

**Everything you need to know
when purchasing a first-hand residential property**

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Foreword

Buying first-hand residential property is a significant decision to most people. The Sales of First-hand Residential Properties Authority (“SRPA”) hopes that from this cartoon booklet, *Everything you need to know when purchasing a first-hand residential property*, prospective purchasers will learn about the protection afforded by the Residential Properties (First-hand Sales) Ordinance (“the Ordinance”) to them and have an idea on how to read the sales brochures and get themselves prepared before purchasing first-hand residential properties.

The SRPA, set up under the Transport and Housing Bureau, commenced operation on 29 April 2013 to implement the Ordinance. The SRPA’s major functions include:

- administrating and supervising compliance with the provisions of the Ordinance;
- issuing guidelines for stakeholders;
- handling complaints and public enquiries;
- conducting investigations on cases of suspected contravention of the Ordinance;
- educating the public on matters relating to the provisions of the Ordinance; and
- establishing and maintaining the Sales of First-hand Residential Properties Electronic Platform (“SRPE”) which contains the sales brochures, price lists, and registers of transactions made available by vendors of individual first-hand residential developments.

The Ordinance came into effect on 29 April 2013. The objective of the Ordinance is to further enhance the transparency, fairness and consumer protection of the sales arrangements and transactions of first-hand (uncompleted and completed) residential properties.

For enquiries and complaints relating to the sales of first-hand residential properties which the Ordinance applies, please contact the SRPA.

Hotline : 2817 3313
Fax : 2219 2220
Email : enquiry_srpa@hd.gov.hk
Address : Unit E, 31/F, E-trade Plaza, 24 Lee Chung Street, Chai Wan, Hong Kong

This booklet is for general reference only. Please refer to the Ordinance for details.

Chapter 1: Journey to buy a first-hand residential property

Diagram:

Madam Mak: Like having a meal, the purchase of a first-hand residential property involves three steps.

(Before meal) (Having a meal) (After meal)

While a down payment is a prerequisite to own a first-hand residential property, don't forget that every step in the entire process of purchase is equally important! Pay attention to every step lest you will suffer money loss! Let's start the journey and go over the checklist together!

<Before purchase>

1. Study sales brochure

- Study all sales documents carefully, especially the sales brochure.
- Ensure the sales brochure we read is the latest version – as vendors (i.e. developers) are required to examine and revise the sales brochure at least every three months during the period when properties are offered for sale.
- There may be rumours on price and layout information about a development. Prospective purchasers should not believe in such rumours. Information in sales documents made available by vendors shall prevail.

2. Visit development site

- Visit the development site to get to know the actual environment.
- It is desirable to pay visits to the development site at different times of the day and under varying weather conditions to see for ourselves the changes in environment.

3. Check town planning information

- Check if there is any town planning proposal which may affect the property in future.
- Search “Outline Zoning Plans” from the Statutory Planning Portal 2 (<http://www1.ozp.tpb.gov.hk/gos>).

4. View show flats

【 Show flats for residential properties in an uncompleted development 】

- There are two types of show flats:
 - Unmodified show flats
 - Modified show flats

- We can take measurements, photographs and videos of “unmodified show flats” and take measurements of “modified show flats”.
- Pay attention to which appliances in a show flat are provided in the property to be handed over to the purchaser. If in doubt, refer to the sales brochure and check with the vendor.

【Residential properties in a completed development】

- Before signing the preliminary agreement for sale and purchase (“PASP”), the vendor should arrange the prospective purchaser to view the particular property that he/she wishes to purchase. Do not give up easily the right to view the property we intend to purchase! (For details, please refer to Chapter 2 of this booklet.)
- If the vendor provides show flats for completed residential properties, such show flats are not subject to the regulation of the Ordinance. We should not give up the right to view the completed property even if these show flats are provided.

5. Check details of ancillary facilities to be provided

- Check with vendors details of ancillary facilities to be provided, such as the operation period of shuttle buses and opening hours of clubhouse facilities.
- Check if charges will be levied on users of such facilities.

6. Study price list

- Pay attention to whether the discounts offered by vendors are conditional offers.
- Whichever mortgage loan plan we choose, ensure it does not go beyond our ability to repay.
- If we choose a mortgage loan plan offered by a financial institution specified by the vendor, we must study details of the plan.
- [Memo Box] Details of the plan include the requirements for mortgagors on minimum income level, the loan limit, the maximum loan tenure, the change of mortgage interest rate throughout the entire repayment period, and the payment of administrative fees.
- Do not enter into a preliminary agreement for sale and purchase rashly if we are not certain about whether our application for a mortgage loan plan will be approved.
- If the vendor offers financial advantages, such as a stamp duty rebate, check whether an application is required to be made to the vendor before a specified deadline and whether the rebate will be deducted directly from the purchase price or be paid directly by the vendor to the Inland Revenue Department.

7. Calculate total expenses

- Buying a first-hand residential property involves huge expenses. Think about affordability carefully.

- On top of property prices, the purchase also entails a considerable amount of miscellaneous expenses which may cost hundreds of thousands of dollars.

[Memo Box] Miscellaneous expenses include solicitors' fees; charges for certified copies of title deeds; mortgage charges; insurance fees; stamp duties; Government rent; management fees payable in advance; special funds payable; deposits for water, electricity and gas; and debris removal fees.

8. Check management fees

- If the development is an uncompleted development, check with the vendor the estimated management fees.
- If the development is a completed development, the vendor should provide a "Vendor's Information Form" which will set out the amount of management fee payable for a specified residential property.

9. Check sales arrangements

- Check in advance:
 - Date of sale and place where the sale will take place;
 - Which properties will be offered for sale;
 - Registration arrangement and how the order of priority in selection of properties will be determined;
 - How the cashiers' orders will be returned to registrants who have not purchased any property;
 - Whether a registrant will be allowed to add other non-registrant(s) as joint purchaser(s) when signing the preliminary agreement for sale and purchase.
- Read all sales arrangements made available by the vendor to check if there are any properties that are yet offered to be sold – maybe the properties to be offered for sale subsequently suit us far better.
- Before the date of sale, check affordability against prices of our desired properties. Consider whether we are able to afford properties which cost more if those within our budget are sold out during flat selection.

10. Check register of transactions

- Do not take the number of subscriptions a vendor has received as an indicator of the sales volume of a development. The register of transactions for a development is the most reliable source of information from which the sales condition of the development throughout the sales period is reflected.
- The register of transactions can be viewed from:
 - The Sales of First-hand Residential Properties Electronic Platform (www.srpe.gov.hk) ;

- Website of the development designated by the vendor.

11.Appointment of estate agents

- We may not appoint any estate agent to act in the purchase.
- Do not accept a loan from any estate agent to pay the deposit.

<During purchase>

12.Be cool-headed on date of sale

- Pay attention to the most up-to-date sales condition shown on the “consumption table” displayed in a sales office.
- Be cool-headed. Never be affected by the tense and hectic atmosphere in a sales office.
- Do not strain to purchase properties beyond our budget or properties not of our preference if our preferred properties have been sold out.
- We need to pay a preliminary deposit which amounts to 5% of the purchase price when signing the preliminary agreement for sale and purchase.
- The preliminary deposit should be made payable to the solicitors’ firm responsible for stakeholding purchasers’ payments for the property.

13.Appoint a solicitor

- Consider appointing our own solicitor for the purchase.
- If we appoint the solicitor specified by the vendor, though the vendor often bears the legal cost, the solicitor may not be able to protect our best interests in the event of a conflict of interest.

14.Enter into a sales agreement

- After signing the preliminary agreement for sale and purchase (“PASP”) and paying the preliminary deposit which amounts to 5% of the purchase price, we must within 5 working days sign the agreement for sale and purchase with the vendor and pay a further deposit (if applicable) equivalent to the amount specified in the terms of payment.
(Memo Box) Preliminary Deposit = 5% of Purchase Price
- If we fail to proceed with the above, the PASP is terminated and the preliminary deposit will be forfeited by the vendor.

<After purchase>

15.Before handover of the property by the vendor

- Check regularly if the estimated material date has been postponed (For details, please refer to item 1 in Chapter 3).

- Ask the vendor if we have any questions on the handover date of the property.
- Settle all mortgage-related matters.

16. Handover of the property by the vendor

- Inspect the property carefully. Get ready tools for inspection.
- Pay attention to the duration of the defect liability warranty period (For details, please refer to item 13 in Chapter 3).
- According to the agreement for sale and purchase, if we find any defects to the fittings, finishes or appliances in the property, we shall serve a written notice on these defects to the vendor within 6 months after the date of completion of the sale and purchase. If the defects are caused otherwise than by the act or neglect of the purchaser, the vendor shall remedy the defects at its own cost and as soon as reasonably practicable.

Chapter 2: Residential Properties (First-hand Sales) Ordinance

Diagram 1:

Madam Mak: Once upon a time, a child made a reckless misrepresentation. After that, he...

Diagram 2:

On an exercise book, Mcdull writes:

I will never again make a reckless misrepresentation nor a misleading statement.

The Government implemented the Residential Properties (First-hand Sales) Ordinance (“the Ordinance”) in April 2013. The Ordinance sets out detailed requirements for vendors of first-hand residential properties on provision of sales documents and also provides for prohibitions against misrepresentation and the dissemination of false or misleading information to promote the sale of any first-hand residential property. Key requirements of the Ordinance are set out below:

1. Important sales documents

Vendors must make available the following sales documents and information to prospective purchasers in accordance with the specified timeframes:

Timeframe for vendors to make available sales documents:

1. Sales brochure: At least 7 days immediately before the commencement of sale and on every day of sale
2. Price list / Revised price list: At least 3 days immediately before the commencement of sale and on every day of sale
3. Sales arrangements / Revised sales arrangements At least 3 days immediately before the commencement of sale and on every day of sale

Timeframe for vendors to disclose sales information in the register of transactions

1. A preliminary agreement for sale and purchase (“PASP”) is entered into: Within 24 hours after the PASP is entered into
2. An agreement for sale and purchase (“ASP”) is entered into: Within 1 working day after the date on which the ASP is entered into
3. A PASP is terminated: No later than the 6th working day after the date on which the PASP is entered into
4. An ASP is terminated: Within 1 working day after the date of termination

2. Show flats for residential properties in an uncompleted development

- Vendors can provide a “modified show flat” only if an “unmodified show flat” is provided for the same property.
- We can take measurements, photographs and videos of “unmodified show flats” and take measurements of “modified show flats”.

<Supplementary Information>

- It is not mandatory for vendors to provide show flats.
- If show flats are provided by vendors for uncompleted residential properties, the show flats should be constructed according to the requirements in the Ordinance and be made available for viewing by the general public after the sales brochure has been made available.

3. Viewing of property in a completed development

- Before signing the preliminary agreement for sale and purchase, the vendor should arrange the prospective purchaser to view the particular property that he/she wishes to purchase.
- If it is not reasonably practicable to arrange viewing of that particular property, the vendor should arrange the prospective purchaser to view a comparable property.
- If it is not reasonably practicable to arrange the above, the vendor should obtain an agreement in writing from the prospective purchaser that the vendor is not required to make such a comparable property available for viewing.

<Supplementary Information>

- The vendor cannot take the provision of “show flats” as a substitute of the requirement of making available completed properties for viewing by purchasers.

4. Vendor’s Information Form (“VIF”)

- When a vendor offers to sell properties in a completed development, it must make available to the public the Vendor’s Information Form (“VIF”) in addition to the sales brochure.
- The VIF must set out information required under the Ordinance, such as the amounts of management fee and Government rent.

<Supplementary Information>

- When selling a first-hand residential property to an existing tenant who has been holding that property under a tenancy for at least a year, the vendor does not have to provide a sales brochure to that tenant if he/she agrees in writing that it is not necessary. The vendor, however, must provide the tenant with the VIF under such

circumstances.

5. 【 Preliminary agreement for sale and purchase (“PASP”), agreement for sale and purchase (“ASP”) 】

If a purchaser does not proceed to sign an ASP **within 5 working days** after the signing of a PASP:

- the PASP is terminated;
- the preliminary deposit – 5% of the purchase price – will be forfeited by the vendor;
- the vendor does not have any further claim against the purchaser.

<Supplementary Information>

- According to the Ordinance, mandatory provisions must be incorporated into the PASP and the ASP. These provisions set out clearly the rights and obligations of vendors and purchasers.
- If there is any inconsistency between the mandatory provisions and other provisions in an agreement, the mandatory provisions shall prevail over any non-mandatory ones.

6. Advertisements

- Any information (published by any person including vendors and estate agents) that purports to promote the sale of any first-hand residential property is subject to the regulation of advertisements in the Ordinance.
- An advertisement must not contain false or misleading information.
- If the sales brochure for a development has been made available by the vendor at the time when the printed advertisement is published, the advertisement must contain a statement advising prospective purchasers to refer to the sales brochure.
- If a printed advertisement contains an artist’s impression of the development or its surrounding area, the advertisement must contain a statement advising prospective purchasers to conduct an on-site visit.

7. Misrepresentation and misleading information

- A person who makes a fraudulent misrepresentation or a reckless misrepresentation for the purpose of inducing another person to purchase first-hand residential properties commits an offence.
- A person commits an offence if he/she disseminates or authorizes the dissemination of information that is likely to induce another person to purchase first-hand residential properties and if he/she knows that the information is false or misleading as to a material fact.

8. Penalty

Contraventions of any provision in the Ordinance are criminal offences. The maximum penalty is a fine at \$5,000,000 and an imprisonment of 7 years.

9. Sales of First-hand Residential Properties Electronic Platform (SRPE)

The SRPE (www.srpe.gov.hk) contains sales brochures, price lists and registers of transactions of first-hand residential properties that are subject to the regulation of the Ordinance.

Chapter 3: Information in a sales brochure

Diagram:

Madam Mak: What is the soup of the day?

Waiter: As usual, it is warm and watery.

A sales brochure appears to be onerous to comprehend. For the sake of convenience, some of us read abbreviated pamphlets or publicity materials prepared by vendors or estate agents rather than the sales brochure of a development. The sales brochure, however, is the sole document that contains the most comprehensive information about a development. Skipping any important information in it may end up finding that the properties we have purchased do not live up to our expectations! We must, therefore, study information in it carefully!

1. Estimated material date

- If a development is an uncompleted development or is a completed development pending a certificate of compliance or a consent to assign issued by the Director of Lands, the sales brochure must state the “estimated material date” in the “Information on the development” section.
- This date refers to the estimated date on which the development is completed in compliance with the approved building plans or the estimated date on which the conditions of the land grant are complied with (For details, please refer to Chapter 7: Glossary).

[Estimated material date \neq Handover date]

So, the “estimated material date” may change?

- For every residential development, a professional will be appointed as the “Authorized Person” (AP) to supervise the construction of the development. The AP can be an architect, an engineer or a surveyor.
- The AP may grant an extension of time for completion of the development beyond the estimated material date having regard to delays caused exclusively by the following reason(s):
 - strike or lock-out of workmen;
 - riots or civil commotion;
 - force majeure or Act of God;
 - fire or other accident beyond the vendor’s control;
 - war; or
 - inclement weather.
- The AP may grant more than once such an extension of time

depending on the abovementioned circumstances. In other words, the handover date of a property may be deferred more than once.

- According to the Ordinance, an agreement for sale and purchase must contain a mandatory provision requiring the vendor to, within 14 days after the issue of an extension of time granted by the AP, furnish the purchaser with a copy of the relevant certificate of extension.

In short, when will a property be handed over to the purchaser?

It depends on whether the development is subject to the Lands Department Consent Scheme. There are two circumstances.

Circumstance 1: Development subject to the Lands Department Consent Scheme

The final estimated material date → Within 14 days → The vendor is required to apply for a Certificate of Compliance or a Consent to Assign. → Approval from the Lands Department → The Certificate of Compliance or the Consent to Assign is issued (whichever first happens). → Within 1 month → The vendor notifies the purchaser in writing that it is in a position validly to assign the property! → Within 14 days → The sale and purchase is required to be completed. Upon completion, the vendor shall arrange handover of the property to the purchaser.

Circumstance 2: Development not subject to the Lands Department Consent Scheme

The final estimated material date → Within 14 days → The vendor is required to apply for an Occupation Document (including Occupation Permit). → Approval from the Buildings Department → The Occupation Document is issued. → Within 6 months → The vendor notifies the purchaser in writing that it is in a position validly to assign the property! → Within 14 days → The sale and purchase is required to be completed. Upon completion, the vendor shall arrange handover of the property to the purchaser.

* Check with the vendor if you are not certain whether the development concerned is subject to the Lands Department Consent Scheme.

【Memo Box】

We shall never perceive the estimated material date to be the handover date of a property. Allow ample time to avoid a “window period” during

which we may have to move out from the existing residence while the new property is not yet ready for handover!

2. Location plan of the development

- The plan shows the location of the development, as well as the name of every street and every building, facility or structure situated within 250 metres from the boundary of the development.

【Memo Box】

There are 43 kinds of such building, facility or structure. They may affect or have impact on traffic, noise, air quality, odour, environment, hygiene, fire safety, pedestrian flow and the daily living of residents, e.g. a landfill, a refuse collection point, a public convenience, a petrol filling station or a hospital.

3. Aerial photograph of the development

- The photograph provides a bird's eye view of the location of the development and its adjacent environment.

4. Outline zoning plan relating to the development

The plan shows:

- land uses of the surrounding area of the development; and
- the district where the development is situated.

【Memo Box】

The district where a development is situated and as set out in the sales brochure refers to that related to town planning. It is neither the District Council district nor the district of the school net.

5. Layout plan of the development

The plan shows:

- the locations and layouts of the buildings, open areas, facilities, and undeveloped land (with the intended use) within the boundary of the development; and
- the estimated date of completion is stated if any of these buildings or facilities are not yet completed.

6. Floor plans of residential properties in the development

Floor plans tell the following:

- number of elevators;
- number of residential units on each floor;
- dimensions of every residential unit;
- locations of doors, windows (in general, each window is

represented by three parallel lines in a floor plan) and structural walls (in general, each structural wall is represented by a black bold line in a floor plan) in every residential unit;

- whether the kitchen in a residential unit is an open kitchen; and
- if the wall of a washroom is enclosed by a black bold line, it means it is a washroom with no windows.

【Memo Box】

We must note that:

1. Dimensions shown on a floor plan

- The “floor-to-floor height” shown on a floor plan is not identical to the “ceiling height” in a residential unit as the former refers to the height between the top surface of the structural slab of a floor and the top surface of the structural slab of its immediate upper floor.
- The dimensions shown on a floor plan is not identical to the dimensions measured in a residential unit as the former excludes plaster and finishes.

Therefore, the dimensions measured at the actual residential unit will not be identical to those stated in the sales brochure. This is a normal phenomenon but the differences should not be massive. Take this into account if you plan to buy furniture before the property is handed over to you!

2. Open kitchen

If the kitchen in a residential unit is an open kitchen, we must note that the fire service installations and equipment provided inside the flat are subject to annual inspection by registered fire service installation contractors. This will involve expenses. Ask the developer or the management office for details of the inspection arrangement.

7. Floor plans of parking spaces in the development

- This section sets out information about the number, location and area of parking spaces.

8. Summary of deed of mutual covenant

This section sets out information about:

- the common parts of the development;
- undivided shares assigned to each residential property in the development; and
- the basis on which the management expenses are shared among the owners of the residential properties in the development.

What are “undivided shares”?

- Ownership in a multi-storey building is generally expressed in terms of undivided shares. When you purchase a flat in a multi-storey building, you are not only entitled to the exclusive possession of your flat, but also jointly owns the common parts of the building with other owners of the same building. As the common parts are co-owned by all owners, the shares of the building are undivided.
- Under most circumstances, the maintenance and management fees as well as the voting right of owners at a meeting of owners are determined on the basis of the undivided shares owned by the flat.
- The undivided shares of each flat are set out clearly in the deed of mutual covenant of the building. In general, the larger the flat, the greater the number of undivided shares.

9. Summary of land grant

This section sets out information about:

- the terms of years under the lease of the land on which the development is situated;
- the user restrictions applicable to that land;
- the facilities that are required to be constructed and provided for the Government, or for public use; and
- the lease conditions that are onerous to a purchaser.

Any example?

- A land lease clause may stipulate that the grantee (the developer) shall at its own expense construct, within the lot on which the development is situated, footpaths leading to adjacent private land and shall, after the development is completed, allow non-residents of the development pass through the footpaths free of charge.

10. Information on public facilities and public open spaces

This section sets out information about:

- whether owners of residential properties are required to share the expenses of managing, operating or maintaining the public facilities and public open spaces within or outside the boundary of the development; and
- the location of those public facilities and public open spaces.

11. Cross-section plan of building in the development

- The plan shows the difference in height between the lowest residential floor of a building and the street level.

【 Memo Box 】

Some floors in a development may be lower than the street level and you may find the floor named the 8th floor close to the street level. This situation is shown in the cross-section plan. We must not overlook this!

12. Elevation plan

- The elevation plan must be in colour showing the outward appearance of the development.

13. Defect liability warranty period

- According to the agreement for sale and purchase, the vendor is liable to remedy defects in the residential property as soon as reasonably practicable after receipt of a written notice served by the purchaser within 6 months after the date of completion of the sale and purchase.

【 Memo Box 】

Remember to submit the defect report to the vendor before the deadline!

14. How can I find out if flame cooking is allowed in the residential properties in a development?

Check from:

- the “service agreements” section in the sales brochure if there is a gas supplier; and
- the “relevant information” section in the sales brochure.

15. Maintenance of slopes

This section sets out:

- a plan of the relevant slopes; and
- whether purchasers have responsibility to maintain the slopes at their own cost.

16. Relevant information

- “Relevant information” means information on any matter likely to materially affect the enjoyment of the residential property, which is known to the vendor but not to the public.

Any example?

- If the windows of some specified residential properties in a development cannot be opened for noise mitigation or due to special circumstances in the surroundings, this information is considered as “relevant information likely to materially affect the enjoyment of the residential property, which is known to the vendor but not to the

public”.

【Memo Box】

Documents which have been registered at the Lands Registry are not considered as “relevant information”.

Chapter 4: Lessons learnt from mistakes

Experience is the best teacher. Let's see if we can learn a lesson from the following stories.

Case 1: Haste makes waste

Diagram 1

Madam Mak: 2 lunch combos, please. We are in a hurry. Please be quick!

Waiter: Order the QUICK lunch combo then. Main dish included but no soup.

Diagram 2

Madam Mak: OK, 2 QUICK lunch combos. We are in a hurry!

Waiter: Order the HURRY lunch combo then. It takes you no waiting time.

Diagram 3

Madam Mak: HURRY lunch combo?

Waiter: Same as our QUICK lunch combo but with no main dish.

Diagram 4

Waiter: Simply pay over there!

Haste makes waste. You can eat later if a meal has been skipped but the consequence of buying a first-hand residential property in haste is irrevocable.

In the light of this, never enter into a preliminary agreement for sale and purchase ("PASP") on impulse and overlook important matters like mortgages and miscellaneous expenses. The appealing show flats and hectic atmosphere in a sales office may make it difficult for a purchaser to remain calm when making a decision but remember, flat buying is never a light issue!

We must bear in mind that after signing the PASP, if we do not proceed to sign an agreement for sale and purchase **within five working days**, the preliminary deposit paid earlier which is equivalent to 5% of the purchase price of the residential property will be forfeited by the vendor! That means we will neither get a flat nor have the deposit back!

Case 2: Check before spend

Diagram 1

May: The food tastes good!

Mcdull: And the atmosphere here is awesome!

Diagram 2

Waiter: \$880 please.

Diagram 3

May: I have got no money. I think you will foot the bill...

Diagram 4

Mcdull: I don't have any money either. I think you will foot the bill...

Always check how much you will spend before making purchases.

Some people may think that they can afford a first-hand residential property once they have enough money for down payment. It is, however, not that simple. We must think about our repayment ability, find out requirements for mortgagors imposed by banks or financial institutions and check all expenses incurred from the purchase. Never rush into signing a preliminary agreement for sale and purchase (“PASP”).

There were cases in which the purchasers, due to failure to secure a mortgage loan out of income-related reasons, had no choice but to terminate the transactions and have **ALL deposits** they had paid earlier forfeited by vendors after signing the PASPs. We must learn from their lessons!

Case 3: Ideality Vs Reality

Diagram 1

Mcdull: Mum, I got a pass mark!

Diagram 2

Mcdull: You have promised to cook me a lobster if I pass the test. These are shrimps, not lobsters.

Diagram 3

Madam Mak: Hello! Hello! Can you hear me?

Diagram 4

Madam Mak: See, cooked lobsters and shrimps are in fact the same. They cannot hear!

Advertisers craft their messages to make the advertised items appealing to potential buyers. A smart purchaser, therefore, must make effort to gather information to find out facts about these items.

The sales brochure of a first-hand residential development is the sole document that contains the most comprehensive information about the development. It cannot be substituted by any pamphlets or publicity materials prepared by vendors or estate agents. Always study the sales brochure carefully and never believe in any information that gets rumoured about.

Don't forget to visit the development site to get to know the surroundings of the property. Check the traffic conditions and find out if there is any noise or air pollution nuisances. These problems may not be fully reflected from the sales brochure alone.

Case 4: Everything is free?

Diagram 1

Madam Mak: Drink included ?

Waiter: Sure!

Diagram 2

Mcdull: Iced lemon tea, please.

Waiter: \$3 surcharge for an iced drink.

Diagram 3

Madam Mak: Hot lemon tea then.

Waiter: \$5 surcharge for a hot drink.

Diagram 4

Madam Mak: Warm lemon tea then. Neither iced nor hot!

Waiter: \$20 surcharge for a warm drink.

There's no such thing as a free lunch. Always ask in advance if in doubt.

If the vendor will provide ancillary facilities, such as clubhouses and shuttle bus services, to occupants of the development, always check in advance with the vendor details of these facilities, such as the operation period, service hours and charges (if applicable) so that you can make the right choice.

Case 5: See now, buy now?

Diagram 1

Salesperson: Non-stick frying pan! It is the last one!

Diagram 2

Madam Mak bought the pan.

Salesperson: Non-stick frying pan! Buy now!

Diagram 3

Madam Mak: You told me the one I bought was the last one?!

Diagram 4

Salesperson: Oh yes, that was the last one at the original price! 50% discount off now! Don't miss this bargain!

With so much market information at our fingertips and media coverage reporting people scrambling to buy first-hand residential properties, we, being potential buyers, may get anxious easily.

Though a hot first-hand residential development often draws thousands of potential buyers to subscribe, we must not believe in any rumour about the sales condition of a development. Don't rush to sign a preliminary agreement for sale and purchase for fears of being "left out" in the red-hot property market. Perhaps the next batch of flats to be offered for sale will suit us far better.

Being a smart home-buyer, we must check the register of transactions for the development before purchase. Through the register of transactions, we will know more comprehensively and promptly about the sales condition of the development throughout the whole sales period and it will surely help us make better decisions.

Chapter 5: Amusement Zone

Game 1: Ups and downs

Number of players: Unlimited

How to play: Players take turn to toss a dice and move their counters forward the number of spaces shown on the dice. The first player who reaches the destination wins.

Square #1

[Start] You plan to purchase a first-hand residential property.

Square #2

You work hard to save money for buying a property.

Go to #3

Square #3

Square #4

You make thorough preparations and study all sales documents.

Get an extra turn to toss the dice

Square #5

Your cousin is an estate agent. You ask her the shortcuts to become a flat owner.

Uncertainties ahead

Square #6

You do not have enough money for the down payment. Flat-buying plan postponed.

Skip your turn once

Square #7

Square #8

You do not verify hearsay information.

Back to #3

Square #9

Square #10

You study the sales brochure in details.

Go to #11

Square #11

Square #12

You visit the development site.

Get an extra turn to toss the dice

Square #13

Square #14

Square #15

You crowdfund the down payment. The financial problem is growing!

Back to #7

Square #16

Square #17

You check with banks on mortgage issues before purchase.

Go to #24

Square #18

Square #19

Square #20

An estate agent has verbally agreed to offer you a cash rebate out of his/her commission but there is no documentary proof of his/her commitment.

Uncertainties ahead

Square #21

Square #22

You do not verify information written on a handbill and make purchase right away.

Back to #18

Square #23

You give up the right to view the completed property you would purchase and view the show flats instead.

Skip your turn once

Square #24

Square #25

After balloting, you get a high priority in flat selection!

Go to #28

Square #26

You buy an over-budget flat because some bystanders have persuaded you to do so.

Back to #16

Square #27

All properties within your budget have been sold out. You wait for the next round of sale patiently.

Get an extra turn to toss the dice

Square #28

Square #29

Square #30

You appoint your own solicitor to protect your best interests.

Go to #31

Square #31

Square #32

You fail to obtain a mortgage loan. Transaction terminated. Deposits forfeited by the vendor!

Back to #13

Square #33

You forget to claim the financial advantages from the vendor before the deadline!

Skip your turn once

Square #34

Square #35

You fail to take into account miscellaneous expenses as well as property management fees on top of the property price.

Back to #28

Square #36

You wrongly think that the property you have purchased will be handed over to you on the estimated material date!

Skip your turn twice

Square #37

The interest rates shoot up after the honeymoon period of low interest rates!

Uncertainties ahead

Square #38

Square #39

The property is handed over to you!

Move to destination

Destination

Game 2: Twinkle, twinkle, little stars, how I wonder...

No matter how smart you are, you must not miss the following advice in home buying. Let's find out what you may overlook.
(Match up by way of "ghost leg".)

Aries (March 21 ~ April 19)

You are easily influenced by the hectic atmosphere at a sales office.

Taurus (April 20 ~ May 20)

You may easily be enticed to buy a flat if the vendor offers discounts.

Gemini (May 21 ~ June 21)

You browse through information about a development and do not study it in details.

Cancer (June 22 ~ July 22)

You are inclined to buy sizeable properties and may easily overlook the "stress test" and stamp duty.

Leo (July 23 ~ August 22)

You have full confidence in yourself and may overlook information in the sales brochure.

Virgo (August 23 ~ September 22)

You are a perfectionist. In pursuit of your dream home, you may purchase a property you cannot afford.

Libra (September 23 ~ October 23)

You rely heavily on views from others and fail to study information about the property you plan to purchase.

Scorpio (October 24 ~ November 21)

You find the branding of vendors important. You may forget to visit the development site.

Sagittarius (November 22 ~ December 21)

You are very easy-going and will likely mix up information about a development.

Capricorn (December 22 ~ January 20)

You do not plan for the future. If there are changes in the property market, you may be caught unprepared.

Aquarius (January 21 ~ February 19)

You are non-decisive and are not resolute in choosing a property that you can afford.

Pisces (February 20 ~ March 20)

You are easily influenced by others and may make impulse purchases easily if someone persuades you.

[Message Box]

The above are simply Madam Mak's wild guess.

But one thing is for sure, as you have read every chapter of this booklet, you are serious about how to get well-prepared before buying first-hand residential properties. We very much hope that you have found the answers!

Chapter 6: Useful Information

It will be to our advantage to get ourselves well-prepared before buying a first-hand residential property. We can find more information about purchases of first-hand residential properties from “Links to Other Websites” on the homepage of the Sales of First-hand Residential Properties Authority (SRPA).

SRPA homepage: www.srpa.gov.hk

SRPA

- Details of the Residential Properties (First-hand Sales) Ordinance
- Roles and functions of the SRPA

Transport and Housing Bureau - Statistics on Private Housing Supply in Primary Market

Information on:

- figures of private residential units in respect of which construction has commenced;
- figures of completed private residential units; and
- figures of unsold units in completed projects.

Lands Department

- **Land Sale**
Land sale information and records
- **Information on Presale Consent**

Information on:

- 1) particulars of Presale Consent and Consent to Assign issued;
- 2) particulars of applications for Presale Consent and Consent to Assign pending approval; and
- 3) particulars of applications for Presale Consent and Consent to Assign rejected/withdrawn.

Buildings Department – Building Maintenance

Information on building maintenance and management

Home Affairs Department – Building Management

Information on building management

Hong Kong Fire Services Department – Fire safety in open kitchen units

Fire safety provisions for residential flats with open kitchen design

The Land Registry

- **Consolidated monthly statistics in respect of deeds received for registration in the Land Registry**
Figures of Agreements for Sale and Purchase of Building Units
- **Integrated Registration Information System Online Services (IRIS)**
Online services to search land records in Hong Kong

- **e-Alert Service for Property Owners**
For property owners to know with ease if any instruments affecting their properties have been lodged for registration

Rating and Valuation Department

- **Rates and Government Rent**
Information on Rates and Government Rent
- **Property Information Online**
Online enquiry on:
 - 1) saleable area, age and permitted occupation purposes of domestic properties (excluding village type houses);
 - 2) rateable values of properties contained in the Valuation Lists and/or Government Rent Rolls for the latest three years of assessment; and
 - 3) Rates and/or Government Rent accounts.
- **Hong Kong Property Review (yearly publication)**
Property data compiled by Rating and Valuation Department at the end of each year

Planning Department

Information on town planning

Town Planning Board – Information on Outline Zoning Plans

Information on:

- 1) statutory plans;
- 2) planning applications;
- 3) objections to statutory plans; and
- 4) requests for rezoning or amendment to the statutory plans.

Inland Revenue Department – Stamp Duty Rates

Information on stamp duty levied by the Government

Consumer Council

Information on consumer interests

Estate Agents Authority

Licence list of estate agents and salespersons; regulatory regime for estate agency trade

The Hong Kong Monetary Authority

Maximum loan-to-value ratio and debt servicing ratio limit for property mortgage loans

The Hong Kong Mortgage Corporation Limited – Mortgage Insurance Programme

Details of the Mortgage Insurance Programme

The Real Estate Developers Association of Hong Kong

Chapter 7: Glossary

Saleable area

Saleable area, in relation to a residential property, means the floor area of the residential property, and includes the floor area of every one of the following to the extent that it forms part of the residential property - (i) a balcony; (ii) a utility platform; and (iii) a verandah. The saleable area excludes the area of the following which forms part of the residential property - air-conditioning plant room; bay window; cockloft; flat roof; garden; parking space; roof; stairhood; terrace and yard.

Material date

Generally speaking, “material date” means the date on which the conditions of the land grant are complied with in respect of the development, or the date on which the development is completed in all respects in compliance with the approved building plans or the conditions subject to which the certificate of exemption is issued. For details, please refer to section 2 of the Residential Properties (First-hand Sales) Ordinance.

Occupation permit

Occupation permit means an occupation permit or temporary occupation permit issued under section 21(2) of the Buildings Ordinance (Cap 123). An occupation permit will be issued by the Buildings Department if it is satisfied with the submission of a certificate on completion of building works resulting in a new building and application for permit to occupy such building by the authorized person.

Sales of First-hand Residential Properties Electronic Platform (SRPE)

The Sales of First-hand Residential Properties Electronic Platform (www.srpe.gov.hk) contains sales brochures, price lists and registers of transactions of first-hand residential properties that are subject to the regulation of the Residential Properties (First-hand Sales) Ordinance.

Unmodified show flat

An unmodified show flat must precisely reflect the dimensions, internal partitions, fittings, finishes and appliances in the residential property as depicted in the sales brochure. In case of differences in dimensions resulting from finishes in the show flat or if the fitting, finish or appliance displayed in the show flat is of comparable quality to that in the residential property as depicted in the sales brochure, the vendor must display a notice at an appropriate and prominent position in the unmodified show flat stating the differences. If an unmodified show flat is furnished with decoration, furniture and chattels, the vendor must display a notice at an appropriate and prominent position in the unmodified show flat stating if these are provided to specified purchasers or are applicable to specified residential properties only. For details, please refer to sections 36, 39 and 40 of the Residential Properties (First-hand Sales) Ordinance.

Modified show flat

A modified show flat should as far as possible precisely reflect the dimensions and internal partitions in the residential property as depicted in the sales brochure. Internal partitions or doors in the modified show flat can be removed only if these may be removed from the residential property without the approval of the Buildings

Department. A solid line must be marked on the floor of the modified show flat to show the position and thickness of the removed internal partitions. The vendor must display a notice at an appropriate and prominent position in the modified show flat stating which fittings, finishes and appliances will and will not be included in the residential property. For details, please refer to sections 37, 39 and 41 of the Residential Properties (First-hand Sales) Ordinance.

Completed development

A development is a completed development if:

- (i) in the case of a specified New Territories development, a no-objection letter has been issued by the Lands Department in respect of every building in the development; or a certificate of compliance or consent to assign has been issued by the Lands Department; or
- (ii) in any other case, an occupation permit has been issued in respect of every building in the development.

For details, please refer to section 4 of the Residential Properties (First-hand Sales) Ordinance.

Uncompleted development

A development is an uncompleted development if it is not a completed development as stipulated in section 4 of the Residential Properties (First-hand Sales) Ordinance.

Vendor's Information Form

Under the Ordinance, when a vendor offers to sell the first-hand residential properties in a completed development, it must make available to the public the Vendor's Information Form (VIF) in addition to the sales brochure. The VIF must set out information required under the Ordinance, including the amount of management fee; the amount of the Government rent payable for the residential property; the name of the owner's incorporation (if any); the name of the manager of the development; any notice received by the vendor from the Government or management office concerning sums required to be contributed by the owners of the residential properties in the development; any notice received by the vendor from the Government or requiring the vendor to demolish or reinstate any part of the development; and any pending claim affecting the specified residential property that is known to the vendor.

When selling a first-hand residential property to an existing tenant who has been holding that property under a tenancy for at least a year, the vendor does not have to provide a sales brochure to that tenant if the latter agrees in writing that the vendor does not have to provide him/her with the sales brochure. In such circumstances, the vendor must provide the tenant with the VIF.