

Circular

Circular No. 04-02 (CR)

Introducing / explaining information on mortgage schemes / terms of first-hand properties

The Authority has recently received complaints about practitioners giving inaccurate information on mortgage schemes while promoting the sale of first-hand properties, leading to wrong purchase decisions made by purchasers.

In general, when promoting the sale of first-hand properties, practitioners are under no obligation to the prospective purchasers to introduce or explain to them the mortgage schemes or terms. Practitioners are reminded that if they take the initiative or accede to the prospective purchasers' request to do so, they **must** pay attention to the following :

- (1) As mortgage and property financing schemes exist in great variety, if prospective purchasers have any questions, practitioners should remind them to seek information directly from the bank or developer concerned.
- (2) If a practitioner introduces or explains mortgage or property financing schemes to a prospective purchaser, then despite the fact that he does not act for the prospective purchaser, he has to exercise due care and due diligence in ensuring that the information provided is accurate. Particular attention should be paid to the fact that pamphlets with information on mortgage and payment terms (including second mortgage) are usually available at the sale sites and practitioners should **base their explanation on the information provided** so as to avoid any misunderstanding.

If a practitioner is found to have given a wrong explanation of a mortgage or finance scheme in breach of the above guidelines, this may affect his being a fit and proper person to hold a licence. Consequently, he may be subject to disciplinary action by the Authority and if the case is serious, his licence may be revoked.

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