



**Estate agents should warn clients of the risks
when leasing old buildings**

(29 April 2010) The tragic collapse of an old building in Tokwawan has sparked public concern about the safety of old buildings, especially old tenements with illegal structures. The Estate Agents Authority (EAA) issued a practice circular today to remind estate agency practitioners that they should explain to their clients the risks involved in the leasing of old properties with such structures. In 2007, the EAA issued a practice circular alerting practitioners to the points to note when handling the buying and selling of old buildings.

EAA Chief Executive Officer Mrs Rosanna Ure said, “As many tenants living in old buildings are from the grass-roots, they may not be aware of the risks involved in renting such properties. Hence, the EAA has drawn up a new circular to remind estate agency practitioners that they should be alert to the problems that may arise from the existence of unauthorised building works (UBWs) in a property and take appropriate steps to protect their clients’ interests.”

According to the EAA’s Code of Ethics, practitioners should protect and promote their clients’ interests. The EAA reminds practitioners that they have to conduct a land search of the property concerned. They should check from the land search whether any order requiring demolition or alteration of UBWs has been registered. If one has been, they should determine whether the order has been complied with and then inform their clients.

If practitioners acting for the tenant are aware of such UBWs, even though no order for demolition or alteration of the UBWs has been registered, they should alert their client to the likely safety issues of the property and the risks involved, such as the risk of the Government’s



exercising its right of re-entry and closure of the property.

Practitioners acting for the owner in leasing the property should remind their client that it is the owner's general duty to keep the structure of the property in good repair and condition, and strongly advise the owner to comply with the order if there is one.

The EAA issued a practice circular in 2007 to alert practitioners to the points to note when handling buying and selling of old buildings. According to that circular, practitioners should remind their clients that the existence of UBWs may render the title of the property defective and that the Government may issue an order to remove the UBW within a specified period, and if the owner fails to do so, carrying out demolition or alteration works, followed by the forced sale of the property, if necessary, to recover the costs. The new circular seeks to raise practitioners' awareness of the risks involved in the leasing of old buildings with an aim to protect consumers' interests.

The EAA held a seminar in March 2010 to explain to practitioners the key issues concerning the handling of properties with UBWs. To deepen practitioners' understanding of relevant government policies, officials from the Buildings Department also briefed the participants on the issues related to the repair and maintenance of old buildings and the mandatory building inspection scheme.

The new practice circular has been uploaded to the EAA website.

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