

**Duties of Licensed Estate Agents in
Ensuring Effective Control of Estate Agency Business**

Circular No. 15-01(CR)

Checklist for Licensed Estate Agents

A. First-Hand Sales

Behavior of frontline staff at first-sale sites

Make sure that:

- the number of staff deployed to the first-sale site is commensurate with the controller's ability to effectively manage the staff so deployed
- there is a policy in place on deploying staff of suitable seniority, such as functional supervisors, to assist the controller to handle the different situations at first sales
- each frontline staff has attended a pre-sale briefing(s) in person
- records of the briefings including the dates, time, attendance are properly kept
- guidelines in the related EAA circulars concerning conduct at first-sales are covered in the briefing(s)
- controller takes proactive steps to monitor the conduct of frontline staff
- the work and performance of the controller are properly managed by his supervisor, for example, a senior management personnel or director, in the reporting line
- there are appropriate sanctioning measures to discipline non-compliant staff

Using client's credit card

Make sure that:

- there are proper procedures and clear guidelines for staff to follow when collecting credit cards from clients
- staff who can collect or handle clients' credit cards are clearly specified
- pro-forma documents are provided for staff to adopt for obtaining clients' written authorizations to debit their credit cards
- adequate training is provided to staff on the procedures and guidelines

- on using clients' credit cards and how to use the pro-forma documents
- there are sufficient measures to ensure that the established procedures and guidelines would be followed by staff, such as clients' written authorizations are counter-verified by a supervisor before debiting the card
 - there are appropriate sanctioning measures to discipline non-compliant staff

Making loans to prospective purchasers

Make sure that:

- there are clear guidelines on prohibition of making loans to prospective purchasers
- EAA's requirements set out in the related practice circulars on prohibition of loans to prospective purchasers are included in the pre-sale briefing(s)
- there are measures to monitor and govern the release of cashier orders to frontline staff to ensure that no loan is made to prospective purchasers
- there are appropriate measures to detect non-compliance by staff
- prospective purchasers' credit cards are debited on the same day after accepting the credit card payment
- prospective purchasers' cheques for the entire amount are received before provision of cashier orders
- prospective purchasers' cheques are deposited with banks on the same day of receipt or the next banking day
- there are appropriate sanctioning measures to discipline non-compliant staff

Offering incentives to clients

Make sure that:

- there are clear guidelines, requirements and necessary procedures on whether the company would offer incentives to prospective purchasers
- pro-forma documents are provided for staff to set out the incentives so offered to the prospective purchasers
- adequate training is provided to staff on the guidelines and procedures on offering incentives to clients and how to use the pro-forma documents
- there is a continuous monitoring system to ensure that the incentives

- offered by the company through individual licensees can be fulfilled
- there are appropriate sanctioning measures to discipline non-compliant staff

B. Second-Hand Properties

Unlicensed estate agency work

Make sure that:

- the types of work that non-licensed employees can and cannot undertake are clearly set out for staff
- only licensees would be assigned to perform estate agency work
- all persons employed for conducting estate agency work possess a valid estate agent's or salesperson's licence
- licence details of licensees are properly recorded
- there is a tracking system to alert all licensees the expiry of their licences
- reminders are sent to the staff licensee concerned until his licence has been renewed
- staff are from time to time reminded of the risks and consequences of conducting estate agency work without a valid licence
- follow-up actions are taken on the expiration/suspension/revocation of a staff licensee, such as forbidding the staff's use of his name cards; keeping his name cards under lock or destroy them
- staff are disciplined in the event of non-compliance

About PR13(4) (land search)

Make sure that:

- sufficient resources, such as computers, are provided for staff to enable them to carry out a land search
- there are proper procedures and/or clear guidelines on the land search requirement
- training is provided for staff on how to conduct a land search
- if no computer is provided for doing the land search, there are other available means for staff to obtain it
- supervisors are required to monitor staff compliance, such as spot checking their file records to make sure that they have carried out or obtained the relevant land search

- land search records are properly filed
- there are appropriate sanctioning measures to discipline non-compliant staff

Safekeeping and handling of property keys

Make sure that:

- there are procedures regarding the safe-keeping and duplication of keys
- there are guidelines for staff to observe on proper handling/use of keys
- a written record of receipt/return of keys from/to clients and when the keys are required to be passed to another person is maintained
- there is a monitoring system to ensure staff compliance and sanctioning measures to discipline non-compliant staff

Maintaining/Updating the opt-out list in direct marketing

Make sure that:

- there are adequate/clear guidelines for staff to follow
- there is requirement on how and when staff are required to check the opt-out list before approaching clients for direct marketing; process clients' opt-out requests; and update the opt-out list
- arrangement is made for consolidating/updating the opt-out list of all branches and regular distribution of the same to staff
- proper and adequate training is provided to staff regarding the requirements of the Personal Data (Privacy) Ordinance and the EAA
- there is a monitoring system to ensure staff compliance
- there are appropriate sanctioning measures to discipline non-compliant staff

Advertisements

Make sure that:

- there are clear guidelines to staff to follow regarding the relevant requirements of the EAA on issuance of advertisements
- policies and procedures have been laid down for staff to follow to ensure that the contents of the advertisements have been checked, and are accurate and not false/misleading
- there is adequate training to staff
- there is a monitoring system to ensure staff compliance and there are sanctioning measures to discipline non-compliant staff

Attention: This checklist is compiled to serve as general reference for licensed estate agents to review their systems regarding certain aspects of estate agency so as to comply with the Circular No. 15-01(CR) issued by the EAA only. The information contained in the checklist is not intended to be exhaustive. Licensed estate agents are reminded that they are obliged at all times to observe and comply with the Estate Agents Ordinance and its subsidiary legislation, and also the *Code of Ethics* and practice circulars issued by the EAA from time to time in managing their estate agency business.