



Circular

Circular No. 01-12 (CR)

Beware of proper authorization when dealing with jointly owned properties

In the sale or lease of a jointly owned property, whether that property is held in the form of Joint Tenancy or Tenancy in Common, all the owners of the property must sign the agreement for sale and purchase or the tenancy agreement, in person or through properly appointed representatives.

A practitioner handling the transaction of a jointly owned property often finds that he is negotiating with only one of the owners, especially in cases where the property is jointly held by a married couple. However, when a contract is being entered into, all owners must sign. If one of the owners is unable to do so, then this owner has to arrange for a Power of Attorney to be prepared beforehand. The attorney should produce the Power of Attorney at the time of signing.

The Authority has received complaints in which a practitioner, in order to secure a deal and knowing that no proper authorization is available, urges a joint owner to sign on behalf of an absent owner. The practitioner also demands from this owner a signed declaration to the effect that he has or will have proper authorization from the absent owner and will be responsible for all legal consequences. By doing so, the practitioner has disregarded the proper procedure in property transactions, may cause his client to suffer damage, and is certainly in contravention of the Code of Ethics. Practitioners should abstain from such practice.

July 2001

This Circular should be made available for the
information of all staff engaged in estate agency work