



### **EAA to issue practice circulars on first-hand properties**

(6 May 2010) The Estate Agents Authority (EAA) today announced the issuance of three new practice circulars on the sale of first-hand properties and met with the management of five estate agency companies, which have been heavily involved in the promotion of first-hand properties, to explain the circulars to them and to remind them to ensure their frontline estate agency practitioners comply with the regulations.

The three circulars cover three areas, namely order at first-sale sites, practitioners' conduct at the sales sites and the provision of property information to clients. Key points are:

- Practitioners must inform prospective buyers whether their estate agency acts for the developer and/or prospective buyer.
- They must not accept or solicit any money, whether described as a deposit or not, from prospective purchasers without the developer's authorisation.
- They should not arrange for payment of deposits using the credit cards of prospective purchasers without their written consent.
- They must not make loans or propose to make loans to prospective purchasers.
- They should remind prospective purchasers to pay attention to the actual dimensions of the units as stated in the sales brochure and not to rely only on their perception of the size of the units gathered from their viewing of the show flats.

EAA Chief Executive Officer Mrs Rosanna Ure said, "Home buying may be the biggest investment in a person's life. Consumers looking for a home rely heavily on the information provided by practitioners. The sales practices of practitioners in first-sale properties are, therefore, of great



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Press Release

concern to the public. This is particularly so as practitioners have been adopting new tactics in the sale of first-hand properties.”

Mrs Ure added, “In view of the changing market and sales practices, the EAA has, over the years, issued a total of 11 practice circulars on first sales. In a bid to facilitate the trade’s understanding of all the regulations on the subject, the EAA decided early this year to consolidate the circulars.”

Mrs Ure pointed out that the EAA has also incorporated into the circulars information on the new first-sale guidelines released by the Government and latest market developments.

Today, EAA Director of Operations Mr Anthony Wong met with the management of five estate agencies actively involved in the sale of first-hand developments to introduce the guidelines to them. The estate agencies were also reminded to adopt appropriate measures to ensure practitioners’ compliance. In addition, the EAA will organise Continuing Professional Development courses to brief practitioners on the new directives so that they fully understand and comply with the guidelines.

The three circulars will be posted on the EAA website on 14 May 2010 and will take effect then. Highlights of the circulars are in Annex 1.



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Press Release



EAA Director of Operations Mr Anthony Wong explains the new circulars to the management of five estate agencies which have been heavily involved in the sale of first-hand properties.



EAA Chief Executive Officer Mrs Rosanna Ure and Director of Operations Mr Anthony Wong brief the press on the new practice circulars on the sale of first-hand properties.

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### **Highlights of the practice circulars**

#### **A. Practitioners' conduct in relation to first-sale properties**

##### **1. Capacity in which to act**

- Practitioners must, after they have successfully established contact with a prospective purchaser, inform the prospective purchaser in writing, whether their agency company acts for the developer, purchaser or both.
- Practitioners must act in an impartial and just manner to all parties involved in the transaction, no matter they are acting for the developer, purchaser or both.

##### **2. Collection of deposits**

- Practitioners must not accept or solicit any money, whether described as a deposit or not, from a prospective purchaser without the developer's authorisation.

##### **3. Loans**

- Practitioners must not make loans or propose to make loans to a prospective purchaser for any purpose.



#### 4. Advertisements

- Practitioners must take all reasonable steps to verify the information contained in any advertisement, poster, bill, brochure, pamphlet or other promotional material before issuance.
- Practitioners should not misrepresent the surroundings of a development in their promotional materials: for example, by drawing green pastures around the development when there are in fact buildings and structures in the nearby area, omitting certain nearby buildings or facilities, or substantially lowering the height of nearby buildings.

#### 5. Sales brochures and price lists

- Practitioners must advise prospective purchasers to carefully study the information in the sales brochures and price lists before making any purchase decision. They must also advise purchasers that the sales brochure contains all information required under the Lands Department Consent Scheme and that any other promotional materials do not form part of the sales brochure.
- Practitioners must provide to prospective buyers information concerning the area of property and the price per square foot or metre of the “Saleable Area” as contained in the price lists supplied by the developer.



## 6. Show flats

- Practitioners must remind prospective purchasers to pay attention to the actual dimensions of the units as stated in the sales brochure and not to rely only on their perception of the size of the units gathered from their viewing of the show flats.

## 7. Identity cards and credit cards

- Unless specifically required by the developer, practitioners must not ask prospective purchasers to provide them with their identity cards and/or credit cards for any purpose. Should it be the request of the developer, practitioners must state
  - the purposes for which the identity card and/or credit card will be used; and
  - that it is the developer's requirement.
- Practitioners must not retain the identity cards and/or credit cards of prospective purchasers without their authorisation.
- Practitioners must not arrange payment of deposits using the credit cards of prospective purchasers without their written consent.

## 8. Sales information

- Practitioners must not publicise sales information without the developer's authorisation.



- When certain units of a development are sold out, practitioners must clarify with their clients whether all of the same types of units of the development are sold out, or whether only the units allotted to their respective estate agencies are sold out.

## **9. Mortgage**

- Practitioners must not assure a prospective purchaser that he will successfully obtain a mortgage loan, nor must they make any assurances to a prospective purchaser concerning the terms of mortgage loans.





## **B. Order at first-sale sites**

### **1. Appointment of controller to enhance monitoring of staff**

- Each estate agency company must assign a controller (who must be the holder of an estate agent's licence) to oversee all company staff deployed to a first-sale site. The estate agency company must provide the name and licence number of the controller to the EAA as soon as possible.
- Estate agency companies must provide the EAA with a copy of the list of staff to be deployed to a first-sale site at least one day before the launch of the first-sale property.
- Estate agency companies and the controller must keep a daily register of the staff who report for duty at a first-sales site, and to forthwith provide the EAA with a copy of the daily register on the EAA's request.

### **2. Practitioners must not solicit business at first-sale sites without the developer's authorisation.**

### **3. Practitioners must not create a nuisance to the public:**

- Practitioners must not intercept vehicles or distract drivers by standing on the carriageway, for example, waving promotional leaflets to beckon the drivers of the vehicles.
- Practitioners must not be over-aggressive when conducting





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promotional activities: for example, standing in the way of passers-by and engaging in persistent solicitation.

- Practitioners must not place folding tables, chairs, sunshades, banners or advertising hoardings in public places in any way which will cause obstruction of such places.
- Practitioners must not exhibit a poor attitude towards a passer-by who ignores them.



**C. Property information about first-sale developments**

- Practitioners must bring to prospective buyers' attention important property information, including the definition of Saleable Area, price lists and sales brochures.
- Practitioners must advise prospective purchasers to consult the price lists, sales brochures, draft deed of mutual covenant and Government lease in respect of the development.