

Circular

Circular No. 05-04 (CR)

Provision of Information on First-hand residential properties

The Real Estate Developers Association of Hong Kong has recently issued to its members a new set of supplementary guidelines (“REDA Guidelines”) for enhancing the transparency of the private sale mechanism of first-hand residential properties. Practitioners may wish to note that according to the REDA Guidelines, price lists and lists of units on offer will be made available to prospective purchasers before the private sale at the sales office and also through agents engaged by the developers. Sales brochures and a copy each of the draft Deed of Mutual Covenant (DMC) and the Government lease will also be provided at the sales offices for free inspection by prospective purchasers.

In view of the REDA Guidelines and in order to protect the interests of prospective purchasers participating in private sales of first-hand properties, the attention of practitioners is drawn to the following matters.

1. Prices

- Section 9(3) of the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation (“Practice Regulation”) provides that a licensed estate agent shall not cause or permit to be advertised a residential property in respect of which he is acting as such agent at a price or rental or on terms different from that instructed by the client concerned.
- Where practitioners have been given the price list and the list of units on offer by the developer, they should provide the same to prospective purchasers or remind them to obtain the same at the sales office before entering into any agreement for sale and purchase (which includes Memorandum, Provisional Agreement, Offer to Sell, etc.).

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- Practitioners are reminded that they will contravene section 9(3) of the Practice Regulation if they advertise a price which has not been instructed by the vendor.
2. Sales brochure and draft DMC, etc.
- As sales brochures, draft DMC and the Government lease will be made available to prospective purchasers by the developer pursuant to the REDA Guidelines, practitioners should advise prospective purchasers to consult the relevant documents before entering into any agreement for sale and purchase.
 - If practitioners take the initiative or accede to the prospective purchasers' request to explain or introduce to them property information, they must exercise due care and due diligence in ensuring that the information provided is accurate.

Practitioners who fail to comply with the relevant provisions and the above guidelines may be subject to disciplinary actions by the Estate Agents Authority.

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