks, when an existing Business Office, etc., contravenes the provisions of the same paragraph.

(Examination)

Article 16 (1) A prefectural governor must administer a qualifications examination for Real Estate transaction specialists (hereinafter referred to as "Examination") pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) An Examination is to be administered to test the required knowledge concerning Real Estate Brokerage.

- (3) A person who has obtained a registration with the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Articles 17-3 through 17-5 (hereinafter referred to as "Registered Training Agency") and who has completed a course on training to be provided as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as "Registered Training") is exempted from part of the Examination as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Designation)

Article 16-2 (1) A prefectural governor may have a person designated by the Minister of Land, Infrastructure, Transport and Tourism engage in processes relating to the administration of an Examination (hereinafter referred to as "Examination Processes").

- (2) The designation under the preceding paragraph is made through the application of a person intending to engage in Examination Processes.

- (3) A prefectural governor is not to engage in Examination Processes if a person designated by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of paragraph (1) is to engage in Examination Processes.

(Designation criteria)

Article 16-3 (1) Unless the Minister of Land, Infrastructure, Transport and Tourism deems an application under paragraph (2) of the preceding article to be in compliance with the following items, said minister is not to make a designation under paragraph (1) of the same article:

- (i) a plan concerning the conducting of Examination Processes in terms of employees, equipment, the method by which Examination Processes is to be conducted, and other matters that are appropriate for the proper and reliable conducting of Examination Processes;
- (ii) the application possesses of financial and technical foundation necessary for the proper and reliable implementation of a plan concerning the conducting of Examination Processes as provided for in the preceding item;
- (iii) there is no risk that the performance of duties other than those pertaining to Examination Processes by the applicant, where applicable, will lead to the unfair conducting of Examination Processes.

(2) If a person who has submitted an application under paragraph (2) of the preceding article falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism is not to make a designation under paragraph (1) of the same article:

- (i) a person who is not a general incorporated association or a general incorporated foundation;
- (ii) a person who has been sentenced to a punishment after having contravened this Act and for whom two years have not yet passed since the date on which the person finished serving the sentence or ceased to be subject to its enforcement;
- (iii) a person whose designation was rescinded pursuant to the provisions of Article 16-15, paragraph (1) or (2), and for whom two years have not yet passed from the date of said rescission;
- (iv) a person to which belongs an officer who falls under either of the following:
 - (a) a person falling under item (ii);
 - (b) a person who was dismissed by an order under Article 16-6 paragraph (2) and for whom two years have not yet passed from the date of said dismissal.

(Public notice of designation)

Article 16-4 (1) If the Minister of Land, Infrastructure, Transport and Tourism grants a designation under Article 16-2, paragraph (1), said minister must issue a public notice of the name of the designated person, location of the principal business office thereof, and date of said designation.

(2) If a person for whom a designation under Article 16-2, paragraph (1), has been made (hereinafter referred to as "Designated Examination Body") intends to change the name or location of the principal business office thereof, the person must notify the fact thereof to the Minister of Land, Infrastructure,

Transport and Tourism by no later than two weeks prior to the intended date of said change.

- (3) If a notification under the preceding paragraph is filed, the Minister of Land, Infrastructure, Transport and Tourism must issue a public notification of the fact thereof.

(Public notice of delegation)

Article 16-5 (1) A prefectural governor who has delegated their Examination Processes to a Designated Examination Body pursuant to the provisions of Article 16-2, paragraph (1), (hereinafter referred to as "Delegating Prefectural Governor") must issue a public notice of the name of said Designated Examination Body, location of the principal business office thereof, location of the business office thereof handling said Examination Processes, and date of the delegation of Examination Processes to said Designated Examination Body.

- (2) If a Designated Examination Body intends to change the name, location of the principal business office, or location of the business office handling Examination Processes thereof, the Designated Examination Body must notify the fact thereof to the Delegating Prefectural Governor (relevant Delegating Prefectural Governor for the location of the business office handling Examination Processes) by no later than two weeks prior to the intended date of said change.

- (3) If a notification under the preceding paragraph is filled, the Delegating Prefectural Governor must issue a public notice of the fact thereof.

(Appointment and dismissal of officers)

Article 16-6 (1) Appointment or dismissal of an officer of a Designated Examination Body will take effect unless approved by the Minister of Land, Infrastructure, Transport and Tourism.

- (2) If an officer of a Designated Examination Body engages in conduct contravening this Act (including an order or disposition based on this Act) or the regulations governing Examination Processes as provided for in Article 16-9, paragraph (1), or engages in considerably inappropriate conduct in connection with Examination Processes, the Minister of Land, Infrastructure, Transport and Tourism may order the Designated Examination Body to dismiss said officer.

(Examination officers)

Article 16-7 (1) A Designated Examination Body must appoint examiners to administer qualification Examinations for Real Estate transaction specialists (hereinafter referred to as "Examiners") from among persons satisfying requirements as specified by an Ordinance of the Ministry of Land,

Infrastructure, Transport and Tourism and have Examination questions prepared and marked.

- (2) If an examiner as provided for in the preceding paragraph is appointed or dismissed, the Designated Examination Body must, without delay, notify the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism.
- (3) The provisions of paragraph (2) of the preceding article apply mutatis mutandis to the dismissal of an examiner as provided for in paragraph (1).

(Obligation to maintain confidentiality)

Article 16-8 (1) No officer or employee of a Designated Examination Body (including an examiner as provided for in paragraph (1) of the preceding article; the same applies in the following paragraph) or person who was formerly in such a position is to leak confidential information obtained concerning Examination Processes.

- (2) With respect to the application of the Penal Code or any other penal provisions, officers and employees of a Designated Examination Body engaging in Examination Processes are deemed to be an officials engaged in public services under laws.

(Regulations governing Examination Processes)

Article 16-9 (1) A Designated Examination Body must prescribe the regulations governing Examination Processes concerning matters relating to the conducting of Examination Processes as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and have them approved by the Minister of Land, Infrastructure, Transport and Tourism. The same applies when a Designated Examination Body intends to revise said regulations.

- (2) If a Designated Examination Body intends to revise regulations governing Examination Processes pursuant to the provisions of the second sentence of the preceding paragraph, it must hear the opinions of the Delegating Prefectural Governor.
- (3) The Minister of Land, Infrastructure, Transport and Tourism may, when deems that the regulations governing Examination Processes as approved pursuant to the provisions of paragraph (1) have become inappropriate for the proper and reliable conducting of Examination Processes, order the Designated Examination Body to revise said regulations.

(Business plan)

Article 16-10 (1) A Designated Examination Body must prepare a business plan, as well as a revenue and expenditure budget each business year and have them approved by the Minister of Land, Infrastructure, Transport and Tourism prior

to the commencement of the corresponding business year (or, for the business year in which falls the date on which a designation was obtained under Article 16-2, paragraph (1), without delay upon obtaining said designation). The same applies when a Designated Examination Body intends to revise said business plan or revenue or expenditure budget.

- (2) If a Designated Examination Body intends to prepare or revise a business plan or revenue and expenditure budget, it must hear the opinions of the Delegating Prefectural Governor.
- (3) A Designated Examination Body must prepare a business report and statement of accounts each business year and submit them to the Minister of Land, Infrastructure, Transport and Tourism and the Delegating Prefectural Governor within three months after the end of the corresponding business year.

(Maintenance of books)

Article 16-11 A Designated Examination Body must, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, prepare books in which matters that relate to Examination Processes and that are specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism are stated and retain said books.

(Supervisory order)

- Article 16-12 (1) If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary to secure proper conducting of Examination Processes, said minister may issue an order required for supervision in connection with Examination Processes to a Designated Examination Body.
- (2) If a Delegating Prefectural Governor deems it necessary to secure the proper conducting of their entrusted Examination Processes, said governor may issue instructions to have measures required for the proper conducting of Examination Processes to a Designated Examination Body.

(Reports and inspections)

- Article 16-13 (1) If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary to secure the proper conducting of Examination Processes, said minister may request required reports on the status of Examination Processes from a Designated Examination Body or have said ministers officials enter the business office of the Designated Examination Body and inspect the status of Examination Processes or the equipment, books, documents, and other materials and articles of the Designated Examination Body.
- (2) If a Delegating Prefectural Governor deems it necessary to secure the proper conducting of their entrusted Examination Processes, said governor may request required reports on the status of Examination Processes from a

Designated Examination Body or have said governors officials enter the business office of the Designated Examination Body handling said Examination Processes and inspect the status of Examination Processes or the equipment, books, documents, and other materials and articles of the Designated Examination Body.

- (3) An official conducting an on-site inspection pursuant to the provision of paragraph (1) or the preceding paragraph must carry personal identification, and present said identification if requested to do so by a concerned person.
- (4) The authority to conduct an on-site inspection under paragraph (1) or (2) must not be interpreted as having been accorded for the purpose of a criminal investigation.

(Suspension or abolition of Examination Processes)

- Article 16-14 (1) A Designated Examination Body must not suspend or discontinue Examination Processes in whole or in part unless the permission of the Minister of Land, Infrastructure, Transport and Tourism is obtained.
- (2) The Minister of Land, Infrastructure, Transport and Tourism is not to grant permission under the preceding paragraph unless it can be deemed that there is no risk that the suspension or abolition of Examination Processes in whole or in part by the Designated Examination Body will impede the proper and reliable conducting of Examination Processes.
 - (3) If the Minister of Land, Infrastructure, Transport and Tourism intends to grant permission under paragraph (1), said minister must hear the opinions of the relevant Delegating Prefectural Governor.
 - (4) If the Minister of Land, Infrastructure, Transport and Tourism has granted permission under paragraph (1), said minister must notify the fact thereof to the relevant Delegating Prefectural Governor and issue a public notice of the fact thereof.

(Rescission of designation)

- Article 16-15 (1) If a Designated Examination Body comes to fall under any of the items listed in Article 16-3, paragraph (2), (excluding item (iii)), the Minister of Land, Infrastructure, Transport and Tourism must rescind the designation of said Designated Examination Body.
- (2) If a Designated Examination Body falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may rescind the designation of said Designated Examination Body or order said Designated Examination Body to suspend Examination Processes in whole or in part for a prescribed period:
 - (i) when it is deemed that the Designated Examination Body no longer conforms to an item listed in Article 16-3, paragraph (1);

- (ii) when the Designated Examination Body contravenes a provision of Article 16-7, paragraph (1); Article 16-10, paragraph (1) or (3); Article 16-11; or paragraph (1) of the preceding article;
 - (iii) when the Designated Examination Body contravenes an order under Article 16-6 paragraph (2) (including cases where applied mutatis mutandis pursuant to Article 16-7, paragraph (3)); Article 16-9, paragraph (3); or Article 16-12, paragraph (1);
 - (iv) when the Designated Examination Body conducts Examination Processes without complying with regulations governing Examination Processes as approved pursuant to the provisions of Article 16-9, paragraph (1);
 - (v) when the Designated Examination Body obtains a designation under Article 16-2, paragraph (1), by unlawful means;
- (3) In holding a hearing pertaining to a disposition under either of the preceding two paragraphs, the Minister of Land, Infrastructure, Transport and Tourism must provide a notification under Article 15, paragraph (1) of the Administrative Procedure Act (Act No. 88 of 1993) and issue a public notice of the date and location of the hearing by no later than one week prior to the date thereof.
- (4) If a notification as provided for in the preceding paragraph is to be made according to a method as prescribed in Article 15, paragraph (3) of the Administrative Procedure Act, the reasonable period of time to be provided prior to the date of the hearing pursuant to the provisions of paragraph (1) of the same article must not be less than two weeks in length.
- (5) Proceedings on the date of the hearing as provided for in paragraph (3) must be open to the public.
- (6) If the Minister of Land, Infrastructure, Transport and Tourism carries out a disposition under paragraph (1) or (2), said minister must notify the fact thereof to the relevant Delegating Prefectural Governor and issue a public notice of the fact thereof.

(Notification of the revocation of delegation)

- Article 16-16 (1) If a Delegating Prefectural Governor determines that a Designated Examination Body will no longer conduct Examination Processes, said governor must provide notification of the fact thereof to the Designated Examination Body by no later than three months prior thereto.
- (2) If a Delegating Prefectural Governor determines that a Designated Examination Body has chosen to no longer conduct Examination Processes, said governor must issue a public notice of the fact thereof.

(Conducting of Examinations by a Delegating Prefectural Governor)

- Article 16-17 (1) If a Designated Examination Body suspends Examination

Processes in whole or in part pursuant to the provisions of Article 16-14, paragraph (1); if the Minister of Land, Infrastructure, Transport and Tourism issues an order to a Designated Examination Body to suspend Examination Processes in whole or in part pursuant to the provisions of Article 16-15, paragraph (2); or if it has become difficult for a Designated Examination Body to conduct Examination Processes in whole or in part due to a natural disaster or for other reasons; the Delegating Prefectural Governor is to conduct said Examination Processes in whole or in part notwithstanding the provisions of Article 16-2, paragraph (3).

- (2) If a Delegating Prefectural Governor is to conduct Examination Processes pursuant to the provisions of the preceding paragraph or if the reason for the conducting of Examination Processes by the Delegating Prefectural Governor pursuant to the provisions of the same paragraph no longer applies, the Minister of Land, Infrastructure, Transport and Tourism must promptly provide notification of the fact thereof to said Delegating Prefectural Governor.
- (3) If a Delegating Prefectural Governor receives a notification under the preceding paragraph, said governor must issue a public notice of the fact thereof.

(Delegation to an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism in connection with the succession of Examination Processes)

Article 16-18 The succession of Examination Processes and other required matters applicable in the event that a Delegating Prefectural Governor is to conduct Examination Processes pursuant to the provisions of paragraph (1) of the preceding article, in the event that the Minister of Land, Infrastructure, Transport and Tourism grants permission to discontinue Examination Processes pursuant to the provisions of Article 16-14, paragraph (1), or rescinds a designation pursuant to the provisions of Article 16-15, paragraph (1) or (2), or in the event that a Delegating Prefectural Governor determines that said governor will not have Examination Processes conducted by a Designated Examination Body is to be as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Examination fee)

Article 16-19 If a fee pertaining to Examinations is to be collected pursuant to the provisions of Article 227 of the Local Autonomy Act (Act No. 67 of 1947), a prefecture may, as specified by an Ordinance, have a person intending to take an Examination administered by a Designated Examination Body pursuant to the provisions of Article 16-2 pay said fee to said Designated Examination Body and treat said fee as revenue accruing thereto.

(Rescission of the Decision That a Person Has Passed)

Article 17 (1) A prefectural governor may rescind the decision that such a person has passed who has taken or attempted to take an Examination by unlawful means or ban said person from taking said Examination.

(2) A Designated Examination Body may exercise the authority of a Delegating Prefectural Governor as prescribed in the preceding paragraph.

(3) A prefectural governor may, when circumstances warrant, identify a person subject to disposition under the preceding two paragraphs as someone who may not take an Examination for a prescribed period of time not exceeding three years.

(Application for examination pertaining to a disposition carried out by a Designated Examination Body)

Article 17-2 A request for examination under the Administrative Appeal Act (Act No. 160 of 1962) may be filed with the Minister of Land, Infrastructure, Transport and Tourism with respect to a disposition pertaining to Examination Processes as carried out by a Designated Examination Body or to the forbearance of such an action thereby.

(Registering a Registered Training Agency)

Article 17-3 Registration as provided for in Article 16, paragraph (3), is carried out by way of the application of a person intending to engage in operations relating to the administration of Registered Training (hereinafter referred to as "Training Course Operations").

(Disqualification)

Article 17-4 A person falling under any of the following items may not obtain a registration as provided for in Article 16, paragraph (3):

(i) a person who has been sentenced to a fine or a heavier the punishment as a result of having contravened this Act or any order under this Act and for whom two years have not yet passed since the day on which the person finished serving the sentence or to be subject to its enforcement;

(ii) a person whose registration as provided for in Article 16, paragraph (3), was rescinded pursuant to the provisions of Article 17-14 and for whom two years have not yet passed from the date of said rescission;

(iii) a corporation with an officer that has one of the following persons engaged in Training Course Operations who falls under either of the preceding two items.

(Registration criteria)

Article 17-5 (1) If Registered Training to be administered by a person who has

applied for registration pursuant to the provisions of Article 17-3 is to be administered by an instructor as listed in the right column of the Appended Table corresponding to a course as listed in the left column thereof, the Minister of Land, Infrastructure, Transport and Tourism must carry out said registration. In such a case, procedures required concerning a registration is to be as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) A registration is to be carried out by stating the matters as listed below in a registry of Registered Training Agencies:
- (i) date of registration and registration number;
 - (ii) name and address of the Registered Training Agency and, in the case of a corporation, the name of the representative thereof;
 - (iii) location of the business office where the Registered Training Agency will carry out Training Course Operations;
 - (iv) in addition to what are listed in the three preceding items, matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Renewal of registration)

- Article 17-6 (1) A registration as provided for in Article 16, paragraph (3), will cease to be effective upon the expiration of a period of not less than three years as specified by Cabinet Order unless renewed each time at said frequency.
- (2) The provisions of the preceding three articles apply mutatis mutandis to the renewal of a registration as provided for in the preceding paragraph.

(Obligations pertaining to the implementation of Training Course Operations)

Article 17-7 A Registered Training Agency must carry out Training Course Operations fairly, and by a method that conforms to standards as prescribed in the provisions of Article 17-5, paragraph (1), and as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Notification of changes to registration matters)

Article 17-8 If a Registered Training Agency intends to change a particular as listed in any of items (ii) through (iv) in Article 17-5, paragraph (2), said change must be notified of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism by no later than two weeks prior to the date on which said change is intended to be made.

(Regulations governing Training Course Operations)

Article 17-9 (1) A Registered Training Agency must prescribe regulations governing Training Course Operations (hereinafter referred to as "Regulations

Governing Training Course Operations") and provide a notification thereof to the Minister of Land, Infrastructure, Transport and Tourism prior to the commencement of Training Course Operations. The same applies when a Registered Training Agency intends to revise said regulations.

(2) The method by which Registered Training will be administered, fees relating to Registered Training, and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism must be as specified in the Regulations Governing Training Course Operations.

(Suspension or abolition of operations)

Article 17-10 If a Registered Training Agency intends to suspend or discontinue Training Course Operations in whole or in part, it must, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, provide a notification of the fact thereof in advance to the Minister of Land, Infrastructure, Transport and Tourism.

(Maintaining and inspection financial statements)

Article 17-11 (1) A Registered Training Agency must prepare, within three months after the end of each business year, an inventory of property, balance sheet, income statement, statement of receipts and disbursements, and business report for said business year (this includes electronic or magnetic records (meaning records used in computer data processing, which are created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses; hereinafter the same applies in this Article)if electronic records are prepared in lieu of such written documents; referred to hereinafter in the next paragraph and Article 85-2 as "Financial Statements") and keep said documents at a business office of the Registered Training Agency for a period of five years.

(2) A person intending to undergo Registered Training or another interested person may make any of the following requests at any time during the operating hours of a Registered Training Agency. Provided, however, that prescribed fees of the Registered Training Agency must be paid when making a request as provided for in item (ii) or (iv).

(i) when Financial Statements have been prepared in written form, a request for inspection or copy said documents;

(ii) a request for a transcript or extract of documents as provided for in the preceding item;

(iii) when Financial Statements have been prepared in the form of electronic or magnetic records, a request for inspection or copying the output of matters recorded in said electronic or magnetic records as displayed by way of a method as specified by an Ordinance of the Ministry of Land, Infrastructure,

Transport and Tourism;

- (iv) a request for the provision of particulars recorded as an electronic or magnetic record under the preceding item by way of electronic or magnetic means as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism or a request for the issuance of documents containing said matters.

(Compliance order)

Article 17-12 If the Minister of Land, Infrastructure, Transport and Tourism deems that a Registered Training Agency no longer conforms to the provisions of Article 17-5, paragraph (1), said minister may order said Registered Training Agency to take measures required to ensure conformity with the provisions of the same paragraph.

(Amelioration order)

Article 17-13 If the Minister of Land, Infrastructure, Transport and Tourism deems that a Registered Training Agency has contravened the provisions of Article 17-7, said minister may order said Registered Training Agency to carry out Training Course Operations under Article 17-7 or take measures required for the amelioration of the method by which Registered Training is carried out or any other operational method.

(Rescission of registration)

Article 17-14 If a Registered Training Agency falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may rescind the registration thereof or order the suspension of Training Course Operations in whole or in part for a prescribed period:

- (i) when the Registered Training Agency comes to fall under Article 17-4 item (i) or (iii);
- (ii) when the Registered Training Agency contravenes the provisions of any of Articles 17-8 through 17-10; Article 17-11, paragraph (1); or the following article;
- (iii) when the Registered Training Agency refuses a request under any of the items of Article 17-11, paragraph (2), without justifiable grounds for doing so;
- (iv) when the Registered Training Agency contravenes an order under either of the preceding two articles;
- (v) when the Registered Training Agency obtains a registration as provided for in Article 16, paragraph (3), by unlawful means.

(Bookkeeping)

Article 17-15 A Registered Training Agency must, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, prepare books, enter particulars concerning Training Course Operations as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism therein, and retain said books.

(Collecting reports)

Article 17-16 If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary for maintaining the proper conducting of Training Course Operations, said minister may submit a request for a report required in connection with the status of Training Course Operations to a Registered Training Agency.

(On-site inspection)

Article 17-17 (1) If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary for maintaining the proper conducting of Training Course Operations, said minister may have officials enter the business office of a Registered Training Agency and inspect the status of Training Course Operations or the equipment, books, documents, and other materials and objects of the Registered Training Agency.

(2) An official conducting an on-site inspection pursuant to the provisions of the preceding paragraph must carry personal identification and present said identification if requested to do so by a concerned person.

(3) The authority to conduct an on-site inspection under paragraph (1) must not be interpreted as having been accorded for the purpose of a criminal investigation..

(Public notice)

Article 17-18 The Minister of Land, Infrastructure, Transport and Tourism must, in the following cases, issue a public notice of the fact thereof in the Official Gazette:

(i) when a registration as provided for in Article 16, paragraph (3), has been carried out;

(ii) when a notification under Article 17-8 has been made;

(iii) when a notification under Article 17-10 has been made;

(iv) when a registration as provided for in Article 16, paragraph (3), is rescinded or a suspension of Registered Training Operations is ordered pursuant to the provisions of Article 17-14.

(Registering a transaction specialist)

Article 18 (1) A person who passes an Examination and who has practical

experience of a term equal to or greater than a term as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism or who is deemed by the Minister of Land, Infrastructure, Transport and Tourism to possess skills of a level that is at least equal to that of a person with said practical experience may, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, obtain a registration from the prefectural governor who administered said Examination. Provided, however, that this does not apply to a person who falls under any of the following items:

- (i) a minor lacking the same capacity to act as an adult person in connection with a business pertaining to the Real Estate Brokerage;
- (ii) an adult ward or person under curatorship;
- (iii) a bankrupt person whose rights have yet to be restored;
- (iv) a person whose license as provided for in Article 3, paragraph (1), was rescinded as a result of falling under Article 66, paragraph (1), item (viii) or (ix), and for whom five years have not yet passed from the date of said rescission (if the person whose license as provided for herein was rescinded is a corporation, an officer belonging to said corporation at any time within sixty days prior to the public notification of the date and location of hearings pertaining to said rescission and for whom five years have not yet passed from the date of said rescission);
- (iv)-2 a person who submitted a notification under Article 11, paragraph (1), item (v), sometime between the date on which the date and location of a hearing for disposition by license rescission to be held as a result of the person falling under Article 66, paragraph (1), item (viii) or (ix), is publicly notified and the date of said disposition or the date on which it is determined that said disposition will not be imposed (excluding any person with reasonable grounds for the discontinuation of the Real Estate Brokerage) and for whom five years have not yet passed from the date of said notification;
- (iv)-3 a person falling under Article 5, paragraph (1), item (ii)-3;
- (v) a person who has been sentenced to imprisonment or a heavier punishment, and for whom five years have not yet passed since the date on which the person finished serving the sentence or ceased to be its enforcement;
- (v)-2 a person who has been sentenced to the punishment of a fine as a result of having contravened a provision of this Act or the Act on the Prevention of Unjust Acts by Organized Crime Group Members or committed a crime under Article 204, 206, 208, 208-3, 222, or 247 of the Penal Code or a crime under the Act on the Punishment of Physical Violence and Other Acts and for whom five years have not yet passed since the date on which the person finished serving the sentence or ceased to be its enforcement;
- (vi) a person who was subject to disposition by registration rescission as a

- result of falling under any of Article 68-2, paragraph (1), items (ii) through (iv) or paragraph (2), item (ii) or (iii) of the same article and for whom five years have not yet passed from the date of said disposition;
- (vii) a person who submitted an application for a deletion of registration sometime between the date on which the date and location of a hearing for disposition by a deletion of registration to be held as a result of the person falling under Article 68-2, paragraph (1), items (ii) through (iv) or paragraph (2), item (ii) or (iii) of the same article is publicly notified and the date of said disposition or the date on which it is determined that said disposition will not be imposed (excluding any person with reasonable grounds for making an application for a deletion of registration) and for whom five years have not yet passed from the date on which said registration was deleted;
- (viii) a person who, being subject to a disposition of prohibition under Article 68, paragraph (2) or (4), was subject to a deletion of registration pursuant to the provisions of Article 22, item (i), during the period of said prohibition and for whom said period has not yet expired.
- (2) A registration as provided for in the preceding paragraph is to be carried out by a prefectural governor by stating the name, date of birth, address, other particulars as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, registration number, and date of registration in a registry of Real Estate transaction specialists.

(Registration procedures)

- Article 19 (1) A person who is entitled to obtain a registration as provided for in paragraph (1) of the preceding article and who intends to obtain said registration must submit a registration application form to the prefectural governor as provided for in the same paragraph.
- (2) If a registration application form as provided for in the preceding paragraph is received, a prefectural governor must carry out the registration without delay.

(Transfer of registration)

- Article 19-2 If a person who has obtained a registration as provided for in Article 18, paragraph (1), engages in or intends to engage in operations of the business office of a Real Estate Broker situated in a prefecture other than the prefecture under the jurisdiction of the prefectural governor who carried out said registration, said person can submit an application for a registration transfer to the prefectural governor with jurisdiction over the location of said business office through the prefectural governor who carried out said registration. Provided, however, that this is not to apply if said person has been subject to a disposition of prohibition under Article 68, paragraph (2) or (4), and the period

thereof has not yet expired.

(Registration of change)

Article 20 If there has been a change to a particular subject to said registration, a person who has obtained a registration as provided for in Article 18, paragraph (1), must apply for a registration of change without delay.

(Notification of death)

Article 21 If a person who has obtained a registration as provided for in Article 18, paragraph (1), comes to fall under any of the following items, the person as specified in the applicable item must provide a notification of the fact thereof to the prefectural governor who carried out said registration within thirty days of the applicable date (for item (i), the date on which the fact corresponding thereto becomes known):

- (i) if the person has died: the successor thereto;
- (ii) if the person comes to fall under any of item (i) or items (iii) through (v)-2 in Article 18, paragraph (1): said person;
- (iii) if the person comes to fall under item (ii) in Article 18, paragraph (1): said persons guardian or curator.

(Deletion of registration by application)

Article 22 A prefectural governor must delete a registration as provided for in Article 18, paragraph (1) if a case falls under any of the following items:

- (i) when the person directly applies for a deletion of registration;
- (ii) when a notification under the preceding article has been made;
- (iii) when no notification under item (i) of the preceding article has been made and a fact corresponding to the same item has been ascertained;
- (iv) when a judgment of passing an Examination is rescinded pursuant to the provisions of Article 17, paragraph (1) or (2).

(Issuance of a transaction specialist identification card)

Article 22-2 (1) A person who has obtained a registration as provided for in Article 18, paragraph (1), may submit an application for the issuance of a real estate transaction specialist identification card (hereinafter referred to as "Transaction Specialist Identification Card") to the prefectural governor who carried out said registration.

(2) A person intending to receive a Transaction Specialist Identification Card must undergo, within six months prior to the application for issuance, a course designated pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism by the prefectural governor who carried out the registration thereof. Provided, however, that this is not to apply to a

person who intends on receiving a Transaction Specialist Identification Card within one year after the date on which said person passes an Examination or to a person who intends on receiving a Transaction Specialist Identification Card as prescribed in paragraph (5).

- (3) The period of validity of a Transaction Specialist Identification Card (excluding a Transaction Specialist Identification Card issued pursuant to the provisions of paragraph (v)) is to be five years.
- (4) If a registration is transferred pursuant to the provisions of Article 19-2 after a Transaction Specialist Identification Card has been issued, said Transaction Specialist Identification Card ceases to be effective.
- (5) If an application for the issuance of a Transaction Specialist Identification Card is made together with an application for the transfer of a registration in a case as prescribed in the preceding paragraph, the post-transfer prefectural governor must issue a Transaction Specialist Identification Card for which the period up to the expiration of the period of validity of the Transaction Specialist Identification Card as provided for in the preceding paragraph is to be treated as the period of validity.
- (6) If a registration as provided for in Article 18, paragraph (1), is deleted or a Transaction Specialist Identification Card ceases to be effective, a transaction specialist must promptly return said Transaction Specialist Identification Card to the prefectural governor that issued said Transaction Specialist Identification Card.
- (7) If a transaction specialist is subject to disposition by suspension under Article 68, paragraph (2) or (4), said specialist must promptly submit said Transaction Specialist Identification Card to the prefectural governor that issued said Transaction Specialist Identification Card.
- (8) A prefectural governor who has received a Transaction Specialist Identification Card that was submitted pursuant to the provisions of the preceding paragraph must promptly return said Transaction Specialist Identification Card, if a request for the return thereof is received from the submitting party in a case in which the period of prohibition as provided for in the same paragraph expires.

(Renewing the period of validity of a Transaction Specialist Identification Card)

Article 22-3 (1) The period of validity of a Transaction Specialist Identification Card is to be renewed by submitting an application.

- (2) The provisions of the main clause of paragraph (2) of the preceding article apply mutatis mutandis to a person intending to renew the period of validity of a Transaction Specialist Identification Card and the provisions of paragraph (3) of the same article apply mutatis mutandis to the period of validity of a

renewed Transaction Specialist Identification Card.

(Presenting a Transaction Specialist Identification Card)

Article 22-4 If a person concerned with transactions makes a request, a transaction specialist must present their Transaction Specialist Identification Card.

Article 23 [deleted]

(Delegation to an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism)

Article 24 In addition to what is prescribed in this chapter, required particulars in connection with Examinations, Registered Training, Registered Training Agencies, Designated Examination Bodies, registrations as provided for in Article 18, paragraph (1), transfers thereof, and Transaction Specialist Identification Cards are to be as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

Chapter IV Security deposit for Operations

(Depositing of a security deposit for operations)

Article 25 (1) A Real Estate Broker must deposit a security deposit for operations with the official depository located nearest to its principal business office.

(2) The amount of security deposit for operations as provided for in the preceding paragraph is to be an amount as specified by Cabinet Order upon taking into account the conditions of transactions carried out by the Real Estate Broker and the protection of the interests of parties with whom the Real Estate Broker is engaged in transactions for the principal business office and other business offices on an office-by-office basis.

(3) Government bond certificates, local bond certificates, and other negotiable security certificates as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism (including transfer bonds as prescribed in Article 278, paragraph (1) of the Act on Book-Entry Transfer of Company Bonds, Shares (Act No. 75 of 2001)) may, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, be allocated to the security deposit for operations as provided for in paragraph (1).

(4) If a Real Estate Broker deposits a security deposit for operations, the Real Estate Broker must attach a copy of the documents of a deposit in which the acceptance of the deposit is stated, and provide notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism or prefectural

governor from whom the license was obtained.

- (5) A Real Estate Broker is not to commence its business unless a notification under paragraph (4) has been made.
- (6) If a Real Estate Broker does not provide a notification under paragraph (4) within three months of the date on which a license as provided for in Article 3, paragraph (1) is granted, the Minister of Land, Infrastructure, Transport and Tourism or prefectural governor must provide notice of the fact that said notification should be made.
- (7) If a Real Estate Broker does not provide a notification under paragraph (4) within one month of the date on which the notice as provided for in the preceding paragraph is arrived, the Minister of Land, Infrastructure, Transport and Tourism or prefectural governor may rescind the license thereof.
- (8) If a Cabinet Order is to be enacted, revised, or abolished based on the provisions of the preceding two paragraphs, required transitional measures (including measures required for the supervision of transitional measures) concerning additional deposits and the recovery of a security deposit for operations may be specified by said Cabinet Order.

(A Security deposit for operations for the construction of a new business office)

Article 26 (1) If a Real Estate Broker establishes a new business office after the commencement of business (such as where a business office is expanded in a case falling under any of the items listed in Article 7, paragraph (1)), the Real Estate Broker must deposit a security deposit for operations in the amount as specified by Cabinet Order under paragraph (2) of the preceding article for said business office.

- (2) The provisions of paragraph (1) and paragraphs (3) through (5) of the preceding article apply mutatis mutandis to a case in which a deposit is made pursuant to the provisions of the preceding paragraph.

(Refund of a security deposit for operations)

Article 27 (1) A person engaged in a transaction in connection with Real Estate Brokerage with a Real Estate Broker has the right to receive a payment of a claim on the security deposit for operations deposited by the Real Estate Broker in connection with a claim arising from said transaction.

- (2) Any matters required in connection with the exercising of the right as provided for in the preceding paragraph are as specified by an Ordinance of the Ministry of Justice and an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Depositing to cover a shortfall in a security deposit for operations)

Article 28 (1) If the security deposit for operations falls short of the amount as

specified by Cabinet Order under Article 25, paragraph (2), as a result of a person exercising their right as provided for in paragraph (1) of the preceding article of said right, a Real Estate Broker must deposit the amount of said shortfall within two weeks of the date as specified by an Ordinance of the Ministry of Justice and an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) If a Real Estate Broker deposits a security deposit for operations pursuant to the provisions of the preceding paragraph, the Real Estate Broker must attach a copy of the documents of the deposit, in which the acceptance of the deposit is stated and provide a notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism or prefectural governor from whom its license was obtained within two weeks.
- (3) The provisions of Article 25, paragraph (3), apply mutatis mutandis to a case in which a deposit is made pursuant to the provisions of paragraph (1).

(Change in the place of retention of a security deposit for operations)

Article 29 (1) If the nearest official depository is changed as a result of the relocation of the principal office of a Real Estate Broker, the Real Estate Broker if a security deposit for operations has been deposited with cash only, must pay costs in advance and submit a request for the transfer of the security deposit for operations to the official depository located nearest to its relocated principal business office to the deposit office to which the security deposit for operations was deposited without delay pursuant to the provisions of an Ordinance of the Ministry of Justice and an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism or, in any other case, newly deposit the security deposit for operations with the official depository located nearest to its relocated principal business office without delay.

- (2) The provisions of Article 25, paragraphs (2) and (3), apply mutatis mutandis to a case in which a deposit is made pursuant to the provisions of the preceding paragraph.

(Recovery of a security deposit for operations)

Article 30 (1) If the period of validity as provided for in Article 3, paragraph (2) (including, in a case as prescribed in paragraph (4) of the same article, the term that is deemed to be still in effect pursuant to the provisions of the same paragraph; the same applies in Article 76) expires; a license ceases to be effective pursuant to the provisions of Article 11, paragraph (2); circumstances come to fall under paragraph (1), item (i) or (ii) of the same article; or a license is rescinded pursuant to the provisions of Article 25, paragraph 7; Article 66; or Article 67, paragraph (1), a Real Estate Broker or the successor thereof (excluding any person deemed to be a Real Estate Broker pursuant to the

provisions of Article 76) may recover the security deposit for operations deposited by the person constituting said Real Estate Broker. The same apply to the amount by which the security deposit for operations exceeds the amount as specified by Cabinet Order as provided for in Article 25, paragraph (2), where that Real Estate Broker eliminates some business offices as well as to the excess security deposit for operations deposited to the official depository located nearest to the principal business office of that Real Estate Broker prior to its relocation where said security deposit for operations was deposited thereby pursuant to the provisions of paragraph (1) of the preceding article.

- (2) The security deposit for operations as provided for in the preceding paragraph (excluding the recovery of a security deposit for operations deposited with the official depository located nearest to the principal business office prior to relocation where said security deposit for operations was deposited pursuant to the provisions of paragraph (1) of the preceding article) cannot be recovered unless a public notice calls upon persons who have the right, as provided for in Article 27, paragraph (1), with respect to said security deposit for operations to make a notification within a fixed period of no less than six months is made and said notification is not made within said period. Provided, however, that this does not apply upon the passage of ten years since the occurrence of grounds for enabling the recovery of security deposit for operations.
- (3) The public notice as provided for in the preceding paragraph and other matters required in connection with the recovery of a security deposit for operations are to be as specified by an Ordinance of the Ministry of Justice and an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

Chapter V Operations

Section 1 General Principles

(Principles of operational processing)

Article 31 (1) A Real Estate Broker must carry out its operations for persons concerned with transactions in, and accordance with the principle of good faith.

(2) In engaging in entrustment-based agency services for transactions, etc., and other such functions as prescribed in Article 50-2, paragraph (1), a Real Estate Broker must take into account the need to promote restrictions on speculative transactions.

(Prohibition against misleading advertising)

Article 32 If a Real Estate Broker advertises concerning the operations thereof, the Real Estate Broker, with respect to the location, size, characteristics, or restrictions on the present or future usage of a Building Lot or building pertaining to said advertising; the environment, transportation, and other

matters relating to convenience as they pertain thereto; the amounts and methods for the payment of the price, rents, and other consideration as they pertain thereto; and any mediation for monetary loans relating to the price or difference arising from the exchange of property, must not give an indication that significantly contradicts the facts or that which mislead others to believe that conditions are significantly more favorable than they really are or are advantageous.

(Restriction on the time of the commencement of advertising)

Article 33 Prior to the completion of construction work relating to the development of a Building Lot or the construction of a building, a Real Estate Broker is not to sell a Building Lot or building or engage in advertising tied to other operations subject to said construction work unless such permission as provided for in Article 29, paragraph (1) or (2) of the Urban Planning Act, verification as provided for in Article 6, paragraph (1) of the Building Standards Act (Act No. 201 of 1950), or any other permission or disposition based on a law or regulation required in connection with said construction work that is as specified by Cabinet Order has been granted.

(Restrictions on concluding sales agreements for non-owned Real Estate)

Article 33-2 A Real Estate Broker is not to conclude a sales agreement (including a reservation) under which the Real Estate Broker will constitute the seller of a Building Lot or building that it does not own. Provided, however, this does not apply in a case falling under either of the following items:

- (i) when the Real Estate Broker has concluded an agreement for the acquisition of said Building Lot or building (including booking; excluding any such agreement in which conditions are affected by the effectiveness thereof) or otherwise when as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance in a case in which the Real Estate Broker is clearly able to acquire said Building Lot or building;
- (ii) when, in a case in which the sale of said Building Lot or building corresponds to a sale as prescribed in Article 41, paragraph (1), measures as listed in item (i) or (ii) of the same paragraph concerned with said sale have been taken.

(Clarification of conditions of transactions)

Article 34 (1) If a Real Estate Broker advertises in connection with the sale, exchange, or loan of a Building Lot or building, the Real Estate Broker must clearly state whether it effects the said sale or exchange as a party concerned to the applicable agreement; effect said sale, exchange, or loan as an agent; or

effect said sale, exchange, or loan as an intermediary (referred to hereinafter in the following paragraph as "Mode of Transaction").

- (2) If a Real Estate Broker receives an order for the sale, exchange, or loan of a Building Lot or building, the Real Estate Broker must, without delay, clarify the terms of Mode of Transaction for the ordering party.

(Mediation agreement)

Article 34-2 (1) If a Real Estate Broker concludes an agreement for mediating a sale or exchange of a Building Lot or building (referred to hereinafter in this article as "Mediation Agreement"), the Real Estate Broker must, without delay, prepare a document in which the matters as listed below are stated, affix the name and seal of the Real Estate Broker thereto, and issue said document to the requesting party:

- (i) the location and lot number of said Building Lot and any other indication required to identify said Building Lot or the location, type, and structure of said building and any other indication required to identify said building;
 - (ii) the price at which said Building Lot or building should be sold or the appraised value thereof;
 - (iii) matters concerning the acceptance of a request made by the requesting party to have another Real Estate Broker provide mediation or agency services for the sale or exchange of said Building Lot or building and, where said request is permitted, matters concerning the existence of an obligation to clearly identify the other Real Estate Broker;
 - (iv) matters concerning the effective term and cancellation of the Mediation Agreement;
 - (v) matters concerning the registration of said Building Lot or building with the Real Estate Information Network System as prescribed in paragraph (5);
 - (vi) matters concerning remuneration;
 - (vii) other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance.
- (2) If a Real Estate Broker states an opinion regarding a price or appraised value as provided for in item (ii) of the preceding paragraph, the Real Estate Broker must clarify the basis on which said opinion is made.
- (3) The effective term of a Mediation Agreement that prohibits a requesting party from making a request to have another Real Estate Broker provide mediation or agency services for a sale or exchange (hereinafter referred to as "Exclusive Mediation Agreement") may not exceed three months. Any prescribed period longer than this is deemed to be three months.
- (4) The effective term as provided for in the preceding paragraph may be renewed by the submission of an application by the requesting party. Provided, however, that the effective term as extended may not exceed three months from the time

of renewal.

- (5) If a Real Estate Broker concludes an Exclusive Mediation Agreement; the Real Estate Broker must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, register the location, size, and characteristics of a Building Lot or building subject to said Exclusive Mediation Agreement; the price at which said Building Lot or building should be sold; and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism with a person designated by the Minister of the Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as the "Real Estate Information Network System") in order to facilitate searches of agreement counterparties.
- (6) A Real Estate Broker that carries out a registration under the preceding paragraph must, without delay, deliver a document attesting to said registration as prescribed in Article 50-6 to the requesting party.
- (7) If a Real Estate Broker as provided for in the preceding paragraph concludes an agreement for selling or exchanging a Building Lot or building pertaining to a registration under paragraph (5), the Real Estate Broker must, without delay and pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, provide notification of the fact thereof to the Real Estate Information Network System pertaining to said registration.
- (8) A Real Estate Broker that has concluded an Exclusive Mediation Agreement must submit a report on the processing status of operations pertaining to said Exclusive Mediation Agreement to the requesting party at least once every two weeks (or at least once a week for an Exclusive Mediation Agreement that includes special provisions to the effect that the requesting party is unable to conclude an agreement for sale or exchange with a person other than a counterparty searched by said Real Estate Broker).
- (9) Any special provision contravening the provisions of any of paragraphs (3) through (6) or the preceding paragraph is hereby invalidated.

(Agency agreement)

Article 34-3 The provisions of the preceding article apply mutatis mutandis to an agreement requesting agency services for the sale or exchange of a Building Lot or building from a Real Estate Broker.

(Explaining important matters)

Article 35 (1) A Real Estate Broker must have a transaction specialist provide, through the issuance of a document in which the matters as listed below are stated (or drawing if required under item (v)), explanations, at the minimum these matters to a counterparty on the sale, exchange, or loan of a Building Lot or building or to parties for the sale, exchange, or loan of a Building Lot or

building subject to mediation to be carried out by the Real Estate Broker (hereinafter referred to as "Real Estate Brokerage Operation Counterparty") in connection with the Building Lot or building that said party intends to acquire or borrow during the period until the conclusion of an agreement for said sale, exchange, or loan:

- (i) types and contents of registered rights on said Building Lot or building and the name of the registration title holder or name of the owner recorded in the heading section of the applicable registration book (name of corporation where applicable);
- (ii) outline of matters relating to restrictions based on the Urban Planning Act, Building Standards Act, or any other law or regulation where said restrictions are as specified by Cabinet Order according to distinctions in terms of the contents of the agreement (distinction in terms of whether the subject of said agreement is a Building Lot or building and distinguish in terms of whether said agreement is an agreement for a sale, exchange or an agreement for a loan; same hereinafter in this article);
- (iii) when said agreement is an agreement other than an agreement for the loan of a building, matters relating to burdens tied to a private road;
- (iv) the status of the development of facilities for supplying potable water, electricity, natural gas and for dealing with waste water (if these facilities have not been developed, matters relating to prospects for the development thereof and the assumption of special burdens tied to the development thereof);
- (v) if said Building Lot or building exists prior to the completion of construction work relating to the development of the Building Lot or construction of the building, the characteristics and structure thereof and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance at the time of the completion thereof;
- (vi) if said building corresponds to the purpose of unit ownership as prescribed in Article 2, paragraph (1) of the Act on Building Unit Ownership (Act No. 69 of 1962), the types and contents of rights relating to a single building site for owning said building; the provisions of an agreement relating to common elements as prescribed in paragraph (4) of the same article; other rights relating to a single building or the site thereof (including land for multiple buildings located within a single housing complex where land in said housing complex and other rights relating thereto belong to the owners of said buildings on a co-owned basis); and matters that relate to the management or use thereof and that are as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance according to distinctions in terms of the contents of the agreement;

- (vii) the amount of money that is transferred for reasons other than for price, a difference arising from the exchange of property, rent, and the purpose for the transferring of said money;
- (viii) matters relating to the cancellation of an agreement;
- (ix) matters relating to liquidated damages and penalties for breach of agreement;
- (x) if there is an intent to receive an earnest money , etc., as prescribed in Article 41 paragraph (1), an outline of measures under the same article or Article 41-2;
- (xi) if there is an intent to receive a disbursement or deposit (price, difference arising from the exchange of property, rents, or other money received from a Real Estate Brokerage Operation Counterparty in connection with a Building Lot or building subject to an applicable transaction (excluding the earnest money, etc., for which preservation measures pursuant to the provisions of Article 41, paragraph (1), or Article 41-2, paragraph (1), have been taken) that are as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance ; the same applies hereinafter), whether assurance measures under Article 64-3, paragraph (2), or other preservation measures as specified under an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance will be taken, and an outline of said measures if they are to be taken;
- (xii) the contents of any mediation for monetary loans relating to the price or difference arising from the exchange of property and the measures to be taken if no monetary loan pertaining to said mediation is established;
- (xiii) whether a warranty insurance agreement in connection with the fulfillment of liability for defect warranty on said Building Lot or building will be concluded or other measures as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance will be taken and an outline of said measures if they are to be taken;
- (xiv) any other matter as specified by an order as prescribed in (a) or (b) below according to the applicable classification as listed in (a) or (b) below in consideration for the necessity of protecting the interests of the Real Estate Brokerage Operation Counterparty and the distinctions in terms of the contents of the agreement:
 - (a) if matters contributing to the protection of the interests of the Real Estate Brokerage Operation Counterparty, constituting an individual intending to purchase or borrow a Building Lot or building in a case not involving the operations of a business are to be prescribed: an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet

Office Ordinance;

(b) if matters other than matters as prescribed in (a) are to be prescribed: an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(2) During the period until the conclusion of an agreement for said installment sale, a Real Estate Broker must have a transaction specialist provide, through the issuance of a document in which matters as listed in any of the items of the preceding paragraph and the matters as listed below are stated, explanations on these matters to a counterparty to the installment sale of a Building Lot or building (sale subject to the receipt of the price in whole or in part of the subject matter through two or more installments across a period of time not shorter than one year after the delivery thereof; the same applies hereinafter) in connection with the Building Lot or building that said party intends to acquire:

(i) cash sales price (price of the Building Lot or building if the payment is received in full by the time of the delivery thereof);

(ii) installment sales price (price of the Building Lot or building if it is sold according to the installment sales method);

(iii) amount of money to be paid by the time of the delivery of the Building Lot or building and the amount of installments (amount of the price to be paid each time pursuant to an installment sales agreement subsequent to the delivery of the subject matter; the same applies in Article 42, paragraph (1)) as well as the timing and method of the payments thereof.

(3) A Real Estate Broker must have a transaction specialist provide, through the issuance of a document in which the matters as listed below are stated (or drawing if required under item (v)), with explanations at the minimum, on these matters to a counterparty to a sale in a case in which the Real Estate Broker constitutes the seller of a beneficial interest in trust pertaining to a Building Lot or building (limited to that for which said Real Estate Broker constitutes the consignor) in connection with the Building Lot or building constituting the asset in trust pertaining to the beneficial interest in trust that said party intends to acquire during the period until the conclusion of an agreement for said sale. Provided, however, that this is not to apply in a case as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism as being one in which the protection of the interests of said counterparty to a sale will not be hindered.

(i) types and contents of registered rights on the Building Lot or building constituting said asset in trust and the name of the registration title holder or name of the owner recorded in the heading section of the applicable registration book (name of corporation where applicable);

(ii) outline of matters relating to restrictions based on the Urban Planning Act, Building Standards Act, or any other law or regulation pertaining to the

- Building Lot or building constituting said asset in trust where said restrictions are as specified by Cabinet Order;
- (iii) matters relating to burdens tied to a private road pertaining to the Building Lot or building constituting said asset in trust;
 - (iv) the status of the development of facilities for supplying potable water, electricity, and natural gas and for dealing with waste water as they pertain to the Building Lot or building constituting said asset in trust (if these facilities have not been developed, matters relating to prospects for the development thereof and the assumption of special burdens tied to the development thereof);
 - (v) if the Building Lot or building constituting said asset in trust exists prior to the completion of construction work relating to the development of the Building Lot or construction of the building, the characteristics and structure thereof and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport or Tourism and Cabinet Order at the time of the completion thereof;
 - (vi) if the building constituting said asset in trust corresponds to the purpose of unit ownership as prescribed in Article 2, paragraph (1), of the Act on Building Unit Ownership, the types and contents of rights relating to a single building site for owning said building; the provisions of an agreement relating to common elements as prescribed in paragraph (4) of the same article; other rights relating to a single building or the site thereof (including land for multiple buildings located within a single housing complex where land in said housing complex and other rights relating thereto belong to the owners of said buildings on a co-owned basis); and matters that relate to the management or use thereof and that are as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism;
 - (vii) any other matter as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism in consideration of the necessity for protecting the interests of the counterparty to the sale of said beneficial interest in trust.
- (4) If an explanation as provided for in any of the preceding three paragraphs is to be provided, a transaction specialist must present their Transaction Specialist Identification Card to the party to whom said explanation is to be provided.
- (5) In issuing a document as provided for in any of paragraphs (1) through (3), the transaction specialist must affix their name and seal to said document.

(Explanation regarding official depository)

Article 35-2 If said Real Estate Broker is not general incorporated association member designated pursuant to the provisions of Article 64-2, paragraph (1), a

Real Estate Broker during the period until the conclusion of an agreement for said sale, exchange, or loan, must provide an explanation on the matter as listed in item (i); or, if said Real Estate Broker is a member of a general incorporated association designated pursuant to the provisions of the same paragraph of the same article, explanations on matters as listed in items (i) and (ii) prior to the date for the commencement of repayment services as designated by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Article 64-8 paragraph (1) and matters as listed in item (ii) on or subsequent to said date for the commencement of repayment services:

- (i) official depository located nearest to the principal business office that deposited security deposit for operations and the location thereof;
- (ii) the fact that said Real Estate Broker is a member, the name, address, and location of the principal business office of said general incorporated association; and the official depository as provided for in Article 64-7, paragraph (2), and the location thereof.

(Restrictions on the timing of the conclusion of an agreement)

Article 36 Prior to the completion of construction work relating to the development of a Building Lot or the construction of a building, a Real Estate Broker is not to conclude an agreement for the sale or exchange of the Building Lot or building pertaining to said construction work as a party thereto or as an agent of a party thereto or mediate for said sale or exchange unless such permission as provided for in Article 29, paragraph (1) or (2) of the Urban Planning Act, verification as provided for in Article 6, paragraph (1) of the Building Standards Act, or any other permission or disposition based on a law or regulation required in connection with said construction work that is as specified by Cabinet Order has been granted.

(Document issuance)

Article 37 (1) A Real Estate Broker must, without delay, issue a document in which the matters as listed below are stated to the counterparty to an agreement in connection with the sale or exchange of a Building Lot or building if said agreement is concluded with the Real Estate Broker as a party thereto; to the counterparty to an agreement in connection with the sale or exchange of a Building Lot or building and the person requesting agency services if said agreement is concluded with the Real Estate Broker acting as an agent for a party thereto; or to each party to an agreement in connection with the sale or exchange of a Building Lot or building if said agreement is concluded through the mediation of the Real Estate Broker:

- (i) the names and addresses of the parties to the agreement (names of

- corporations where applicable);
- (ii) the location and lot number of said Building Lot and any other indication required to identify said Building Lot, or the location, type, and structure of said building and any other indication required to identify said building;
 - (iii) the amount of the price or difference arising from the exchange of property and the timing and method of the payment thereof;
 - (iv) the timing of the delivery of the Building Lot or building;
 - (v) the timing of the submission of an application for relocation registration;
 - (vi) if there are provisions relating to the transfer of money other than for the price or difference arising from the exchange of property, the amount thereof and the timing and purpose of said transfer of money;
 - (vii) if there are provisions relating to the cancellation of the agreement, the contents thereof;
 - (viii) if there are provisions relating to the planned amount for liquidated damages or penalties for breach of agreement, the contents thereof;
 - (ix) if there are provisions relating to mediation for monetary loans concerning the price or differences arising from the exchange of property, the measures to be taken if no monetary loan pertaining to said mediation is established;
 - (x) if there are provisions relating to the assumption of losses due to a natural disaster or other event of force majeure, the contents thereof;
 - (xi) if there are provisions regarding liability for a defect warranty on said Building Lot or building or, the conclusion of a warranty insurance agreement or other measure that should be undertaken concerning the fulfillment of said liability, the contents thereof;
 - (xii) if there are provisions relating to the assumption of taxes or other public dues pertaining to said Building Lot or building, the contents thereof.
- (2) A Real Estate Broker must issue a document in which the matters as listed below are stated to the counterparty to an agreement in connection with the loan of a Building Lot or building if said agreement is concluded with the Real Estate Broker acting as an agent for a party thereto; or to each party to an agreement in connection with the sale or exchange of a Building Lot or building if said agreement is concluded through the mediation of the Real Estate Broker:
- (i) matters as listed in items (i), (ii), (iv), (vii), (viii), and (x) of the preceding paragraph;
 - (ii) the amount of rent, period and method of the payment thereof;
 - (iii) if there are provisions relating to the transfer of money other than for rent, the amount thereof and the period and purpose of said transfer of money.
- (3) If a Real Estate Broker prepares a document that should be issued pursuant to the provisions of the preceding two paragraphs, the Real Estate Broker must have the transaction specialist affix their name and seal to said document.

(Revocation of purchase offer made at a location other than a business office)

Article 37-2 (1) With respect to a sales agreement for a Building Lot or building for which a Real Estate Broker constitutes the seller, a person who makes a purchase offer on said Building Lot or building, or buyer who concludes a sales agreement at a business office of said Real Estate Broker or elsewhere as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance (hereinafter referred to in this article as "Business Office, etc.") (excluding a buyer who makes a purchase offer at a Business Office and concludes a sales agreement at a location other than a Business Office) may revoke said purchase offer or cancel said sales agreement in writing (hereinafter referred to in this article as "Revocation of Offer, etc.") except in either of the following cases. In such a case, the Real Estate Broker may not demand payment of indemnification for damage or a penalty charge tied to a Revocation of Offer, etc.

(i) if eight days have passed since the date on which the person who made a purchase offer or buyer (hereinafter referred to in this article as "Offerer, etc."), pursuant to the provisions of Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance, was duly informed of the fact that said person can carry out a Revocation of Offer, etc., and the method that is applicable if said Revocation of Offer, etc. is to be carried out;

(ii) if the Offerer takes delivery of said Building Lot or building and pays the price thereof in full.

(2) A Revocation of Offer, etc. is to take effect upon the issuance by the Offerer of a document as provided for in the first sentence of the preceding paragraph.

(3) If a Revocation of Offer, etc. is carried out, a Real Estate Broker must promptly refund the earnest money and other monetary amounts received at the time of the purchase offer or conclusion of sales agreement to the Offerer.

(4) Any special provision that contravenes any of the provisions of the preceding three paragraphs and is disadvantageous to the Offerer is hereby invalidated.

(Restrictions on the planned amount of liquidated damages)

Article 38 (1) Regarding the sales agreement for a Building Lot or building for which the Real Estate Broker constitutes the seller, on grounds of the non-fulfillment of obligations by a party governing the cost of liquidated damages or penalties for breach of agreement tied to the cancellation prescribed therein, the sum of said amount in said provision must not exceed two-tenths of the amount of the price of said Building Lot or building.

(2) The portion corresponding to any special provision that contravenes a provision of the preceding paragraph exceeding two-tenths of the amount of the

price of said Building Lot or building is hereby invalidated.

(Restrictions on the earnest money amount)

Article 39 (1) When a Real Estate Broker concludes a sales agreement for a Building Lot or building for which the Real Estate Broker constitutes the seller, the Real Estate Broker is not entitled to receive an earnest money of an amount exceeding two-tenths of the amount of the price of said Building Lot or building.

(2) If a Real Estate Broker receives an earnest money when concluding a sales agreement for a Building Lot or building for which the Real Estate Broker constitutes the seller, the buyer may forfeit said earnest money and said Real Estate Broker may repay double the amount thereof and thereby cancel the agreement at any time until one of the parties thereto commences with the performance of said agreement, irrespective of the properties of said earnest money.

(3) Any special provision that contravenes a provision of the preceding paragraph and that is disadvantageous to the buyer is hereby invalidated.

(Restrictions on special provisions concerning defect liability)

Article 40 (1) A Real Estate Broker is not to prescribe any special provisions in a sales agreement for a Building Lot or building for which the Real Estate Broker constitutes the seller in connection with defect liability concerning the subject matter thereof that, with the exception of special provisions setting forth a period as prescribed in Article 566, paragraph (3) of the Civil Code (Act No. 89 of 1896) as applied mutatis mutandis pursuant to Article 570 of the same Act that is at least two years from the date of the delivery of the subject matter thereof, would be more disadvantageous to the buyer than provisions as prescribed in the same article.

(2) Any special provision that contravenes a provision of the preceding paragraph is hereby invalidated.

(Earnest money preservation)

Article 41 (1) A Real Estate Broker must not receive an earnest money t, etc., (money transferred as the price in whole or in part, and money transferred as an earnest money or under a different name where said money is allocated to the price and is paid on or after the date of the conclusion of the agreement and prior to the delivery of said Building Lot or building; the same applies hereinafter) from a buyer concerning the sale of a Building Lot or building pertaining to construction work relating to the development of the Building Lot or construction of the building prior to the completion of said construction work where they are the seller, unless measures as listed in either of the following

items are first taken. Provided, however, that this is not to apply if the transfer of ownership of said Building Lot or building to the buyer has been registered; if the buyer has carried out a registration of ownership; or if the amount of the earnest money, etc., that said Real Estate Broker intends to receive (the amount obtained by adding the amount of earnest money, etc., that has already been received, if applicable) is no more than five-one hundredths of the amount of the price and no more than the amount as specified by Cabinet Order in consideration of the actual conditions of transactions undertaken by Real Estate Brokers and the protection of the interests of counterparties to said transactions.

- (i) An agreement is concluded with a bank or a financial institution as specified by Cabinet Order or a person as designated by the Minister of Land, Infrastructure, Transport and Tourism (hereinafter referred to in this article as "Bank") for delegation whereby, if the obligation to refund the earnest money, etc., received by the Real Estate Broker is assumed by the Real Estate Broker, said Bank is to jointly and severally guarantee said obligation (hereinafter referred to as "Indemnity Agreement") and a document promising that said Bank is to jointly and severally guarantee the obligation to refund the earnest money, etc., pursuant to said Indemnity Agreement is issued to the buyer;
 - (ii) A warranty insurance agreement is concluded with an insurance provider (a person engaged in the insurance business who has obtained a license as provided for in Article 3, paragraph (1), or Article 185, paragraph (1) of the Insurance Business Act (Act No. 105 of 1995); same hereinafter in this item) that promises that the portion of losses caused to the buyer as a result of the non-performance of the obligation to refund the earnest money etc. received by the Real Estate Broker equals the amount of the earnest money etc. pertaining to said non-performance of refund obligation is at the minimum, covered by said insurance provider and an insurance certificate or document acceptable in lieu thereof, issued to the buyer.
- (2) An Indemnity Agreement under item (i) of the preceding paragraph must stipulate that an insurance agreement satisfying the requirements as listed in the following items are concluded by the Bank with the buyer:
- (i) the guarantee obligation constitutes, at the very least, the guaranteeing of the obligation to refund the earnest money, etc., received by the Real Estate Broker in full;
 - (ii) the obligation to refund the earnest money, etc., that should be guaranteed, is at least in effect until the delivery of the Building Lot or building pertaining to the down payment, etc., received by the Real Estate Broker.
- (3) The warranty insurance agreement under paragraph (1), item (ii), must satisfy the requirements listed in the following items:

- (i) the insurance amount is an amount equivalent to the amount of the earnest money, etc., that the Real Estate Broker intends to receive (the amount obtained by adding the amount of earnest money, etc., that has already been received, if applicable);
 - (ii) the insurance period is, at the minimum, the period from the conclusion of the warranty insurance agreement to the delivery of the Building Lot, or building pertaining to the earnest money, etc., received by the Real Estate Broker.
- (4) If a Real Estate Broker sells a Building Lot or building as prescribed in paragraph (1) (excluding any case, falling under the proviso of the same paragraph) and does not take measures as listed in item (i) or (ii) of the same paragraph, the buyer may choose to forgo payment of an earnest money, etc.
- (5) A Real Estate Broker, pursuant to the provisions of Cabinet Order, after obtaining the consent of the buyer as prescribed in paragraph (1) can take measures, in lieu of a method as listed in either of the following items, a method for using an electronic data processing system or any other method for using information communications technology where said method is as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance as corresponding to a measure as listed in either of said items. In such a case, the person who carries out said measure as specified by the Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance is deemed to have carried out a measure as listed in either of said items.
- (i) a measure as listed in paragraph (1), item (i), constituting a measure for issuing a document promising that said Bank is to jointly and severally guarantee the obligation to refund the earnest money, etc., pursuant to said Indemnity Agreement issued to the buyer;
 - (ii) a measure as listed in paragraph (1), item (ii), constituting a measure for issuing a document in lieu of an insurance certificate to the buyer.

Article 41-2 (1) A Real Estate Broker must not receive an earnest money, etc., from a buyer concerning the sale of a Building Lot or building for which the Real Estate Broker is the seller (excluding any sale as prescribed in paragraph (1) of the preceding article) unless measures as listed in item (i) or (ii) of the same paragraph or the measures as listed in both of the following items are taken. Provided, however, that this does not apply if the transfer of ownership of said Building Lot or building to the buyer has been registered; if the buyer has carried out a registration of ownership; or if the amount of the earnest money, etc., that said Real Estate Broker intends to receive (the amount obtained by adding the amount of earnest money, etc., that has already been received, if applicable) is no more than one-tenth of the amount of the price

and no more than the amount as specified by Cabinet Order in consideration of the actual conditions of transactions undertaken by Real Estate Brokers and the protection of the interests of counterparties to said transactions.

- (i) an agreement is concluded with a person designated by the Minister of Land, Infrastructure, Transport and Tourism (hereinafter referred to as "Designated Custodian") that promises that the Real Estate Broker will have said Designated Custodian receive said earnest money, etc., on behalf thereof and that said Designated Custodian will retain an amount of money equivalent to the amount of the earnest money, etc., received by said Real Estate Broker (hereinafter referred to as "Earnest Money Deposition Agreement") and a document attesting to said Earnest Money Deposition Agreement is issued to the buyer;
 - (ii) an agreement establishing a right of pledge over claims for the purpose of refunding trust money based on the Earnest Money Deposition Agreement is concluded with the buyer to secure claims for the purpose of refunding the earnest money, etc., to be held by the buyer against the Real Estate Broker (hereinafter referred to as "Pledge-Establishing Agreement"); a document attesting to said Pledge-Establishing Agreement is issued to the buyer; and the establishment of the right of pledge under said Pledge-Establishing Agreement is notified to the Designated Custodian with a certificate bearing the date of finalization under Article 467 of the Civil Code.
- (2) An Earnest Money Deposition Agreement under item (i) of the preceding paragraph must satisfy the requirements as listed in the following items:
- (i) the retained amount is an amount equivalent to the amount of the earnest money, etc., that the Real Estate Broker intends to receive (the amount obtained by adding the amount of earnest money, etc., that has already been received and that has not yet been retained by the Designated Custodian, if applicable);
 - (ii) the retention period is, at the minimum, the period from the receipt of the earnest money, etc., by the Designated Custodian on behalf of the Real Estate Broker to the delivery of the Building Lot or building pertaining to said earnest money, etc.
- (3) A Pledge-Establishing Agreement under paragraph (1), item (ii), must stipulate that the duration of the established right of pledge is, at the minimum the period from the establishment of said right of pledge to the delivery of the Building Lot or building pertaining to the earnest money, etc., received by the Real Estate Broker.
- (4) If a Real Estate Broker takes measures as listed in any of the items of paragraph (1) and has already received an earnest money, etc., the Real Estate Broker must deliver an amount that is equivalent to the amount of earnest money, etc., received by the Real Estate Broker (the amount obtained by

deducting the amount already retained by the Designated Custodian, if applicable) to the Designated Custodian prior to payment of an earnest money, etc., by the buyer.

- (5) If a Real Estate Broker sells a Building Lot or building as prescribed in paragraph (1) (excluding any case falling under the proviso of the same paragraph) and does not take measures as listed in item (i) or (ii) of paragraph (1) of the preceding article, does not take measures as listed in any of the items of paragraph (1), or does not deliver money under the preceding paragraph, the buyer may choose to forgo payment of an earnest money, etc.
- (6) A Real Estate Broker may, pursuant to the provisions of Cabinet Order, obtain the consent of the buyer as prescribed in paragraph (1) and apply, in lieu of a method as listed in either of the following items, a method for using an electronic data processing system or any other method for using information communications technology where said method is as specified by Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism or Cabinet Office Ordinance as corresponding to a measure as listed in either of said items. In such a case, the person who carries out said measure as specified by Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance is deemed to have carried out a measure as listed in either of said items.
- (i) a measure as listed in paragraph (1), item (i), constituting a measure for issuing a document attesting to said Earnest Money Deposition Agreement to the buyer;
- (ii) a measure as listed in paragraph (1), item (ii), constituting a measure for issuing a document attesting to said Pledge-Establishing Agreement to the buyer.

(Restrictions on canceling an installment sales agreement for a Building Lot or building)

- Article 42 (1) If the obligation to pay installments under an installment sales agreement for a Building Lot or building for which a Real Estate Broker is the seller is not performed, the Real Estate Broker is to provide a written demand for payment to be made within a prescribed reasonable period of time of no less than thirty days and may not cancel the agreement on grounds that the payment of an installment is late or demand payment of an installment that is not yet due unless said obligation is not performed within said period.
- (2) Any special provision that contravenes a provision of the preceding paragraph is hereby invalidated.

(Prohibition against the reservation of ownership)

- Article 43 (1) If a Real Estate Broker carries out an installment sale of a

Building Lot or building with the Real Estate Broker as the seller, the Real Estate Broker must fulfill obligations of the seller other than registration and delivery by the time the Building Lot or building pertaining to said installment sale is delivered to the buyer (if an amount of money exceeding three-tenths of the amount of the price has not yet been received by the time said Building Lot or building is delivered, by the time an amount of money exceeding three-tenths of the amount of the price is received). Provided, however, that this is not to apply if it is not expected that the buyer will make an application for the registration of a mortgage or a prior lien on the sale of Real Estate in order to secure the payment liabilities obligation in effect subsequent to the registration of the ownership of said Building Lot or building or establish a guarantor to guarantee said obligation.

- (2) If a Real Estate Broker carries out an installment sale of a Building Lot or building with the Real Estate Broker as the seller, the Real Estate Broker must not obtain said Building Lot or building by transfer as collateral after the Building Lot or building pertaining to said installment sale is delivered to the buyer and payment of an amount of money exceeding three-tenths of the amount of the price is received.
- (3) If a Real Estate Broker carries out a sale of a Building Lot or building with the Real Estate Broker as the seller and guarantees obligations pertaining to money that is borrowed by the buyer to be allocated to the price in whole or in part and that is subject to repayment over two or more installments across a period of at least one year after the delivery of said Building Lot or building, the Real Estate Broker must fulfill obligations of the seller not covered by registration and delivery by the time the Building Lot or building pertaining to said installment sale is delivered to the buyer. (If the amount of the price received by the time of the delivery of said Building Lot or building net of the amount of the obligation pertaining to said guarantee not yet repaid by the time of the delivery of said Building Lot or building does not exceed three-tenths of the amount of the price, by the time the received amount of the price net of the amount of the obligation pertaining to said guarantee not yet repaid exceeds three-tenths of the amount of the price.) Provided, however, that this is not to apply if it is not expected that the buyer will make an application for the registration of a mortgage or a prior lien on the sale of Real Estate in order to secure the right of indemnity obtained upon the performance of said guarantee obligation by the Real Estate Broker and the payment liabilities obligation in effect subsequent to the registration of the ownership of said Building Lot or building by the buyer or establish a guarantor to guarantee said obligation.
- (4) If a Real Estate Broker carries out a sale of a Building Lot or building with the Real Estate Broker as the seller and guarantees obligations pertaining to

money that is borrowed by the buyer to be allocated to the price of said Building Lot or building in whole or in part that is subject to repayment over two or more installments across a period of at least one year after the delivery of said Building Lot or building, the Real Estate Broker is not to obtain said Building Lot or building by transfer as collateral after the Building Lot or building pertaining to said sale is delivered to the buyer and payment of the received amount of the price net of the amount of the obligation pertaining to said guarantee not yet repaid exceeding three-tenths of the amount of the price is received.

(Prohibition against an undue delay in performance)

Article 44 A Real Estate Broker must not unduly delay the registration or delivery of a Building Lot or building or the value of the payment affecting the transactions that should be carried out concerning the operations thereof.

(Obligation to maintain confidentiality)

Article 45 A Real Estate Broker must not divulge any secrets learned with respect to any matter handled in the course of the operations thereof unless there are justifiable grounds for doing so. The same is to apply even after the Real Estate Broker ceases to engage in the Real Estate Brokerage.

(Remuneration)

- Article 46 (1) The amount of remuneration that a Real Estate Broker may receive concerning the provision of agency or mediation services for the sale, exchange, or loan of a Building Lot or building is to be as set forth by the Minister of Land, Infrastructure, Transport and Tourism.
- (2) A Real Estate Broker is not to receive remuneration exceeding the amount as provided for in the preceding paragraph.
- (3) If the Minister of Land, Infrastructure, Transport and Tourism prescribes an amount of remuneration as provided for in paragraph (1), said minister must issue an announcement thereof.
- (4) A Real Estate Broker must post the amount of remuneration as prescribed by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of paragraph (1) at a conspicuous location accessible to the public at each office operated thereby.

(Prohibitions concerning operations)

Article 47 A Real Estate Broker must not engage in any of the following actions against the Real Estate Brokerage Operation Counterparty concerning the operations of the Real Estate Broker:

(i) intentionally failing to disclose facts or misrepresent information on matters

as listed in any of the following when soliciting for the conclusion of an agreement for the sale, exchange, or loan of a Building Lot or building or in order to prevent the exercising of claims arising from the revocation or cancellation of an agreement application or transactions relating to the Real Estate Brokerage:

- (a) matters as listed in any of the items of paragraph (1) or any of the items of paragraph (2) of Article 35;
- (b) matters as listed in any of the items of Article 35-2;
- (c) matters as listed in any of the items of paragraph (1) or any of the items of paragraph (2) (excluding item (i)) of Article 37;
- (d) in addition to what is as listed in (a) through (c), the location, size, characteristics, or restrictions on the present or future usage of a Building Lot or building the environment, the convenience of transportation, etc., price, the amounts of the price of rent or payment methods and other conditions relating to transaction conditions as they pertain thereto or any matter that relates to the means and credit of said Real Estate Broker or a person concerned with transactions and that materially affects the judgment of a Real Estate Brokerage Operation Counterparty.
- (ii) unreasonable requests for a large amount of remuneration;
- (iii) solicit for the conclusion of an agreement by lending the earnest money or otherwise extending credit.

Article 47-2 (1) No Real Estate Broker or agent, employee, or other worker thereof (hereinafter referred to in this article as "Real Estate Broker, etc.") must not make definitive conclusions that would cause a Real Estate Brokerage Operation Counterparty to mistakenly believe that the generation of profits is certain when soliciting for the conclusion of an agreement pertaining to the Real Estate Brokerage.

(2) A Real Estate Broker, etc., must not use intimidation to a Real Estate Brokerage Operation Counterparty in order to have an agreement pertaining to the Real Estate Brokerage concluded, or hinder the revocation or cancellation of an agreement application pertaining to the Real Estate Brokerage.

(3) In addition to what is as prescribed in the preceding two paragraphs, a Real Estate Broker, etc., must not engage in conduct that relates to the conclusion of or the hindrance of the revocation or cancellation of an application for an agreement pertaining to the Real Estate Brokerage and that is, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and Cabinet Office Ordinance as lacking in terms of the protection of the interests of a Real Estate Brokerage Operation Counterparty as prescribed in Article 35, paragraph (1), item (14)(a) or as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism as lacking in terms of

the protection of other interests of a Real Estate Brokerage Operation Counterparty.

(Carrying an identification card)

Article 48 (1) A Real Estate Broker is not to, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, have an employee engage in the operations of the Real Estate Broker unless it has said employee carry an identification card proving that said employee is an employee thereof.

(2) An employee must present their identification card as provided for in the preceding paragraph if a request is made by a person concerned with transactions.

(3) A Real Estate Broker must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, prepare an employee roster and state therein the names, addresses, and numbers of identification cards as provided for in paragraph (1) of employees and any other matter as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism therein for each business office operated.

(4) If a request is made by a person concerned with transactions, the employee roster as provided for in the preceding paragraph must be made available for inspection to said person by the Real Estate Broker.

(Maintenance of books)

Article 49 A Real Estate Broker must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, prepare books relating to the operations thereof for each business office operated thereby and state therein, for each transaction relating to the Real Estate Brokerage, the date, address and area of the Building Lot or building pertaining to said transaction and any other matter as specified by Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Posting of sign)

Article 50 (1) A Real Estate Broker must put up a sign as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism at a conspicuous location accessible to the public at each Business Office, etc., and any other location at which the operations of the Real Estate Broker are carried out other than a Business Office, etc., as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(2) A Real Estate Broker must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, provide a notification in advance of the locations of, operational contents of, periods

during which operations are to be carried out for, and names of exclusive transaction specialists at locations as specified by Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 15, paragraph (1), to the Minister of Land, Infrastructure, Transport and Tourism or prefectural governor from whom its license was obtained and to the prefectural governor with jurisdiction over said locations.

(Special provisions pertaining to entrustment-based agency services for transactions)

Article 50-2 (1) If, in conjunction with the entrustment in whole or in part of determinations pertaining to the selling, exchanging, or lending of Building Lots or buildings pursuant to an agreement as listed below, the approval of the Minister of Land, Infrastructure, Transport and Tourism is obtained, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, by a Real Estate Broker in advance for the provision of agency or mediation services for said transactions based on said determinations (hereinafter referred to as "Entrustment-Based Agency Services for Transactions, etc."), the provisions of Articles 34-2 and 34-3 does not apply to Entrustment-Based Agency Services for Transactions, etc. and other such functions to be engaged in by said Real Estate Broker.

(i) an agreement as prescribed in either (a) or (b) below as concluded by said Real Estate Broker with a person as listed in said (a) or (b) upon obtaining a registration as provided for in Article 29 of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (limited to that which pertains to any of the categories of investment management businesses as prescribed in Article 28, paragraph (4) of the same Act):

(a) a trustee company of investment trust property under an investment trust managed under instructions from the settlor through which said Real Estate Broker is to issue management instructions thereof, (investment trust managed under instructions from the settler as prescribed in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) (trustee company as prescribed in Article 9 of the same Act): investment trust agreement as prescribed in Article 3 of the same Act;

(b) an investment corporation through which said Real Estate Broker is to invest the assets thereof, (investment corporation as prescribed in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations: entrustment agreement as prescribed in Article 188, paragraph (1), item (iv) of the same Act.

(ii) an agreement relating to the entrustment of operations pertaining to the selling, exchanging, or lending of Building Lots or buildings as concluded by

said Real Estate Broker with a person as prescribed in either (a) or (b) below to whom said operations are entrusted where the entrustment of said operations are accepted pursuant to the provisions as listed in said (a) or (b):

(a) Article 203 of the Act on the Securitization of Assets (Act No. 105 of 1998): specific purpose company as prescribed in Article 2, paragraph (3) of the same Act;

(b) Article 284 paragraph (2) of the Act on the Securitization of Assets: fiduciary trust company, etc., as prescribed in Article 2, paragraph (16) of the same Act.

(2) If a Real Estate Broker that has obtained the approval as provided for in the preceding paragraph (hereinafter referred to as "Approved Real Estate Broker") engages in Entrustment-Based Agency Services for Transactions, etc., actions as prescribed in each of the items below does not need to be carried out for the counterparty to the agreement as listed in the applicable item of the preceding paragraph pertaining to said Entrustment-Based Agency Services for Transactions, etc. irrespective of the corresponding provisions as listed in said item below:

(i) Article 35, paragraph (1): issuance of documents and provision of explanation as prescribed in the same paragraph;

(ii) Article 35, paragraph (2): issuance of documents and provision of explanation as prescribed in the same paragraph;

(iii) Article 35-2: provision of explanation as prescribed in the same article;

(iv) Article 37, paragraph (2): issuance of documents as prescribed in the same paragraph.

(Approval conditions)

Article 50-2-2 (1) The Minister of Land, Infrastructure, Transport and Tourism may attach conditions to the approval as provided for in paragraph (1) of the preceding article and revise said conditions.

(2) The conditions as provided for in the preceding paragraph must not be limited to those that are minimally required to secure the fairness of transactions involving Real Estate, and must not impose any undue obligation on a person who has obtained said approval.

(Approval criteria)

Article 50-2-3 (1) If a person intending to obtain an approval as provided for in Article 50-2, paragraph (1), falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism must not grant said approval:

(i) does not possess sufficient financial basis to allow for the smooth intended execution of Entrustment-Based Agency Services for Transactions, etc.;

(ii) there is a risk that the fairness of Entrustment-Based Agency Services for

Transactions, etc. will be impaired given the unfavorable prospects for the income and expenditures of operations to be carried out by said person;
(iii) does not possess the knowledge and experience to allow for the intended execution of Entrustment-Based Agency Services for Transactions, etc. in a fair and precise manner.

(2) If the Minister of Land, Infrastructure, Transport and Tourism does not grant approval as provided for in Article 50-2, paragraph (1), said minister must provide a written notification thereof with grounds for said decision included therein to the applicant.

(3) If the Minister of Land, Infrastructure, Transport and Tourism grants approval as provided for in Article 50-2, paragraph (1), and said Real Estate Broker has obtained a license granted by a prefectural governor, the Minister of Land, Infrastructure, Transport and Tourism must, without delay, provide a notification of the fact thereof to said prefectural governor.

(Special provisions pertaining to the sale of Real Estate trust beneficiary rights)

Article 50-2-4 A case in which a financial service specialist (a financial service specialist as prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act) or a financial instruments intermediary service provider (a financial instruments intermediary as prescribed in paragraph (12) of the same article) constituting a Real Estate Broker serves as the seller of rights based on a partnership agreement (a partnership agreement as prescribed in Article 667 paragraph (1) of the Civil Code), silent partnership agreement (a silent partnership agreement as prescribed in Article 535 of the Commercial Code (Act No. 48 of 1899)), or limited partnership agreement for investment (a limited partnership agreement for investment as prescribed in Article 3, paragraph (1) of the Limited Partnership Act for Investment (Act No. 90 of 1998)) pertaining to trust beneficial rights pertaining to Building Lots or buildings or to an investment business relating to said beneficial rights (hereinafter referred as "Real Estate Trust Beneficiary Rights") or provides agency or intermediation services for the selling of Real Estate Trust Beneficiary Rights is deemed to be a case in which said Real Estate Broker is a seller of trust (limited to that for which said Real Estate Broker is the consignor) beneficiary rights pertaining to Building Lots or buildings and the provisions of Article 35, paragraphs (3) through (5) apply. In such a case, "to a counterparty to a sale" as referred to the main text of in paragraph (3) of the same article is to be read as "to a counterparty to a sale or to the person who requested agency services or parties to a sale pertaining to intermediation services (hereinafter referred to as "Counterparty to the Sale of Real Estate Beneficiary Rights")); "pertaining to the beneficial interest in trust" as referred

to in the same paragraph is to be read as "pertaining to Real Estate trust beneficiary rights as prescribed in Article 50-2-4"; as referred "to a counterparty" in the proviso of the same paragraph; and "counterparty to the sale of said beneficial interest in trust" as referred to in item (vii) of the same paragraph is to be read as "Counterparty to the Sale of Real Estate Beneficiary Rights".

Section 2 Real Estate Information Network System

(Designation)

- Article 50-2-5 (1) For a designation under Article 34-2, paragraph (5) (hereinafter referred to in this Section as "Designation"), the consent of a person who satisfies the conditions as listed below and who is deemed to be capable of properly and reliably carrying out duties as listed in the items of paragraph (1) of the following article must be obtained as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism:
- (i) a general incorporated association or a general incorporated foundation whose purpose is to facilitate the proper securing of transactions and logistics involving Real Estate;
 - (ii) a person who is not a person whose Designation has been rescinded pursuant to the provisions of Article 50-14, paragraph (1), and for whom five years has not yet passed from the date of said rescission;
 - (iii) an officer, who does not fall under either of the following:
 - (a) a person falling under Article 5, paragraph (1), item (i), (iii), or (iii)-2;
 - (b) a person who, in a case in which a Real Estate Information Network System has been subject to a rescission of Designation pursuant to the provisions of Article 50-14, paragraph (1), was an officer belonging to said Real Estate Information Network System at any time within sixty days prior to the public notification of the date and location of hearings pertaining to said rescission and for whom five years have not yet passed from the date of said rescission.
- (2) If the Minister of Land, Infrastructure, Transport and Tourism carries out a Designation, said minister must issue a public notice of the name of the Real Estate Information Network System, location of the principal business office thereof, date of said designation, and any other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.
- (3) If a Real Estate Information Network System intends to change the name or location of the principal business office thereof, the Real Estate Information Network System must notify the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism by no later than two weeks prior to the intended date of said change.

(4) If a notification under the preceding paragraph is filed, the Minister of Land, Infrastructure, Transport and Tourism must issue a public notification of the fact thereof.

(Real Estate Information Network System operations)

Article 50-3 (1) Pursuant to the provisions of this Section, a Real Estate Information Network System is to carry out operations as listed below:

(i) operations relating to the registration of Building Lots or buildings subject to Exclusive Mediation Agreements and other agreements pertaining to the Real Estate Brokerage;

(ii) provision of information concerning Building Lots or buildings pertaining to registration as provided for in the preceding item to Real Estate Brokers on a regular basis or in response to requests;

(iii) in addition to operations as listed in the preceding two items, preparation of statistics relating to information as provided for in the preceding item and other operations required to facilitate the proper securing of transactions and logistics involving Real Estate.

(2) A Real Estate Information Network System may, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, entrust some of the operations thereof to another person upon obtaining the approval of the Minister of Land, Infrastructure, Transport and Tourism.

(Prohibition against discriminatory treatment)

Article 50-4 A Real Estate Information Network System must not, in connection with the performance of operations as listed in paragraph (1), items (i) and (ii) of the preceding article (hereinafter referred to as in this Section as "Registration Operations"), improperly engage in the discriminatory treatment of a person intending to register a Building Lot or building or another Real Estate Broker intending to utilize said Real Estate Information Network System.

(Regulations governing registration operations)

Article 50-5 (1) A Real Estate Information Network System must prescribe regulations concerning Registration Operations (hereinafter referred to as "Regulations Governing Registration Operations") and have them approved by the Minister of Land, Infrastructure, Transport and Tourism. The same applies if said regulations are revised.

(2) The method of implementing Registration Operations (including any method with respect to the conclusion of agreements with other Real Estate Information Network Systems concerning such matters as coordination and the

provision of proxy services involving Registration Operations), fees relating to Registration Operations, and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism must be prescribed in the Regulations Governing Registration Operations. In such a case, said fees must be limited to the coverage of appropriate costs for the efficient performance of operations and must be fair and reasonable.

- (3) If the Minister of Land, Infrastructure, Transport and Tourism deems that Regulations Governing Registration Operations as approved under paragraph (1) have become inappropriate for the proper and reliable implementation of Registration Operations, said minister may order a Real Estate Information Network System to revise said Regulations Governing Registration Operations.

(Issuance of a document proving registration)

Article 50-6 If a registration under Article 34-2, paragraph (5), has been carried out, a Real Estate Information Network System must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, issue a document attesting to said registration to the Real Estate Broker that carried out said registration.

(Official announcement of case counts pertaining to sales agreements and other matters)

Article 50-7 A Real Estate Information Network System, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, must officially announce the numbers of sales or exchange agreements concluded each month and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism with respect to Building Lots or buildings registered with said Real Estate Information Network System.

(Business plan)

Article 50-8 (1) A Real Estate Information Network System must prepare a business plan, revenue and expenditure budget each business year and have them approved by the Minister of Land, Infrastructure, Transport and Tourism prior to the commencement of the corresponding business year (or, for the business year in which falls the date on which a Designation was obtained, without delay upon obtaining said Designation). The same is to apply when the Real Estate Information Network System intends to revise a business plan or revenue and expenditure budget.

- (2) A Real Estate Information Network System must prepare a business report and statement of accounts each business year and submit them to the Minister of Land, Infrastructure, Transport and Tourism within three months after the

end of the corresponding business year.

(Prohibition against the use of information relating to registration operations for other purposes)

Article 50-9 No officer or employee of a Real Estate Information Network System or person who was formerly in such a position are to use information obtained concerning Registration Operations for a purpose other than operations as prescribed in Article 50-3, paragraph (1).

(Appointment and dismissal of officers)

Article 50-10 (1) No appointment or dismissal of an officer of a Real Estate Information Network System will take effect unless approved by the Minister of Land, Infrastructure, Transport and Tourism.

(2) If an officer of a Real Estate Information Network System engages in conduct contravening this Act (including an order or disposition based on this Act) or the Regulations Governing Registration Operations as approved pursuant to the provisions of Article 50-5, paragraph (1), or engages in considerably inappropriate conduct in connection with Registration Operations, the Minister of Land, Infrastructure, Transport and Tourism may order the Real Estate Information Network System to dismiss said officer.

(Supervisory orders)

Article 50-11 If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary to secure the proper implementation of operations as prescribed in Article 50-3, paragraph (1), said minister may issue an order required for supervision in connection with said operations to a Real Estate Information Network System.

(Reports and inspections)

Article 50-12 (1) If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary to secure the proper implementation of operations as prescribed in Article 50-3, paragraph (1), said minister may request required reports concerning the status of said operations from a Real Estate Information Network System or have said ministers officials, enter the business office of the Real Estate Information Network System and inspect the status of operations or the equipment, books, documents, and other materials and objects of the Real Estate Information Network System.

(2) An official conducting an on-site inspection pursuant to the provisions of the preceding paragraph must carry personal identification and present said identification if requested to do so by a concerned person.

(3) The authority to conduct an on-site inspection under paragraph (1) must not

be interpreted as having been accorded for the purpose of a criminal investigation.

(Suspension or abolition of registration operations)

Article 50-13 (1) If a Real Estate Information Network System intends to suspend or discontinue Registration Operations in whole or in part, the Real Estate Information Network System must provide a notification of matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism to the Minister of Land, Infrastructure, Transport and Tourism by no later than thirty days prior to the intended date of suspension or abolition.

(2) If a notification as provided for in the preceding paragraph is submitted, the Minister of Land, Infrastructure, Transport and Tourism must issue a public notification of the fact thereof.

(Rescission of Designation)

Article 50-14 (1) If a Real Estate Information Network System falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may rescind the designation of said Real Estate Information Network System or order said Real Estate Information Network System to suspend Registration Operations in whole or in part for a prescribed period:

- (i) when it can be deemed that the Real Estate Information Network System cannot properly and reliably implement Registration Operations;
- (ii) when the Real Estate Information Network System contravenes a provision of this Section or an order or disposition based on said provisions;
- (iii) when the Real Estate Information Network System has carried out Registration Operations without complying with Regulations Governing Registration Operations as approved pursuant to the provisions of Article 50-5, paragraph (1).

(2) The provisions of Article 16-15, paragraphs (3) through (5) are to apply mutatis mutandis to any hearings pertaining to a disposition under the preceding paragraph.

(3) If the Minister of Land, Infrastructure, Transport and Tourism carries out a disposition under paragraph (1), said minister must issue a public notification of the fact thereof.

(Implementation of Registration Operations by another Real Estate Information Network System)

Article 50-15 (1) If a notification of the suspension or abolition of Registration Operations in whole or in part under Article 50-13, paragraph (1), has been made; a Designation has been rescinded or the suspension of Registration

Operations in whole or in part has been ordered pursuant to the provisions of paragraph (1) of the preceding article; or it is deemed necessary where it has become difficult for a Real Estate Information Network System to implement Registration Operations in whole or in part due to a natural disaster or for other reasons, the Minister of Land, Infrastructure, Transport and Tourism may have another Real Estate Information Network System carry out said Registration Operations in whole or in part pursuant to approved Regulations Governing Registration Operations as provided for in Article 50-5, paragraph (1).

- (2) If the Minister of Land, Infrastructure, Transport and Tourism determines that Registration Operations are to be carried out by another Real Estate Information Network System pursuant to the provisions of the preceding paragraph, said minister must, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, issue a public notice of the fact thereof.
- (3) In addition to what is as prescribed in the preceding two paragraphs, transitional measures that would be required if a reason as prescribed in paragraph (1) were to arise may be specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism to the extent that is determined to be reasonably necessary.

Section 3 Designated Guarantee Agency

(Designation)

- Article 51 (1) The designation as provided for in Article 41, paragraph (1), item (i) (hereinafter referred to in this Section as "Designation") is to be made through the application of a person intending to engage in a business to guarantee the obligation to refund earnest money s, etc., received by Real Estate Brokers from buyers in connection with the sale of Building Lots or buildings (hereinafter referred to as "Earnest Money Guarantee Business").
- (2) A person intending to obtain a Designation must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, submit an application form on which matters as listed below are stated to the Minister of Land, Infrastructure, Transport and Tourism:
 - (i) trade name;
 - (ii) name and addresses of officers;
 - (iii) name and locations of the head office, branch offices, and other business offices of the person as specified by Cabinet Order;
 - (iv) amount of capital.
 - (3) Documents as listed below must be attached to the application form as provided for in the preceding paragraph:

- (i) articles of association and statement of business procedures;
 - (ii) business plan in which revenue and expenditure estimates and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism are stated;
 - (iii) provisions of an Indemnity Agreement pertaining to the Earnest Money Guarantee Business;
 - (iv) other documents as specified by Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.
- (4) The extent of what the guarantee is for; matters relating to the authority of branch offices and other business offices as specified by Cabinet Order; limits on guarantees; limits on the acceptance of guarantees consigned from guarantee consignors; matters relating to the method by which an Indemnity Agreement is to be concluded; matters relating to criteria for rejecting a guarantee consignment; and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism must be stated in a statement of business procedures as provided for in item (i) of the preceding paragraph.

(Designation criteria)

Article 52 If the Minister of Land, Infrastructure, Transport and Tourism deems that a person who has applied for a Designation falls under any of the following items, said minister must not carry out said Designation:

- (i) is not a stock company with fifty million yen or more in capital;
- (ii) in addition to what is as prescribed in the preceding item, does not possess a sufficient financial basis to allow for the smooth intended execution of an Earnest Money Guarantee Business;
- (iii) the provisions of the articles of association or the contents of the statement of business procedures or business plan contravenes a law or regulations or are insufficient for securing the proper operations of the business;
- (iv) the contents of the provisions of an Indemnity Agreement pertaining to the Earnest Money Guarantee Business do not conform to standards as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism;
- (v) the Designation of the person was rescinded pursuant to the provisions of Article 62, paragraph (2), and five years has not yet passed from the date of said rescission;
- (vi) a person who has been sentenced to a fine or a heavier punishment as a result of having contravened a provision of this Act was and whom five years have not yet passed from the date on which the person finished serving the sentence or to its enforcement;
- (vii) an officer who falls under any of the following:

- (a) an adult ward, person under curatorship, or bankrupt person whose rights have yet to be restored;
- (b) a person who has been sentenced to imprisonment or a heavier punishment, and for whom five years have not yet passed from the date on which the person finished serving the sentence or to be subject to its enforcement;
- (c) a person who has been sentenced to the punishment of a fine as a result of having contravened a provision of this Act or the Act on the Prevention of Unjust Acts by Organized Crime Group Members or committed a crime under Article 204, 206, 208, 208-3, 222, or 247 of the Penal Code or a crime under the Act on the Punishment of Physical Violence and Other Acts and for whom five years have not yet passed from the date on which the person finished serving the sentence or to be subject to its enforcement;
- (d) a person who, in a case in where a person who has obtained a Designation (hereinafter referred to in this Section as "Designated Guarantee Agency") has been subject to a rescission of Designation pursuant to the provisions of Article 62, paragraph (2), was an officer belonging to said Designated Guarantee Agency at any time within sixty days prior to the public notification of the date and location of hearings pertaining to said rescission and for whom five years have not yet passed from the date of said rescission.

(Notification of change)

Article 53 If there has been a change to a matter as listed in any of the items of Article 51, paragraph (2), or document as listed in item (i) or (iii) of paragraph (3) of the same article, a Designated Guarantee Agency must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, notify the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism within two weeks.

(Rescission of Designation based on the non-commencement or suspension of business)

Article 54 (1) If, in addition to a case in which a Designation is rescinded pursuant to the provisions of Article 62, paragraph (2), a Designated Guarantee Agency does not commence an Earnest Money Guarantee Business within three months from the date on which it obtains a Designation or suspends said Earnest Money Guarantee Business for a continuous period of three or more months, the Minister of Land, Infrastructure, Transport and Tourism may rescind the Designation of said Designated Guarantee Agency.

(2) The provisions of Article 16-15, paragraphs (3) through (5), apply mutatis mutandis to any hearing pertaining to a disposition under the preceding

paragraph.

(Notification of closure)

Article 55 (1) If a Designated Guarantee Agency comes to fall under any of the following items, the person as specified in the applicable item must provide a notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism within two weeks:

- (i) if the Designated Guarantee Agency becomes extinct by merger: the person who was an officer representing the extinguished company;
 - (ii) if the Designated Guarantee Agency has dissolved due to an order of commencement of bankruptcy proceedings: the bankruptcy trustee for said Designated Guarantee Agency;
 - (iii) if the Designated Guarantee Agency has dissolved other than by merger or an order of commencement of bankruptcy proceedings: the liquidator for said Designated Guarantee Agency;
 - (iv) if the Earnest Money Guarantee Business has been discontinued: the officer representing said company.
- (2) If a notification has been submitted pursuant to the provisions of any of items (ii) through (iv) of the preceding paragraph, the Designation ceases to be effective.

(Restrictions on additional operations)

Article 56 (1) A Designated Guarantee Agency must not engage in business other than the Earnest Money Guarantee Business; provided, however, that this shall not does not apply to engagement in business that is found not interfere with the protection of the buyer's interests, if this has been approved by the Minister of Land, Infrastructure, Transport and Tourism.

- (2) If a Designated Guarantee Agency has obtained a Designation as provided for in Article 41-2, paragraph (1), item (i), it is deemed to have obtained the approval as provided for in the proviso of the preceding paragraph.

(Posting of a liability reserve)

Article 57 (1) A Designated Guarantee Agency must post the larger amount as listed in the following as a liability reserve for each business year, if there is a guarantee agreement which is still in effect as of the end of a business year:

- (i) amount equivalent to the sum of the guarantee charges corresponding to the guarantee period under said guarantee agreement that remains in effect;
- (ii) amount equivalent to the sum of the guarantee charges obtained during said business year, the net of the guarantee money paid based on the guarantee agreement pertaining to said guarantee charges (excluding revenue money obtained from guarantee consignors based on the payment of

said guarantee money); outstanding claims reserves that should be accumulated for the guarantee agreement pertaining to said guarantee charges; and the sum of business expenses for said business year, that remains after deduction from the corresponding amount

- (2) If a Designated Guarantee Agency posts a liability reserve pursuant to the provisions of the preceding paragraph, the amount posted is to include the amount of losses for the purpose of calculating the amount of income posted thereby for the corresponding business year or the amount of consolidated income posted thereby for the corresponding consolidated business year under the Corporation Tax Act (Act No. 34 of 1965).
- (3) The amount of the liability reserve included in the amount of losses pursuant to the provisions of the preceding paragraph is to include the amount of profits for the purpose of calculating the amount of income posted thereby for the following business year or the amount of consolidated income posted thereby for the following consolidated business year under the Corporation Tax Act.

(Accumulation of an outstanding claims reserve)

Article 58 If there is an amount as listed in any of the following items, a Designated Guarantee Agency must accumulate the corresponding amount as listed in said each item as an outstanding claims reserve in each settlement term:

- (i) if there is any guarantee money or other amount that should be paid based on a guarantee agreement for which payment will not be completed within the settlement term, the amount thereof;
- (ii) if there is any guarantee money or other amount for which it is deemed that the obligation to pay based on a guarantee agreement has arisen, the amount for which it is deemed that payment is required;
- (iii) if there is any guarantee money or other amount that has not been paid given that a suit in connection therewith is currently pending, the amount thereof.

(Payment guarantee fund)

Article 59 (1) A Designated Guarantee Agency must, pursuant to the provisions of its articles of association, set up a payment guarantee fund.

- (2) If a Designated Guarantee Agency is unable to pay a guarantee obligation out of its liability reserve, it may use its payment guarantee fund only for allocation to repayment of said guarantee obligation.

(Prohibition against concluding an agreement)

Article 60 If the sum of the amounts of guarantee obligations pertaining to an Indemnity Agreement to be concluded by and between a Designated Guarantee

Agency and a Real Estate Broker exceeds an amount as specified by Cabinet Order, said Designated Guarantee Agency is not to conclude said Indemnity Agreement.

(Amelioration order)

Article 61 If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary and appropriate to protect the interests of a buyer where a Designated Guarantee Agency comes to fall under the provisions of any of Article 52, items (ii) through (iv), said minister may order said Designated Guarantee Agency to take measures required for the amelioration of the status of property or the operations of the business thereof to the extent of said necessity.

(Rescission of designation)

Article 62 (1) If a Designated Guarantee Agency falls under any of the following items or contravenes a provision of this Act, the Minister of Land, Infrastructure, Transport and Tourism may issue instructions as necessary to said Designated Guarantee Agency:

- (i) when damage is caused or there is a significant risk that damage will be caused to a person concerned with an Earnest Money Guarantee Business;
- (ii) when acts in bad-faith are committed in connection to an Earnest Money Guarantee Business;
- (iii) when the Designated Guarantee Agency is deemed inappropriate as a Designated Guarantee Agency for having contravened another law or other regulations in connection with an Earnest Money Guarantee Business.

(2) If a Designated Guarantee Agency falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may rescind the Designation of said Designated Guarantee Agency or order said Designated Guarantee Agency to suspend its Earnest Money Guarantee Business in whole or in part for a prescribed period not longer than six months:

- (i) when the Designation was obtained by unlawful means;
- (ii) when the Designated Guarantee Agency comes to fall under Article 52, item (i), (vi), or (vii);
- (iii) when the Designated Guarantee Agency fails to provide a notification under Article 53;
- (iv) when no notification under Article 55, paragraph (1), has been submitted and a fact falling under any of items (ii) through (iv) of the same paragraph is ascertained;
- (v) when the Designated Guarantee Agency engages in business other than the Earnest Money Guarantee Business in contravention of the provisions of Article 56, paragraph (1);

- (vi) when the Designated Guarantee Agency concludes an Indemnity Agreement in contravention of the provisions of Article 60;
 - (vii) when the Designated Guarantee Agency contravenes an amelioration order under the preceding article;
 - (viii) When the Designated Guarantee Agency fails to follow instructions under the preceding paragraph;
 - (ix) when the Designated Guarantee Agency contravenes a disposition of the Minister of Land, Infrastructure, Transport and Tourism based on the provisions of this Act.
- (3) If the Minister of Land, Infrastructure, Transport and Tourism intends to issue necessary instructions pursuant to the provisions of paragraph (1) or an order to suspend the Earnest Money Guarantee Business in whole or in part pursuant to the provisions of the preceding paragraph, said minister must hold a hearing irrespective of the classification of procedures for stating opinions under Article 13, paragraph (1), of the Administrative Procedures Act.
- (4) The provisions of Article 16-15, paragraphs (3) through (5), is to apply mutatis mutandis to any hearing that pertains to a disposition under paragraph (1) or (2).

(Submission of a business report)

- Article 63 (1) A Designated Guarantee Agency must, prior to the commencement of each business year, prepare a business plan in which revenue and expenditure estimates and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism are stated and submit it to the Minister of Land, Infrastructure, Transport and Tourism.
- (2) If a Designated Guarantee Agency changes a matter as stated in a business plan, it must, without delay, provide a notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism.
- (3) A Designated Guarantee Agency must, for each business year, prepare a business report according to a format as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and submit it to the Minister of Land, Infrastructure, Transport and Tourism within three months after the end of each business year.

(Reports and inspections)

- Article 63-2 (1) If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary to secure the proper operations of an Earnest Money Guarantee Business, said minister may issue an order to a Designated Guarantee Agency to have a report or materials concerning the operations thereof submitted, or have said ministers officials enter the location where the operations thereof are carried out and inspect the status of operations or

properties or the books, documents, and other materials and objects relating to operations.

- (2) An official conducting an on-site inspection pursuant to the provisions of the preceding paragraph must carry personal identification and present said identification if requested to do so by a concerned person.
- (3) The authority to conduct an on-site inspection under paragraph (1) must not be interpreted as having been accorded for the purpose of a criminal investigation.

Section 4 Designated Custodian

(Designation)

- Article 63-3 (1) The designation as provided for in Article 41-2, paragraph (1), item (i), (hereinafter referred to in this Section as "Designation") is to be made through the application of a person intending to engage in a business to receive earnest money , etc., on behalf of Real Estate Brokers and retain money of amounts equivalent to the amounts of earnest money, etc., received by said Real Estate Brokers in connection with the sale of Building Lots or buildings (excluding any sale as prescribed in Article 41, paragraph (1)) (hereinafter referred to as " Earnest Money Safekeeping Business").
- (2) The provisions of the preceding Section (excluding Article 51, paragraph (1); Articles 57 through 60; and Article 62, paragraph (2), item (vi)) is to apply mutatis mutandis to a Designated Custodian. In such a case, "Cabinet Order" as referred to in Article 51, paragraph (2), item (iii), is read as "an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism"; "provisions of an Indemnity Agreement" as referred to in paragraph (3), item (iii) of the same article and Article 52, item (iv), is read as "provisions of an Earnest Money Deposition Agreement"; "The scope of the guarantee purpose; matters relating to the authority of branch offices and other business offices as specified by Cabinet Order; limits on guarantees; limits on the acceptance of guarantees consigned from guarantee consignors; matters relating to the method by which an Indemnity Agreement is to be concluded; matters relating to criteria for rejecting a guarantee consignment" as referred to in Article 51, paragraph (4), is read as "Matters relating to the retention of earnest moneys , etc."; "pursuant to the provisions of [...]" as referred to in Article 52, items (v) and (vii)(d), is read as "pursuant to the provisions of [...] or Article 64, paragraph (1)"; "document" as referred to in Article 53 is read as "document (excluding a statement of business procedures)"; and "Article 41-2, paragraph (1), item (i)" as referred to in Article 56, paragraph (2), is read as "Article 41, paragraph (1), item (i)".

(Changing a statement of business procedures)

Article 63-4 If a Designated Custodian intends to change a statement of business procedures as provided for in Article 51, paragraph (3), item (i), as applied mutatis mutandis pursuant to paragraph (2) of the preceding article, the Designated Custodian must obtain the approval of the Minister of Land, Infrastructure, Transport and Tourism.

(Retention of trust money)

Article 63-5 A Designated Custodian must, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, prepare a trust money safekeeping book, state therein matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, and retain said book.

(Rescission of designation)

Article 64 (1) If, in addition to a case in which a Designation is rescinded pursuant to the provisions of Article 54, paragraph (1), or Article 62, paragraph (2), as applied mutatis mutandis pursuant to Article 63-3, paragraph (2), a Designated Custodian falls under either of the following items, the Minister of Land, Infrastructure, Transport and Tourism may rescind the Designation of said Designated Custodian or order said Designated Custodian to suspend its Earnest Money Safekeeping Business in whole or in part for a prescribed period not longer than six months:

(i) when the Designated Custodian engages in an Earnest Money Safekeeping Business without complying with a statement of business procedures as provided for in Article 51, paragraph (3), item (i), as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) (including that which is approved under Article 63-4; the same is to apply in Article 82);

(ii) when the Designated Custodian, in contravention of the provisions of the preceding article, fails to prepare a trust money safekeeping book, fails to state matters as prescribed in the same article, makes a false statement in said trust money safekeeping book, or fails to retain said trust money safekeeping book.

(2) If the Minister of Land, Infrastructure, Transport and Tourism intends to order the suspension of an Earnest Money Safekeeping Business in whole or in part pursuant to the provisions of the preceding paragraph, said minister must hold a hearing irrespective of the classification of procedures for stating opinions under Article 13, paragraph (1) of the Administrative Procedures Act.

(3) The provisions of Article 16-15, paragraphs (3) through (5), does apply mutatis mutandis to any hearing that pertains to a disposition under paragraph (1).

Chapter V-2 Real Estate Transaction Guarantee Association

(Designation)

Article 64-2 (1) If an application has been submitted by a person who satisfies the conditions as listed below, who has a proper plan concerning all of operations as listed in the items of paragraph (1) of the following article, and who is deemed to be capable of reliably carrying out said duties, the Minister of Land, Infrastructure, Transport and Tourism may designate said person as a person carrying out operations as listed in the items of the same paragraph pursuant to the provisions of this Chapter:

- (i) the applicant is a general incorporated association;
 - (ii) the applicant appoints only Real Estate Brokers as members;
 - (iii) the applicant is not a person whose designation has been rescinded pursuant to the provisions of Article 64-22, paragraph (1), and for whom five years has not yet passed from the date of said rescission;
 - (iv) an officer from among the applicant n who does not fall under either of the following:
 - (a) a person falling under any of Article 5, paragraph (1), items (i) through (iv);
 - (b) a person who, in cases which a designated person (hereinafter referred to in this Chapter as "Real Estate Transaction Guarantee Association") has been subject to a rescission of designation pursuant to the provisions of Article 64-22, paragraph (1), was an officer belonging to said Real Estate Transaction Guarantee Association at any time within sixty days prior to the public notification of the date and location of hearings pertaining to said rescission and for whom five years have not yet passed from the date of said rescission.
- (2) If the Minister of Land, Infrastructure, Transport and Tourism carries out a designation under the preceding paragraph, said minister must issue a public notice through the Official Gazette of the name, address, and location of the business office of the Real Estate Transaction Guarantee Association and the date for the commencement of repayment services as designated by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Article 64-8, paragraph (1), and provide a notification of the fact that the Real Estate Broker is a Real Estate Transaction Guarantee Association member thereof to the prefectural governor from whom said Real Estate Broker obtained a license.
- (3) If a Real Estate Transaction Guarantee Association intends to change its name or address or the location of its business office, it must provide a notification of the fact thereof to the Minister of Land, Infrastructure,

Transport and Tourism in advance.

- (4) If a notification under the preceding paragraph is submitted, the Minister of Land, Infrastructure, Transport and Tourism must issue a public notification of the fact thereof through the Official Gazette.
- (5) Any matters required in connection with an application for designation as provided for in paragraph (1) is as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Operations)

Article 64-3 (1) A Real Estate Transaction Guarantee Association must properly and reliably carry out operations as listed in the following items pursuant to the provisions of this Chapter:

- (i) resolution of complaints concerning member-handled transactions pertaining to the Real Estate Brokerage as received from a Real Estate Brokerage Operation Counterparty;
 - (ii) provision of training to transaction specialists and other persons engaging or intending to engage in the Real Estate Brokerage;
 - (iii) operations for repayment in connection with claims held by persons carrying out transactions relating to the Real Estate Brokerage with a member (including a person who carries out a transaction with a member in connection with the Real Estate Brokerage before that person became a member) where said claims arise from said transactions (hereinafter referred to as "Repayment Services").
- (2) In addition to operations as provided for in the preceding paragraph, a Real Estate Transaction Guarantee Association may carry out operations to jointly and severally guarantee the obligation to repay paid or deposited amounts received by a Real Estate Broker, constituting a member thereof under an agreement with said Real Estate Broker or any other obligation relating to the Real Estate Brokerage that has been incurred or any other obligation relating to the Real Estate Brokerage (hereinafter referred to as "General Guarantee Operations") and an Earnest Money Down Payment Safekeeping Business.
 - (3) In addition to operations as prescribed in the preceding two paragraphs, a Real Estate Transaction Guarantee Association may, upon obtaining the approval of the Minister of Land, Infrastructure, Transport and Tourism, carry out operations required to promote the sound development of the Real Estate Brokerage.
 - (4) A Real Estate Transaction Guarantee Association may, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and upon obtaining the approval of the Minister of Land, Infrastructure, Transport and Tourism, entrust the operations thereof in part to another party.

(Admission of members)

Article 64-4 (1) A person constituting a member of a given Real Estate Transaction Guarantee Association may not become a member of another Real Estate Transaction Guarantee Association.

(2) If a new member joins a Real Estate Transaction Guarantee Association or forfeits its status as a member thereof, the Real Estate Transaction Guarantee Association must promptly submit a report on the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism or prefectural governor from whom the Real Estate Broker constituting said member obtained its license.

(3) If it is deemed that repayment under Article 64-8, paragraph (1), in connection with claims held by persons carrying out transactions relating to the Real Estate Brokerage with a member before said member became a member (or before the date for the commencement of said Repayment Services for a person who became a member before the date for the commencement of Repayment Services as designated by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the same paragraph) could impede the smooth operations of Repayment Services, a Real Estate Transaction Guarantee Association may submit a request for the provision of collateral to said member.

(Resolution of complaints)

Article 64-5 (1) If requested to resolve a complaint relating to a member-handled transaction pertaining to the Real Estate Brokerage as received from a Real Estate Brokerage Transaction Business Operation Counterparty, a Real Estate Transaction Guarantee Association must, in response thereto, provide necessary advice to the requesting party, investigate the circumstances pertaining to said complaint, notify the contents of said complaint to said member, and submit a request to said member for the prompt processing thereof.

(2) If a Real Estate Transaction Guarantee Association deems it necessary to resolve a complaint pertaining to a request as provided for in the preceding paragraph, it may submit a request to said member to provide a written or oral explanation or submit materials.

(3) A member is not to refuse accommodation for a request under the preceding paragraph that is received from a Real Estate Transaction Guarantee Association unless there are justifiable grounds for doing so.

(4) A Real Estate Transaction Guarantee Association must disseminate any request as provided for in paragraph (1) and the results of the resolution thereof to its members.

(Training relating to Real Estate Brokerage)

Article 64-6 A Real Estate Transaction Guarantee Association must prescribe a certain program and provide training relating to the Real Estate Brokerage to persons engaging or intending to engage in training relating to the knowledge and skills required in connection with the duties of transaction specialists and other Real Estate Brokerage operations.

(Depositing of security deposit for Repayment Services)

Article 64-7 (1) If a Real Estate Transaction Guarantee Association receives payment of a share of the security deposit for Repayment Services pursuant to the provisions of Article 64-9, paragraph (1) or (2), it must deposit a security deposit for Repayment Services equivalent to the received amount of said payment within one week of the date thereof.

(2) Security deposits for Repayment Services must be deposited with the official depository as prescribed by the Minister of Justice and the Minister of Land, Infrastructure, Transport and Tourism.

(3) The provisions of Article 25, paragraphs (3) and (4), are to apply mutatis mutandis to a case in which a deposit pursuant to the provisions of paragraph (1) is made. In such a case, "of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism or prefectural governor from whom its license was obtained" as referred to in paragraph (4) of the same article is to be read as "to the Minister of Land, Infrastructure, Transport and Tourism or prefectural governor from whom the Real Estate Broker constituting a member pertaining to said deposit obtained its license, of the fact that a deposit pertaining to said member was made".

(Refund of security deposit for Repayment Services)

Article 64-8 (1) A person who carries out a transaction in connection with the Real Estate Brokerage with a member of a Real Estate Transaction Guarantee Association (including a person who carries out a transaction with a member in connection with the Real Estate Brokerage before that person became a member) possesses the right to receive, on or after the date for the commencement of Repayment Services as designated by the Minister of Land, Infrastructure, Transport and Tourism for said Real Estate Transaction Guarantee Association, repayment of security deposit for Repayment Services as deposited by said Real Estate Transaction Guarantee Association up to an amount that is equivalent to the amount of security deposit for operations as specified by Cabinet Order as provided for in Article 25, paragraph (2), that would be required to be deposited by said member if it were not a member (for said member, if there is an amount that has already been certified pursuant to the provisions of the following paragraph, up to an amount of said net amount;

if there is a refund appropriation for which payment has been received pursuant to the provisions of Article 64-10, paragraph (2), up to an amount to which said amount has been added).

- (2) If a person possessing the right as provided for in the preceding paragraph intends to exercise said right, the amount for which repayment can be obtained pursuant to the provisions of the preceding paragraph must be certified by said Real Estate Transaction Guarantee Association.
- (3) If the right as provided for in paragraph (1) is exercised, a Real Estate Transaction Guarantee Association must, within two weeks of the date as specified by an Ordinance of the Ministry of Justice and Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, deposit security deposit for Repayment Services of an amount equivalent to the amount of the security deposit for Repayment Services refunded through the exercise of said right.
- (4) The provisions of paragraph (3) of the preceding article are to be applied mutatis mutandis to any case in which a deposit is made pursuant to the provisions of the preceding paragraph.
- (5) Matters required in connection with the exercise of the right as provided for in paragraph (1) are to be as specified by an Ordinance of the Ministry of Justice and an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and matters required in connection with certification as provided for in paragraph (2) are to be as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism.

(Payment of a share of the security deposit for Repayment Services)

Article 64-9 (1) A person as listed in either of the following items must pay a share of the security deposit for Repayment Services of an amount as specified by Cabinet Order for the principal business office and other business offices on an office-by-office basis in order for it to be allocated to the security deposit for Repayment Services by the corresponding date as listed in said item to said Real Estate Transaction Guarantee Association:

- (i) a Real Estate Broker constituting a person intending to join the Real Estate Transaction Guarantee Association: the date on which said person intends to join the Real Estate Transaction Guarantee Association;
 - (ii) a person constituting a member of the Real Estate Transaction Guarantee Association that obtained a designation on the date of designation under Article 64-2, paragraph (1): the date one month prior to the date for the commencement of Repayment Services as designated by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of paragraph (1) of the preceding article.
- (2) If a member of a Real Estate Transaction Guarantee Association establishes a

new business office after paying a share of the security deposit for Repayment Services under the preceding paragraph (such where, a business office has been expanded in a case falling under any of the items in Article 7, paragraph (1)), said member must pay a share of the security deposit for Repayment Services of an amount as specified by Cabinet Order as provided for in the same paragraph to said Real Estate Transaction Guarantee Association within two weeks of the date thereof.

- (3) A member of a Real Estate Transaction Guarantee Association is to forfeit its status if it fails to pay, by the date as prescribed in paragraph (1), item (ii), or by the end of the period as prescribed in the preceding paragraph, the share of the security deposit for Repayment Services under said provisions.
- (4) If a Cabinet Order is to be enacted, revised, or abolished based on the provisions of paragraph (1), required transitional measures (including measures required for the supervision of transitional measures) concerning the depositing of additional security deposit for Repayment Services and the additional payment of a share of the security deposit for Repayment Services or the recovery of security deposit for Repayment Services and the refunding of a share of the security deposit for Repayment Services may be specified by said Cabinet Order.

(Payment of refund appropriation)

Article 64-10 (1) If a refund of security deposit for Repayment Services has been made through the exercise of the right as provided for in Article 64-8, paragraph (1), a Real Estate Transaction Guarantee Association must provide a notification of the fact that a refund appropriation of an amount equivalent to said refund amount should be paid to the Real Estate Transaction Guarantee Association to the member or person constituting a former member pertaining to said refund.

- (2) A member or person constituting a former member to which a notification as provided for in the preceding paragraph has been provided, must pay a refund appropriation of the notified amount to said Real Estate Transaction Guarantee Association within two weeks of the date on which said notification was received.
- (3) If a member of a Real Estate Transaction Guarantee Association fails to pay a refund appropriation as provided for in paragraph (1) by the end of the period as prescribed in the preceding paragraph, said member forfeits its status.

(Recovery of a security deposit for Repayment Services)

Article 64-11 (1) A Real Estate Transaction Guarantee Association may, if a member loses its status as a member, recover the security deposit for Repayment Services of an amount equivalent to the share of the security

deposit for Repayment Services paid pursuant to the provisions of Article 64-9, paragraphs (1) and (2) by said person constituting a former member and, if the amount of the share of the security deposit for Repayment Services for a member paid pursuant to the provisions of paragraphs (1) and (2) of the same article comes to exceed the amount as specified by Cabinet Order as provided for in paragraph (1) of the same article owing to the elimination by said member of some business offices of said member, recover the security deposit for Repayment Services of an amount equivalent to said amount in excess.

- (2) If security deposit for Repayment Services is recovered pursuant to the provisions of the preceding paragraph, a Real Estate Transaction Guarantee Association is to refund a share of the security deposit for Repayment Services of an amount equivalent to said recovered amount to said person formerly constituting a member or member.
- (3) In a case referred to in the preceding paragraph, a share of the security deposit for Repayment Services as provided for in the preceding paragraph is to be refunded, if said member forfeits its status as a member, after the passage of the period prescribed in the following paragraph; if a Real Estate Transaction Guarantee Association holds a claim against said person formerly constituting a member or member, after repayment in connection with said claim is completed; and if certification under Article 64-8, paragraph (2), in connection with said person formerly constituting a member or member is carried out by a Real Estate Transaction Guarantee Association, after repayment in connection with a claim for refund appropriation as provided for in paragraph (1) of the preceding paragraph pertaining to said certified amount is completed.
- (4) If a member loses status as a member , a Real Estate Transaction Guarantee Association must provide a public notice to a person possessing a right as provided for in Article 64-8, paragraph (1), in connection with a claim arising from a transaction relating to the Real Estate Brokerage pertaining to said person formerly constituting a member of the fact that a request to receive a certification under paragraph (2) of the same article should be made within a fixed period of not less than six months.
- (5) A Real Estate Transaction Guarantee Association may not carry out a certification under Article 64-8, paragraph (2), concerning a claim as provided for in the preceding paragraph for which no request is made within a period as prescribed in the same paragraph.
- (6) The provisions of Article 30, paragraph (3), apply mutatis mutandis to any case in which a security deposit for Repayment Services is recovered pursuant to the provisions of paragraph (1).

(Reserve for a security deposit for Repayment Services)

- Article 64-12 (1) A Real Estate Transaction Guarantee Association must accumulate a reserve for a security deposit for Repayment Services to be allocated for the depositing of a security deposit for Repayment Services when no payment of a refund appropriation is made where a security deposit for Repayment Services is to be deposited pursuant to the provisions of Article 64-8, paragraph (3).
- (2) A Real Estate Transaction Guarantee Association must transfer interest or dividends arising from a security deposit for Repayment Services (including negotiable securities deposited pursuant to the provisions of Article 25, paragraph (3), as applied mutatis mutandis pursuant to Article 64-7, paragraph (3), and Article 64-8, paragraph (4)) to a reserve for a security deposit for Repayment Services.
- (3) If a Real Estate Transaction Guarantee Association still falls short after allocating a reserve for a security deposit for Repayment Services as provided for in paragraph (1) to the depositing of a security deposit for Repayment Services pursuant to the provisions of Article 64-8, paragraph (3), the Real Estate Transaction Guarantee Association must provide a notification to each member of the fact that a special share of a security deposit for Repayment Services should be paid to the Real Estate Transaction Guarantee Association according to the amount of the share of security deposit for Repayment Services as specified by Cabinet Order as provided for in Article 64-9, paragraph (1), pertaining to said person.
- (4) A member to which a notification as provided for in the preceding paragraph has been provided must pay a special share of the security deposit for Repayment Services of an amount as notified accordingly to said Real Estate Transaction Guarantee Association within one month of the date on which said notification was obtained.
- (5) The provisions of Article 64-10, paragraph (3), apply mutatis mutandis to the preceding paragraph.
- (6) If a Real Estate Transaction Guarantee Association, after allocating a reserve for security deposit for Repayment Services to the depositing of a security deposit for Repayment Services under Article 64-8, paragraph (3), receives a payment of a refund appropriation pertaining to said depositing of a security deposit for Repayment Services pursuant to the provisions of Article 64-10, paragraph (2), the Real Estate Transaction Guarantee Association must transfer said refund appropriation to the reserve for a security deposit to Repayment Services.
- (7) If the amount of reserve of a security deposit for Repayment Services comes to exceed the amount as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, a Real Estate Transaction Guarantee Association may, upon obtaining the approval of the Minister of Land,

Infrastructure, Transport and Tourism, reduce the reserve for a security deposit for Repayment Services by said amount in excess for allocation to expenses incurred for operations as prescribed in Article 64-3, paragraphs (1) through (3), or for contribution to undertaking that promote the sound development of the Real Estate Brokerage.

(Exemption from the requirement to deposit security deposits for operations)

Article 64-13 A member of a Real Estate Transaction Guarantee Association, on or after the date for the commencement of Repayment Services as designated by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Article 64-8, paragraph (1), is not required to deposit a security deposit for operations to be deposited by a Real Estate Broker.

(Recovery of security deposit for operations when exempted from deposit requirement)

Article 64-14 (1) If a Real Estate Broker is no longer required to deposit a security deposit for operations pursuant to the provisions of the preceding article, the Real Estate Broker may recover the security deposit for operations that it has already deposited.

(2) The provisions of Article 30, paragraph (3), are to apply mutatis mutandis to any case in which a security deposit for operations is recovered pursuant to the provisions of the preceding paragraph.

(Depositing a security deposit for operations where the status of the membership is forfeited)

Article 64-15 If a Real Estate Broker forfeits its status as a member of a Real Estate Transaction Guarantee Association on or after the date for the commencement of Repayment Services as designated by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Article 64-8, paragraph (1), the Real Estate Broker must deposit a security deposit for operations pursuant to the provisions of Article 25, paragraphs (1) through (3), within one week of the date of said forfeiture of status. The provisions of paragraph (4) of the same article apply to such a case.

(Business plan)

Article 64-16 (1) A Real Estate Transaction Guarantee Association must, prior to the commencement of each business year (or, for the business year in which falls on the date which a designation under Article 64-2, paragraph (1), was obtained, promptly upon obtaining said designation), prepare a business plan in which revenue and expenditure estimates and other matters as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism

are stated and have it approved by the Minister of Land, Infrastructure, Transport and Tourism. The same applies when a Real Estate Transaction Guarantee Association intends to revise said business plan.

- (2) A Real Estate Transaction Guarantee Association must, for each business year, prepare a business report according to a format as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism and submit it to the Minister of Land, Infrastructure, Transport and Tourism within three months after the end of each business year.

(General Guarantee Operations)

Article 64-17 (1) When engaging in General Guarantee Operations, a Real Estate Transaction Guarantee Association must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, obtain the approval of the Minister of Land, Infrastructure, Transport and Tourism in advance.

- (2) If a Real Estate Transaction Guarantee Association has discontinued General Guarantee Operations, the Real Estate Transaction Guarantee Association must provide a notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism.
- (3) The provisions of Articles 57 through 60 apply mutatis mutandis to a Real Estate Transaction Guarantee Association that engages in General Guarantee Operations. In such a case, "Cabinet Order" as referred to in Article 60 is read as "an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism."

(Earnest Money Safekeeping Business)

Article 64-17-2 (1) When engaging in an Earnest Money Safekeeping Business, a Real Estate Transaction Guarantee Association must set forth a statement of business procedures and, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, have it approved by the Minister of Land, Infrastructure, Transport and Tourism in advance.

- (2) If a Real Estate Transaction Guarantee Association obtains approval for an Earnest Money Safekeeping Business as provided for in the preceding paragraph, it is deemed to have obtained a designation as provided for in Article 41-2, paragraph (1), item (i). In such a case, the provisions of Articles 63-3 and 64 is not to apply, "Article 51, paragraph (3), item (i) as applied mutatis mutandis pursuant to paragraph (2) of the preceding article" as referred to in Article 63-4 is to be read as "Article 64-17-2, paragraph (1)", and the provisions of the same paragraph apply.
- (3) If a Real Estate Transaction Guarantee Association has discontinued an Earnest Money Safekeeping Business, the Real Estate Transaction Guarantee

Association must provide a notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism. In such a case, the approval as provided for in paragraph (1) ceases to be effective upon the provision of said notification.

(Reports and inspections)

Article 64-18 The provisions of Article 63-2 apply mutatis mutandis to a Real Estate Transaction Guarantee Association. In such a case, "Earnest Money Guarantee Business" as referred to in paragraph (1) of the same article is read as "the operations of a Real Estate Transaction Guarantee Association."

(Appointment of officers)

Article 64-19 No appointment or dismissal of an officer of a Real Estate Transaction Guarantee Association or resolution for the dissolution of a Real Estate Transaction Guarantee Association will take effect unless approved by the Minister of Land, Infrastructure, Transport and Tourism.

(Amelioration order)

Article 64-20 If the Minister of Land, Infrastructure, Transport and Tourism deems it necessary for the enforcement of the provisions of this Chapter, said minister may order a Real Estate Transaction Guarantee Association to take measures required for the amelioration of the status of property or the operations of the business thereof to the extent of the necessity thereof.

(Dismissal order)

Article 64-21 If an officer of a Real Estate Transaction Guarantee Association contravenes this Act, an order or disposition based on this Act or the incumbency thereof which causes said Real Estate Transaction Guarantee Association to no longer conform to conditions as listed in Article 64-2, paragraph (1), item (iv), the Minister of Land, Infrastructure, Transport and Tourism may order said Real Estate Transaction Guarantee Association to dismiss said officer.

(Rescission of designation)

Article 64-22 (1) If a Real Estate Transaction Guarantee Association falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may rescind the designation under Article 64-2, paragraph (1) of said Real Estate Transaction Guarantee Association:

- (i) when it can be deemed that the Real Estate Transaction Guarantee Association cannot properly and reliably implement Repayment Services;
- (ii) when the Real Estate Transaction Guarantee Association contravenes this

- Act or an order or disposition based on this Act;
- (iii) when the Real Estate Transaction Guarantee Association contravenes a disposition under Article 64-20 or the preceding article.
- (2) If a Minister of Land, Infrastructure, Transport and Tourism rescinds a designation under Article 64-2, paragraph (1), or a Real Estate Transaction Guarantee Association is subject to dissolution, the Minister of Land, Infrastructure, Transport and Tourism must issue a public notification of the fact thereof through the Official Gazette.
- (3) The provisions of Article 16-15, paragraphs (3) through (5), apply mutatis mutandis to any hearing that pertains to a disposition under paragraph (1).

(Depositing of security deposit for operations where a designation is rescinded)

Article 64-23 If a Real Estate Transaction Guarantee Association is subject to a rescission of designation under Article 64-2, paragraph (1), or dissolution, a Real Estate Transaction Guarantee Association constituting a former member of said Real Estate Transaction Guarantee Association must deposit a security deposit for operations pursuant to the provisions of Article 25, paragraphs (1) through (3) within two weeks of the date of the public notification under paragraph (2) of the preceding article. In such a case, the provisions of paragraph (4) of the same article apply.

(Repayment operations where a designation is rescinded)

Article 64-24 (1) A Real Estate Transaction Guarantee Association subject to a rescission of designation under Article 64-2, paragraph (1), or dissolution (hereinafter referred to in this article and the following Article as "Ex-Association") must, within one week of the date of public notification under Article 64-22, paragraph (2), provide a public notice to a person possessing a right as provided for in Article 64-8, paragraph (1), in connection with a claim arising from a transaction relating to the Real Estate Brokerage pertaining to a Real Estate Broker constituting a former member as of the date of the rescission of designation or dissolution of the fact that a request to receive a certification under paragraph (2) of the same article should be made within a fixed period of not less than six months.

(2) An Ex-Association is to carry out certification processes under Article 64-8, paragraph (2), for claims as prescribed in the same paragraph for which a request was made within a period as prescribed in said public notice after providing a public notice under the preceding paragraph,

(3) If an Ex-Association receives a request to obtain a certification under Article 64-8, paragraph (2), within a period as prescribed in the public notice as provided for in paragraph (1) and completes the processes pertaining to certification as prescribed in the same paragraph, said Ex-Association may

recover the security deposits for Repayment Services of an amount equivalent to the security deposits for Repayment Services that has been deposited as of that time net of the total amount certified pursuant to the provisions of the same paragraph by that time for which the right as provided for in paragraph (1) of the same article has not been exercised.

- (4) If an Ex-Association receives a request to obtain a certification under Article 64-8, paragraph (2), within a period as prescribed in the public notice as provided for in paragraph (1), said Ex-Association may recover a security deposit for Repayment Services that has been deposited. Provided, however, that this does not apply to security deposits for Repayment Services of an amount equivalent to the total amount certified pursuant to the provisions of the same paragraph for which the right as provided for in paragraph (1) of the same article has not been exercised.
- (5) An Ex-Association may recover a security deposit for Repayment Services pertaining to an amount certified pursuant to the provisions of Article 64-8, paragraph (2), or the provisions of paragraph (2) for which the right as provided for in Article 64-8, paragraph (1), has not been exercised at any time between the date of the public notification under Article 64-22, paragraph (2), and the date on which ten years is to have passed thereafter.
- (6) The provisions of Article 30, paragraph (3), apply mutatis mutandis to the public notice under paragraph (1) and the recovery of a security deposit for Repayment Services under the preceding three paragraphs.

(Issuance of security deposit for Repayment Services where a designation is rescinded)

Article 64-25 An Ex-Association is to, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, issue any security deposits for Repayment Services recovered pursuant to the provisions of paragraphs (3) through (5) of the preceding article and refund appropriation and reserve for security deposits for Repayment Services paid pursuant to the provisions of Article 64-10, paragraph (2), on or after the date on which it is subject to a rescission of designation under Article 64-2, paragraph (1), or dissolution (hereinafter referred to in this article as the "Date of Designation Rescission") (including a special share of security deposits for Repayment Services paid pursuant to the provisions of Article 64-12, paragraph (4), on or after the Date of Designation Rescission) to persons formerly constituting members as of the Date of Designation Rescission according to the share of the security deposit for Repayment Services as specified by Cabinet Order as provided for in Article 64-9, paragraph (1) pertaining to said persons.

Chapter VI Supervision

(Instructions and the suspension of operations)

Article 65 (1) If a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor has granted a license (including approval as provided for in Article 50-2, paragraph (1); the same applies in the following paragraph and Article 70, paragraph (2)) falls under any of the following items or contravenes a provision of this Act; Article 11, paragraph (1) or (6); Article 12, paragraph (1); Article 13; or Article 15 of the Act on the Assurance of Performance of Specified Housing Defect Warranty (Act No. 66 of 2007; referred to hereinafter in this article as the "Performance Assurance Act"); or Article 7, paragraph (1) or (2) or Article 8, paragraph (1) or (2) of the Performance Assurance Act as applied mutatis mutandis by the reading of terms under Article 16 of the Performance Assurance Act, the Minister of Land, Infrastructure, Transport and Tourism or said prefectural governor may issue necessary instructions to said Real Estate Broker:

- (i) when damages are caused, or there is a significant risk that damages will be caused to a person concerned with transactions in connection with operations;
- (ii) when an act impeding the fairness of transactions is committed, or there is a significant risk that the fairness of transactions will be impeded in connection with operations;
- (iii) when the Real Estate Broker is deemed inappropriate as a Real Estate Broker for having contravened another law or other regulations in connection with operations (excluding the Performance Assurance Act or an order based thereon);
- (iv) when there is a reason that is attributable to the Real Estate Broker that can account for the fact that a transaction specialist is subject to disposition under Article 68 or 68-2, paragraph (1).

(2) If a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor has granted a license that falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism or said prefectural governor may order said Real Estate Broker to suspend its operations in whole or in part for a prescribed period not longer than one year:

- (i) when the Real Estate Broker falls under item (i) or (ii) of the preceding paragraph (limited to that which pertains to Entrustment-Based Agency Services for Transactions, etc. as carried out by an Approved Real Estate Broker);
- (i)-2 when the Real Estate Broker falls under item (iii) or (iv) of the preceding paragraph;
- (ii) when the Real Estate Broker contravenes the provisions of Article 13;

- Article 15, paragraph (3); Article 25, paragraph (5) (including cases where applied mutatis mutandis pursuant to Article 26 paragraph (2)); Article 28, paragraph (1); Article 32; Article 33-2; Article 34; Article 34-2, paragraph (1) or (2) (including cases where applied mutatis mutandis pursuant to Article 34-3); any of Article 35, paragraphs (1) through (3); Article 36; Article 37, paragraph (1) or (2); Article 41, paragraph (1); Article 41-2, paragraph (1); any of Articles 43 through 45; Article 46, paragraph (2); Article 47; Article 47-2; Article 48, paragraph (1) or (3); Article 64-9, paragraph (2); Article 64-10, paragraph (2); Article 64-12, paragraph (4); the first sentence of Article 64-15 or the first sentence of Article 64-23; Article 11, paragraph (1) or Article 13 of the Performance Assurance Act; or Article 7, paragraph (1) of the Performance Assurance Act as applied mutatis mutandis by the reading of terms under Article 16 of the Performance Assurance Act;
- (iii) when the Real Estate Broker fails to follow instructions under the preceding paragraph or the following paragraph;
 - (iv) when the Real Estate Broker contravenes a disposition of the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor based on the provisions of this Act;
 - (v) in addition to cases as prescribed in the preceding three items, when the Real Estate Broker commits a wrongful or significantly unjustifiable act in connection with the Real Estate Brokerage;
 - (vi) when, in a case in which the Real Estate Broker is a minor lacking the same capacity to act as an adult person in connection with a business, the legal agent thereof (including an officer of a legal agent where said legal agent constitutes a corporation) has committed a wrongful or significantly unjustifiable act in connection with the Real Estate Brokerage within five years prior to the intended time at which operations are to be suspended;
 - (vii) when, in a case in which the Real Estate Broker is a corporation, an officer thereof or an employee thereof as specified by Cabinet Order constituting a person who has committed a wrongful or significantly unjustifiable act in connection with the Real Estate Brokerage within five years prior to the intended time at which operations are to be suspended has come to belong thereto;
 - (viii) when, in a case in which the Real Estate Broker is an individual, an employee thereof as specified by Cabinet Order constituting a person who has committed a wrongful or significantly unjustifiable act in connection with the Real Estate Brokerage within five years prior to the intended time at which operations are to be suspended has come to belong thereto.
- (3) A prefectural governor may, if a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or another prefectural governor has granted a license and who engages in operations within a zone of said

prefecture, in connection with operations within a zone of said prefecture, falls under any of the items of paragraph (1) or contravenes a provision of this Act; Article 11, paragraph (1) or (6); Article 12, paragraph (1); Article 13; or Article 15 of the Performance Assurance Act; or Article 7, paragraph (1) or (2) or Article 8, paragraph (1) or (2) of the Performance Assurance Act as applied mutatis mutandis by the reading of terms under Article 16 of the Performance Assurance Act; and then issue necessary instructions to said Real Estate Broker.

- (4) A prefectural governor may, if a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or another prefectural governor has granted a license and who engages in operations within a zone of said prefecture, in connection with operations within a zone of said prefecture, falls under any of the following items, order said Real Estate Broker to suspend its operations in whole or in part for a prescribed period not longer than one year:
- (i) when the Real Estate Broker falls under paragraph (1), item (iii) or (iv);
 - (ii) when the Real Estate Broker contravenes a provision of Article 13; Article 15, paragraph (3) (excluding parts pertaining to a business office); Article 32; Article 33-2; Article 34; Article 34-2, paragraph (1) or (2) (including cases where applied mutatis mutandis pursuant to Article 34-3); any of Article 35, paragraphs (1) through (3); Article 36; Article 37, paragraph (1) or (2); Article 41, paragraph (1); Article 41-2, paragraph (1); any of Articles 43 through 45; Article 46, paragraph (2); Article 47; Article 47-2; or Article 48, paragraph (1) or (3);
 - (iii) when the Real Estate Broker fails to follow instructions under paragraph (1) or the preceding paragraph;
 - (iv) when the Real Estate Broker contravenes a disposition of the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor based on the provisions of this Act;
 - (v) in addition to cases as prescribed in the preceding three items, when the Real Estate Broker commits a wrongful or significantly unjustifiable act.

(Rescission of license)

Article 66 (1) If a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor has granted a license that falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism or said prefectural governor must rescind said license:

- (i) when the Real Estate Broker comes to fall under Article 5, paragraph (1), item (i), (iii), or (iii)-2;
- (ii) when, in a case in which the Real Estate Broker is a minor lacking the same capacity to act as an adult person in connection with business, the legal

- agent thereof (including an officer of a legal agent where said legal agent constitutes a corporation) comes to fall under any of Article 5, paragraph (1), items (i) through (iii)-2;
- (iii) when, in a case in which the Real Estate Broker is a corporation, an officer thereof or an employee thereof as specified by Cabinet Order constituting a person who falls under any of Article 5, paragraphs (1), items (i) through (iii)-2, has come to belong thereto;
 - (iv) when, in a case in which the Real Estate Broker is an individual, an employee thereof as specified by Cabinet Order constituting a person who falls under any of Article 5, paragraph (1), items (i) through (iii)-2, has come to belong thereto;
 - (v) when, in a case falling under any of the items of Article 7, paragraph (1), it is determined that the Real Estate Broker has not obtained a license as provided for in Article 3, paragraph (1);
 - (vi) when the Real Estate Broker has not commenced a business within one year of obtaining a license, or when business has been suspended continuously for one year or longer;
 - (vii) when no notification under Article 11, paragraph (1), has been provided and it is determined that the Real Estate Broker falls under any of items (iii) through (v) of the same paragraph;
 - (viii) when the Real Estate Broker obtains a license as provided for in Article 3, paragraph (1), by unlawful means;
 - (ix) when the Real Estate Broker falls under any of the items of paragraph (2) of the preceding article under particularly serious circumstances or when the Real Estate Broker contravenes a disposition consisting of the suspension of operations under paragraph (2) or (4) of the same article.
- (2) If a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor has granted a license which breaches a condition imposed pursuant to the provisions of Article 3-2, paragraph (1), the Minister of Land, Infrastructure, Transport and Tourism or said prefectural governor may rescind the license of said Real Estate Broker.

Article 67 (1) If the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor is unable to ascertain the location of a business office of a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or said prefectural governor has granted a license or the location of a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism or said prefectural governor has granted a license (if the Real Estate Broker is a corporation, the location of an officer thereof); the Minister of Land, Infrastructure, Transport and Tourism or said prefectural governor may, if no communications is received from said Real Estate Broker

even after the passage of thirty days from the date of the public notice of said fact through the Official Gazette or a bulletin of said prefecture, rescind the license of said Real Estate Broker.

- (2) The provisions of Chapter III of the Administrative Procedures Act do not apply to a disposition under the preceding paragraph.

(Rescission of approval)

Article 67-2 (1) If an Approved Real Estate Broker falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may rescind the approval thereof:

- (i) when the Approved Real Estate Broker fails to conclude an agreement falling under any of the items of Article 50-2, paragraph (1), within one year after obtaining said approval or fails to conclude an agreement falling under any of the items of the same paragraph over a continuous period of one year or longer;
- (ii) when the Approved Real Estate Broker obtains an approval as provided for in Article 50-2, paragraph (1), by unlawful means;
- (iii) when the Approved Real Estate Broker falls under any of the items of Article 65, paragraph (2), under particularly serious circumstances or when the Approved Real Estate Broker contravenes a disposition consisting of the suspension of operations under the same paragraph.

(2) If an Approved Real Estate Broker breaches a condition imposed pursuant to the provisions of Article 50-2-2, paragraph (1), the Minister of Land, Infrastructure, Transport and Tourism may rescind the approval pertaining to said Approved Real Estate Broker.

(3) If a license is not renewed upon the expiration of the period of validity as provided for in Article 3, paragraph (2), a license ceases to be effective pursuant to the provisions of Article 11, paragraph (2), or an Approved Real Estate Broker falls under paragraph (1), item (ii) of the same article or is subject to a license rescission pursuant to the provisions of Article 25, paragraph (7); Article 66; or Article 67, paragraph (1); the approval pertaining to said Approved Real Estate Broker ceases to be effective.

(Prohibition of processes to be carried out as a transaction specialist)

Article 68 (1) If a transaction specialist who has obtained the registration of a prefectural governor falls under any of the following items, said prefectural governor may issue necessary instructions to said transaction specialist:

- (i) when the transaction specialist permits a Real Estate Broker to indicate the fact that the transaction specialist is an exclusive transaction specialist at a business office other than the business office at which the transaction specialist is engaged in duties, as an exclusive transaction specialist and said

Real Estate Broker indicates the fact thereof;

- (ii) when the transaction specialist permits another person to use their name and said other person indicates this by using same name;
 - (iii) when the transaction specialist commits a wrongful or significantly unjustifiable act in connection with processes that said transaction specialist is to carry out as a transaction specialist.
- (2) A prefectural governor may, if a transaction specialist who has obtained the registration of said prefectural governor falls under any of the items of the preceding paragraph or fails to follow instructions under the same paragraph or the following paragraph, prohibit said transaction specialist from engaging in processes that said transaction specialist is to carry out as a transaction specialist for a prescribed period not longer than one year.
- (3) A prefectural governor may, if a transaction specialist who has obtained the registration of another prefectural governor falls under any of the items of paragraph (1) within a zone of said prefecture, issue the necessary instructions to said transaction specialist.
- (4) A prefectural governor may, if a transaction specialist who has obtained the registration of another prefectural governor falls under any of the items of paragraph (1) or fails to follow instructions under the same paragraph or the preceding paragraph within a zone of said prefecture, prohibit said transaction specialist from engaging in processes that said transaction specialist are to carry out as a transaction specialist for a prescribed period not longer than one year.

(Cancellation of registration)

- Article 68-2 (1) A prefectural governor must, if a transaction specialist who has obtained the registration of said prefectural governor falls under any of the following items, cancel said registration:
- (i) when the transaction specialist comes to fall under any of Article 18, paragraph (1), items (i) through (v)-2;
 - (ii) when the transaction specialist obtains a registration as provided for in Article 18, paragraph (1), by unlawful means;
 - (iii) when the transaction specialist is issued a Transaction Specialist Identification Card by unlawful means;
 - (iv) when the transaction specialist falls under any of the items of paragraph (1) of the preceding article under particularly serious circumstances or when the transaction specialist contravenes a disposition consisting of the prohibition of duties under paragraph (2) or (4) of the same article.
- (2) If a person who has obtained a registration as provided for in Article 18, paragraph (1), and who has not been issued a Transaction Specialist Identification Card falls under any of the following items, the prefectural

governor who carried out said registration must delete said registration:

- (i) when the person comes to fall under any of items (i) through (v)-2 in Article 18, paragraph (1);
- (ii) when the person obtains a registration as provided for in Article 18, paragraph (1), by unlawful means;
- (iii) when the person engages, under particularly serious circumstances, in processes that said person is to carry out as a transaction specialist.

(Special provisions on hearings)

Article 69 (1) If the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor intends to carry out a disposition under Article 65 or 68, said minister or prefectural governor must hold a hearing irrespective of the classification of procedures for stating opinions under Article 13, paragraph (1) of the Administrative Procedures Act.

(2) The provisions of Article 16-15, paragraphs (3) through (5), apply mutatis mutandis to any hearing that pertains to a disposition under Article 65; Article 66; Article 67-2, paragraph (1) or (2); Article 68; or the preceding article.

(Public notice of supervisory disposition)

Article 70 (1) If the Minister of Land, Infrastructure, Transport and Tourism carries out a disposition under Article 65, paragraph (2) or (4), Article 66, or Article 67-2, paragraph (1) or (2), said minister must, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, provide a public notice of the fact thereof.

(2) If the Minister of Land, Infrastructure, Transport and Tourism carries out a disposition under Article 65, paragraph (2) (limited to a disposition pertaining to approval as provided for in Article 50-2, paragraph (1)) or a disposition under Article 67-2, paragraph (1) or (2), and said Approved Real Estate Broker has obtained a license from a prefectural governor, the Minister of Land, Infrastructure, Transport and Tourism must, without delay, provide a notification of the fact thereof to said prefectural governor.

(3) If a prefectural governor carries out a disposition under Article 65, paragraph (3) or (4), said governor must, if said Real Estate Broker has obtained a license from the Minister of Land, Infrastructure, Transport and Tourism, report the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism without delay or, if said Real Estate Broker has obtained a license from another prefectural governor, provide a notification of the fact thereof to said other prefectural governor without delay.

(4) If a prefectural governor carries out a disposition under Article 68, paragraph (3) or (4), said governor must, without delay, provide a notification of the fact thereof to the prefectural governor who carried out the registration of said

transaction specialist.

(Guidance)

Article 71 Guidance, advice, and recommendations required to secure the proper operations of the Real Estate Brokerage and promote the sound development of the Real Estate Brokerage may be provided by the Minister of Land, Infrastructure, Transport and Tourism to all Real Estate Brokers and by a prefectural governor to any Real Estate Broker engaged in the Real Estate Brokerage within a zone of said prefecture.

(Consultations with the Prime Minister)

Article 71-2 (1) If, in a case in which a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism has granted a license contravenes the provisions of Article 31, paragraph (1); any of Articles 32 through 34; Article 34-2, paragraph (1) (including cases where applied mutatis mutandis pursuant to Article 34-3; the same applies in the following paragraph); Article 35 (excluding paragraph (3); for paragraphs (4) and (5) of the same article, limited to parts pertaining to paragraphs (1) and (2) of the same article; the same applies in the following paragraph); any of Articles 35-2 through 45; Article 47; or Article 47-2 (limited to where said Real Estate Broker concludes an agreement with a Real Estate Brokerage Operation Counterparty as prescribed in Article 35, paragraph (1), item (xiv)(a)), the Minister of Land, Infrastructure, Transport and Tourism intends to carry out a disposition under Article 65, paragraph (1) (excluding items (ii) through (iv)) or (2) (excluding items (i) and (i)-2) or Article 66, paragraph (1) (excluding items (i) through (viii)), said minister must consult with the Prime Minister in advance.

(2) If the Prime Minister deems it necessary for efforts to protect the interests of a Real Estate Brokerage Operation Counterparty as prescribed in Article 35 paragraph (1) item (xiv)(a) of a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism has granted a license, said minister may state necessary opinions in connection with a disposition as prescribed in the preceding paragraph to the Minister of Land, Infrastructure, Transport and Tourism (limited to a case in which said Real Estate Broker contravenes a provision of Article 31 paragraph (1); any of Articles 32 through 34; Article 34-2 paragraph (1); any of Articles 35 through 45; Article 47; or Article 47-2 (limited to a case in which said Real Estate Broker concludes an agreement with a Real Estate Brokerage Operation Counterparty as prescribed in (a) of the same item)).

(Reports and inspections)

Article 72 (1) If the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor deems it necessary to secure the proper operations of the Real Estate Brokerage, the Minister of Land, Infrastructure, Transport and Tourism may issue a request to any person engaged in the Real Estate Brokerage to have a required report on the operations thereof submitted or have said minister's officials enter the business office thereof or other location where the operations thereof are carried out and inspect the books, documents, and other materials and objects relating to operations or said prefectural governor may issue a request to any person engaged in the Real Estate Brokerage within a zone of said prefecture to have a required report on the operations thereof submitted or have said minister's officials enter the business office thereof or other location where the operations thereof are carried out and inspect the books, documents, and other materials and objects relating to operations.

(2) If the Prime Minister deems it to be particularly necessary to state an opinion under paragraph (2) of the preceding article, said Prime Minister may issue a request to a Real Estate Broker as prescribed in the same paragraph to have a required report on the operations thereof submitted or have said Prime Ministers officials enter the business office thereof or other location where the operations thereof are carried out and to inspect the books, documents, and other materials and objects relating to operations.

(3) If the Minister of Land, Infrastructure, Transport and Tourism or a prefectural governor deems it necessary to secure the proper execution of the processes of a transaction specialist, the Minister of Land, Infrastructure, Transport and Tourism may issue a request to any transaction specialist to have a required report on the processes thereof submitted or, said prefectural governor may issue a request to any transaction specialist who has obtained the registration of said prefectural governor or transaction specialist engaged in the processes thereof within a zone of said prefecture to have a required report on the processes thereof submitted.

(4) An official conducting an on-site inspection pursuant to the provisions of paragraph (1) or (2) must carry personal identification and present said identification if requested to do so by a concerned person.

(5) The authority to conduct an on-site inspection under paragraph (1) or (2) must not be interpreted as having been accorded for the purpose of a criminal investigation.

(6) If the Prime Minister intends to issue a request or conduct an on-site inspection under paragraph (2), said Prime Minister must consult with the Minister of Land, Infrastructure, Transport and Tourism in advance.

Chapter VII Miscellaneous Provisions

(Real Estate Brokerage advisory panel)

Article 73 In order to have important matters concerning the Real Estate Brokerage studied and deliberated on in response to requests for advice made by prefectural governors, a prefecture, pursuant to the provisions of Article 138-4, paragraph (3) of the Local Autonomy Act, may set up a Real Estate Brokerage advisory panel.

(real estate brokerage association and federation of real estate brokerage associations)

Article 74 (1) In order to secure the proper operations of the Real Estate Brokerage and promote the sound development of the Real Estate Brokerage, a general incorporated association using "real estate brokerage association" in its name (excluding that which is as prescribed in the following paragraph) must aim to engage in processes relating to the provision of guidance to and communications with members and have set forth articles of association to the effect that business are to be carried out within zones of a given prefecture and to the effect that its members are to consist of Real Estate Brokers.

(2) In order to secure the proper operations of the Real Estate Brokerage and promote the sound development of the Real Estate Brokerage, a general incorporated association using "federation of real estate brokerage associations" in its name must aim to engage in processes relating to the provision of guidance to and communications with members and have set forth articles of association to the effect that business is to be carried out nationwide and to the effect that its members are to consist of general incorporated associations (hereinafter referred to as "Real Estate Brokerage Associations").

(3) The provisions of the articles of association as prescribed in the preceding two paragraphs may not be revised.

(4) Upon its formation, a Real Estate Brokerage Association or a general incorporated association as prescribed in paragraph (2) (hereinafter referred to as "Federation of Real Estate Brokerage Associations") must, within two weeks of the date of its formation, provide a notification of the fact thereof to which a certificate of registered matters and copy of its articles of association are attached to a prefectural governor if it constitutes a Real Estate Brokerage Association or the Minister of Land, Infrastructure, Transport and Tourism if it constitutes a Federation of Real Estate Brokerage Associations.

(5) In order to secure the proper operations of the Real Estate Brokerage or promote the sound development of the Real Estate Brokerage, the Minister of Land, Infrastructure, Transport and Tourism may issue a request to have a report on necessary matters submitted or provide necessary guidance, advice, or recommendations to a Federation of Real Estate Brokerage Associations and

a prefectural governor may issue a request to have a report concerning necessary matters submitted or provide necessary guidance, advice, or recommendations to a Real Estate Brokerage Association.

(Restrictions on use of name)

Article 75 A person who does belong to neither a Real Estate Brokerage Association nor a Federation of Real Estate Brokerage Associations is to use a "Real Estate Brokerage Association" or "Federation of Real Estate Brokerage Associations" in the name thereof.

(Obligation to protect the confidential information of the employees of a Real Estate Broker)

Article 75-2 An employee or other worker belonging to a Real Estate Broker is not to divulge any confidential information learned in the course of assisting in the Real Estate Brokerage to another party unless there are justifiable grounds for doing so. The same applies even after a person is no longer an employee or other worker belonging to a Real Estate Broker.

(Provision of materials to the Prime Minister)

Article 75-3 If the Prime Minister deems it necessary for efforts to protect the interests of a Real Estate Brokerage Operation Counterparty as prescribed in Article 35, paragraph (1), item (xiv)(a) of a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism has granted a license, said Prime Minister may issue a request to the Minister of Land, Infrastructure, Transport and Tourism for the provision of materials, a briefing, and any other required form of cooperation.

(Completion of transactions in line with a license rescission)

Article 76 If the period of validity as provided for in Article 3, paragraph (2), expires; a license ceases to be effective pursuant to the provisions of Article 11, paragraph (2); or a Real Estate Broker falls under Article 11, paragraph (1), item (i) or (ii), or is subject to a license rescission pursuant to the provisions of Article 25, paragraph (7); Article 66; or Article 67, paragraph (1); a person formerly constituting said Real Estate Broker or a general successor thereto is still to be regarded as a Real Estate Broker to the extent required to complete transactions based on an agreement concluded by said Real Estate Broker.

(Special provisions concerning trust companies)

Article 77 (1) The provisions of Articles 3 through 7; Article 12; Article 25, paragraph (7); Article 66; and Article 67, paragraph (1); is not to apply to a trust company that has obtained a license as provided for in Article 3 or Article

53, paragraph (1) of the Trust Business Act (Act No. 154 of 2004) (excluding that which is as specified by Cabinet Order; the same is not to apply in the following paragraph and paragraph (3)).

- (2) A trust company engaging in the Real Estate Brokerage, with the exception of provisions as listed in the preceding paragraph, is deemed a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism has granted a license and is subject to the provisions of this Act, accordingly.
- (3) If a trust company intends to engage in the Real Estate Brokerage, pursuant to the provisions of an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, it must submit a notification of the fact thereof to the Minister of Land, Infrastructure, Transport and Tourism.
- (4) Required matters in connection with the application of the provisions of this Act to financial institutions concurrently engaged in trust operations and trust companies as specified by Cabinet Order as provided for in paragraph (1) is to be as specified by Cabinet Order.

Article 77-2 (1) The provisions of Articles 3 through 7; Article 12; Article 25, paragraph (7); Article 66; and Article 67, paragraph (1); is not to apply to a registered investment corporation through which an Approved Real Estate Broker is to invest the assets thereof (registered investment corporation as prescribed in Article 2, paragraph (13), of the Act on Investment Trusts and Investment Corporations).

- (2) A registered investment corporation as provided for in the preceding paragraph is deemed a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism has granted a license and accordingly subject to the provisions of this Act with the exception of the provisions as listed in the preceding paragraph and the provisions of Article 15, Article 35, Article 35-2, Article 37, and Articles 48 through 50.

(Exemption from application)

Article 78 (1) The provisions of this Act are not to apply to the national government or a local government.

- (2) The provisions of Article 33-2 and Articles 37-2 through 43 are not to apply to any transaction carried out by and between Real Estate Brokers.

(Delegation of authority)

Article 78-2 (1) A part of the authority of the Minister of Land, Infrastructure, Transport and Tourism as prescribed in this Act may, as specified by an Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism, be delegated to the Regional Development Bureau Director General or the Hokkaido Development Bureau Director General.

(2) The authority of the Prime Minister as prescribed in this Act (excluding that which is as specified by Cabinet Order) is delegated to the Director-General of the Consumer Affairs Agency.

(Routing of application forms and other documents)

Article 78-3 (1) All application forms and other documents submitted to the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Article 4, paragraph (1); Article 9; and Article 11, paragraph (1); must be routed through the prefectural governor with jurisdiction over the location of the principal business office of the submitting party (or, in a case in which the provisions of the same paragraph apply, the principal business office of the person who has come to fall under any of the items of the same paragraph).

(2) Notification forms that should be submitted to the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Article 50, paragraph (2), must be routed through the prefectural governor with jurisdiction over the location of the site where operations pertaining to said notification are carried out.

(Classification of processes)

Article 78-4 The Processes to be processed by a prefecture pursuant to the provisions of Article 8, Article 10, Article 14, or the preceding article (for affairs to be processed pursuant to the provisions of Article 8, Article 10, and Article 14, limited to those relating to the maintenance of, registration of matters to, inspection of, correction of, and deletion of items from a roster of Real Estate Brokers pertaining to a Real Estate Broker to whom the Minister of Land, Infrastructure, Transport and Tourism has granted a license) is to constitute item (i) statutory entrusted processes as prescribed in Article 2, paragraph (9), item (i) of the Local Autonomy Act.

Chapter VIII Penal Provisions

Article 79 A person falling under any of the following items is liable to imprisonment with required labor of three years or less or a fine of three million yen or less or both:

- (i) a person who obtains a license as provided for in Article 3, paragraph (1), by unlawful means;
- (ii) a person who contravenes a provision of Article 12, paragraph (1);
- (iii) a person who has another person engages in the Real Estate Brokerage in contravention of the provisions of Article 13, paragraph (1);
- (iv) a person who engages in operations in contravention of an order for the

suspension of operations made under Article 65, paragraph (2) or (4).

Article 79-2 A person who engages in conduct as listed in item (i) of Article 47 in contravention of the provisions of the same article is liable to imprisonment with required labor of two years or less or a fine of three million yen or less, or both.

Article 80 A person who engages in conduct as listed in item (ii) of Article 47 in contravention of the provisions of the same article is liable to imprisonment with required labor of one year or less or a fine of one million yen or less, or both.

Article 80-2 A person who contravenes the provisions of Article 16-8 paragraph (1) is liable to imprisonment with required labor of one year or less or a fine of one million yen or less.

Article 80-3 If an order for the suspension of Examination Processes or Training Course Operations made under Article 16-15, paragraph (2), or Article 17-14 is contravened, an officer or employee of the Designated Examination Body that engaged in said contravening conduct or the Registered Training Agency that engaged in said contravening conduct (or, if said Registered Training Agency is a corporation, an officer thereof) or an employee thereof (referred to in Article 83-2 as "Officer, etc., of a Designated Examination Body, etc.") is liable to imprisonment with required labor of one year or less, or a fine of one million yen or less.

Article 81 A person falling under either of the following items is liable to imprisonment with required labor of six months or less or a fine of one million yen or less or both:

- (i) a person who contravenes the provisions of Article 25, paragraph (5) (including cases where applied mutatis mutandis pursuant to Article 26, paragraph (2)), Article 32, or Article 44;
- (ii) a person who engages in conduct as listed in item (iii) of Article 47 in contravention of the provisions of the same article.

Article 82 A person falling under any of the following items is liable to a fine of one million yen or less:

- (i) a person who submits a license application form as provided for in Article 4, paragraph (1), or a document as provided for in paragraph (2) of the same article after making a false statement therein;
- (ii) a person who contravenes a provision of Article 12, paragraph (2); Article

- 13, paragraph (2); Article 15, paragraph (3); or Article 46 paragraph (2);
- (iii) a person who obtains a designation as provided for in Article 41, paragraph (1), item (i), or Article 41-2, paragraph (1), item (i), by unlawful means;
- (iv) a person who engages in business other than an Earnest Money Guarantee Business in contravention of the provisions of Article 56, paragraph (1);
- (v) a person who concludes an Indemnity Agreement in contravention of the provisions of Article 60 (including cases where applied mutatis mutandis pursuant to Article 64-17, paragraph (3));
- (vi) a person who contravenes an order under Article 61 (including cases where applied mutatis mutandis pursuant to Article 63-3, paragraph (2)) or Article 64-20;
- (vii) a person who engages in business other than an Earnest Money Safekeeping Business in contravention of the provisions of Article 56, paragraph (1), as applied mutatis mutandis pursuant to Article 63-3, paragraph (2);
- (viii) a person who engages in an Earnest Money Safekeeping Business without complying with a statement of business procedures as provided for in Article 51, paragraph (3), item (i), as applied mutatis mutandis pursuant to Article 63-3, paragraph (2).

Article 83 (1) A person falling under any of the following items is liable to a fine of five hundred thousand yen or less:

- (i) a person who fails to provide a notification under Article 9; Article 50, paragraph (2); Article 53 (including cases where applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63, paragraph (2) (including cases where applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); or Article 77, paragraph (3), or provides a false notification;
- (ii) a person who contravenes a provision of Article 37; Article 46, paragraph (4); Article 48, paragraph (1); or Article 50, paragraph (1);
- (iii) a person who contravenes a provision of Article 45 or Article 75-2;
- (iii)-2 a person who fails to prepare a roster of employees in contravention of the provisions of Article 48, paragraph (3), fails to state therein matters as prescribed in the same paragraph, or makes a false statement therein;
- (iv) a person who fails to maintain a book under Article 49, fails to state therein matters as prescribed in the same article, or makes a false statement therein;
- (v) a person who fails to submit a report under Article 50-12, paragraph (1); Article 63, paragraph (1) or (3) (including cases where these provisions are applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-2, paragraph (1) (including cases where applied mutatis mutandis pursuant to Article 63-3, paragraph (2), and Article 64-18); or any of Article

- 72, paragraphs (1) through (3); fails to submit a business plan, business report, or materials; submits a false report; or submits a business plan or business report in which false statements have been made or false materials;
 - (vi) a person who refuses, impedes, or evades an inspection under Article 50-12, paragraph (1); Article 63-2, paragraph (1) (including cases where applied mutatis mutandis pursuant to Article 63-3, paragraph (2), and Article 64-18), or Article 72, paragraph (1) or (2);
 - (vii) a person who fails to prepare a trust money safekeeping book in contravention of the provisions of Article 63-5, fails to state therein matters as prescribed in the same paragraph, makes a false statement therein, or fails to retain a trust money safekeeping book.
- (2) No prosecution can be brought forth for an offense as provided for in item (iii) of the preceding paragraph unless a complaint has been filed.

Article 83-2 An Officer, etc., of a Designated Examination Body, etc., who has engaged in contravening conduct to fall under any of the following items, is liable to a fine of five hundred thousand yen, or less:

- (i) when the Officer, etc., of a Designated Examination Body, etc., in contravention of the provisions of Article 16-11 or Article 17-15, fails to prepare a book, fails to state matters therein, makes a false statement therein, or fails to retain said book;
- (ii) when the Officer, etc., of a Designated Examination Body, etc., having been requested to submit a report under Article 16-13, paragraph (1) or (2) or Article 17-16, fails to submit a report, submits a false report, or refuses, impedes, or evades an inspection under said provisions;
- (iii) when the Officer, etc., of a Designated Examination Body, etc., discontinues Examination Processes in whole without obtaining permission under Article 16-14, paragraph (1), or discontinues Training Course Operations in whole without providing a notification under Article 17-10.

Article 84 In addition to the imposition of punishment on the offender, if a representative of a corporation or an agent, employee, or other worker of a corporation or individual engages in contravening conduct as provided for in provisions as listed in the following items in connection with the operations of said corporation or individual, said corporation is liable to a fine as prescribed in the relevant item and said individual is liable to a fine as provided for in the relevant article:

- (i) Article 79 or Article 79-2: fine of one hundred million yen or less;
- (ii) Article 80 or Articles 81 through 83 (excluding paragraph (1), item (iii) of the same article): fine as provided for in the relevant article.

Article 85 A person contravening an order under Article 50-11 is liable to a non-penal fine of three hundred thousand yen or less.

Article 85-2 A person who fails to prepare Financial Statements in contravention of the provisions of Article 17-11, paragraph (1), fails to state matters that should be stated in Financial Statements, makes false statements therein, or refuses a request under any of the items of paragraph (2) of the same article without a valid reason is liable to a non-penal fine of two hundred thousand yen or less.

Article 86 A person contravening the provisions of Article 22-2, paragraph (6) or (7); Article 35, paragraph (4); or Article 75 is liable to a non-penal fine of one hundred thousand yen or less.

| Course | Instructor |
|---|--|
| (i) Course relating to this Act and other relevant laws and regulations (ii) Course relating to the prevention of disputes pertaining to transactions involving Building Lot or building | (i) Attorney; (ii) Transaction Specialist with experience being engaged in the Real Estate Brokerage as a Transaction Specialist; (iii) Person with knowledge and experience at a level that is at least equal to that of a person as listed in the preceding item. |
| (iii) Course relating to land characteristics, acreage, category, and type and building characteristics, structure, and type (iv) Course relating to demand and supply for Building Lot or building (v) Course relating to investigations of Building Lot or building | (i) Real estate appraiser; (ii) Transaction Specialist with experience being engaged in the Real Estate Brokerage as a Transaction Specialist; (iii) Person with knowledge and experience at a level that is at least equal to that of a person as listed in the preceding item. |
| (vi) Course relating to taxation pertaining to transactions involving Building Lot or building | (i) Licensed tax accountant; (ii) Transaction Specialist with experience being engaged in the Real Estate Brokerage as a Transaction Specialist; |

(iii) Person with knowledge and experience at a level that is at least equal to that of a person as listed in the preceding item.