



Circular

Circular No. 01-02 (CR)

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Proper Documentation of Incentives and Gifts

The EAA has received, from time to time, complaints from consumers that some estate agents have been unable to deliver the discounts, incentives and/or gifts promised them during the course of property sale, or that gifts received are different from what have been originally promised. In order to foster the consumer's trust and confidence, it is essential that any sales tactics employed by estate agents should not contain misleading or misrepresenting elements.

Estate agents are well advised to set out in writing the offer of any gifts, discounts or incentives, and stipulate clearly the terms and format of the offer so as to enhance transparency and prevent unnecessary disputes. The offer may be documented in the form of extra terms in the estate agency agreement, or as a separate agreement.

The management of estate agency companies should maintain close supervision on staff members as they execute the terms of an offer, and devise procedures and guidelines to that effect for their frontline staff. If any gifts, discounts or incentives for clients will affect the staff members' share in the commission, this has to be clearly stated at the outset to avoid dispute between management and the employees.

Managers of estate agency companies are asked to pay attention to the issues indicated above and to urge their staff to comply with the relevant procedures and guidelines.

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