

## **Panel 1**

### **Residential Properties (First-hand Sales) Ordinance**

- ◆ The Residential Properties (First-hand Sales) Ordinance (the Ordinance) commenced full operation on 29 April 2013.
- ◆ The Ordinance aims to enhance the transparency and fairness of the sales of first-hand residential properties, strengthen consumer protection, and provide a level playing field for vendors of first-hand residential properties.
- ◆ The Ordinance sets out detailed requirements in relation to sales brochures, price lists, sales arrangements, register of transactions, show flats, viewing of completed residential properties, advertisements, and the mandatory provisions for the preliminary agreement for sale and purchase and agreement for sale and purchase for the sale of first-hand residential properties. It also provides for prohibitions against misrepresentation and the dissemination of false or misleading information.
- ◆ Contraventions of the provisions in the Ordinance are criminal offences. There are altogether about 120 criminal offences under the Ordinance. Depending on the contraventions involved, offenders are liable on conviction to a fine and/or imprisonment. The maximum penalty is a fine of HK\$5 million and an imprisonment for 7 years.

### **Role and function of the Sales of First-hand Residential Properties Authority**

- ◆ Monitoring whether vendors and related parties have complied with the requirements of the Ordinance;
- ◆ Issuing guidelines for stakeholders;
- ◆ Handling complaints and enquiries and conducting investigations on cases of suspected contravention of the Ordinance;

- ◆ Carrying out public education; and
- ◆ Maintaining the Sales of First-hand Residential Properties Electronic Platform ([www.srpe.gov.hk](http://www.srpe.gov.hk)) which contains the sales brochures, price lists and registers of transactions made available by vendors of first-hand residential developments.

## Panel 2

### What changes have the Residential Properties (First-hand Sales) Ordinance brought about?

#### Saleable area

“Area” and “price” are vital factors prospective purchasers will take into consideration. Prospective purchasers can make comparison on the prices of different properties when the same basis is adopted in calculating the area of individual residential property.

| Before introduction of the Ordinance  | After introduction of the Ordinance  |
|---|--|
| <ul style="list-style-type: none"><li>◆ Area was presented by way of “gross floor area” (GFA)</li><li>◆ No standardized definition on GFA.</li><li>◆ GFA includes common area. Different vendors might include different items in the “common area” hence purchasers had no means to make comparison.</li></ul> | <ul style="list-style-type: none"><li>◆ Area is presented by way of “saleable area”</li><li>◆ “Saleable area” means the floor area of the residential property, which includes the floor area of (i) a balcony, (ii) a utility platform and (iii) a verandah; and excludes an air-conditioning plant room, a bay window, a cockloft, a flat roof, a garden, a parking space, a roof, a stairhood, a terrace or a yard.</li><li>◆ A standardized definition offers an objective basis for comparison.</li></ul> |

### Panel 3

#### What changes have the Residential Properties (First-hand Sales) Ordinance brought about?

##### Show flat

Show flats provide a means for purchasers to visualize the conditions of residential properties after completion and thus they should reflect precisely the hand over conditions of residential properties.

| Before introduction of the Ordinance   | After introduction of the Ordinance  |
|--|--|
| <ul style="list-style-type: none"><li>◆ Most show flats were modified show flats.</li><li>◆ Some modified show flats were furnished with the following to create a capacious impression:<ul style="list-style-type: none"><li>- thin walls</li><li>- high ceiling</li><li>- no internal partitions and doors</li></ul></li></ul> | <ul style="list-style-type: none"><li>◆ If show flats are made available by a vendor, the vendor must first make available an unmodified show flat before making available a modified show flat.</li><li>◆ Area / dimensions, fittings, finishes and appliances in a show flat are the same as those specified/depicted in the sales brochure.</li><li>◆ The vendor must display in the show flat any bay windows, air-conditioning plant rooms, balconies, utility platforms and verandahs if these are available in the residential property.</li><li>◆ All doors and walls must be displayed in an unmodified show flat. If the fittings, finishes and appliances in an</li></ul> |

unmodified show flat is different from those set out in the sales brochure, a notice stating the difference must be displayed in the show flat.

- ◆ In a modified show flat, only partitions or doors which can be removed from the residential property without the approval of the Buildings Department can be taken out. A solid line must be marked on the floor showing the position and thickness of the partitions.
- ◆ The floor-to-ceiling height of any show flat must not exceed that set out in a sales brochure. If the floor-to-ceiling height of the show flat is less than the corresponding projected height of the residential property, a notice stating the difference between those heights must be displayed in the show flat.
- ◆ The public is allowed to take measurements in a show flat, and take photographs or make video recordings of an unmodified show flat.

## Panel 4

### What changes have the Residential Properties (First-hand Sales) Ordinance brought about?

#### Sales brochure, price list and document containing the sales arrangements

The Residential Properties (First-hand Sales) Ordinance sets out requirements for sales brochures, price lists and documents containing the sales arrangements, ensuring that prospective purchasers have sufficient time and information to make an informed choice.

| Before introduction of the Ordinance   | After introduction of the Ordinance   |
|--|---|
| <ul style="list-style-type: none"><li>◆ Requirements for sales brochures were set out in Lands Department Consent Scheme and guidelines issued by the Real Estate Developers Association of Hong Kong. These requirements, however, were applicable only to uncompleted residential properties but not to completed residential properties.</li><li>◆ Vendors were not required to examine and revise sales brochures periodically.</li><li>◆ On price lists, there were only requirements on the minimum number of units to be disclosed in the first price list of a batch of sale and not the subsequent price lists.</li></ul> | <ul style="list-style-type: none"><li>◆ Purchasers can read sales brochures at least 7 days prior to the day of sale. Price lists and documents containing the sales arrangements are made available at least 3 days prior to the day of sale. These apply to both completed and uncompleted first-hand residential properties.</li><li>◆ Throughout the sales period, vendors must examine sales brochures at least once every three months to update obsolete information.</li><li>◆ If a vendor has already set out the price of a residential property in a price list and subsequently wishes to make changes to the price of that property, the</li></ul> |

|  |   |
|--|---|
| <ul style="list-style-type: none"><li>◆ On the release of sales information, vendors were recommended to take appropriate measures so as to conduct the sales procedures in an open and fair manner. It was, however, not a legal requirement.</li></ul> | <p>vendor has to make changes on that relevant price list. That residential property can only be sold at the revised price three days after the revised price list is made available.</p> <ul style="list-style-type: none"><li>◆ There is a requirement on the minimum number of residential properties to which the prices should be disclosed in the first and all subsequent price lists.</li></ul> |
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## Panel 5

### What changes have the Residential Properties (First-hand Sales) Ordinance brought about?

#### PASP and ASP

Standardized provisions in preliminary agreement for sale and purchase (PASP) and agreement for sale and purchase (ASP) offer better protection to purchasers.

| Before introduction of the Ordinance   | After introduction of the Ordinance   |
|--|---|
| <ul style="list-style-type: none"><li>◆ No standardized PASP</li><li>◆ Purchasers were required to pay a preliminary deposit of 10% of the property purchase price when entering into a PASP. Purchasers were required to sign the ASP within 3 working days after the signing of the PASP or the PASP would be terminated and the preliminary deposit be forfeited.</li></ul> | <ul style="list-style-type: none"><li>◆ Mandatory provisions as required by the Ordinance must be incorporated into the PASP and ASP. These provisions set out clearly the rights and obligations of vendors and purchasers. Mandatory provisions prevail over any non-mandatory provisions.</li><li>◆ The time limit for a purchaser to sign an ASP after signing a PASP is extended to 5 working days.</li><li>◆ The amount of preliminary deposit is lowered to 5% of the property purchase price. If a purchaser does not proceed to sign the ASP within 5 working days after signing the PASP, the PASP is terminated and the preliminary deposit is forfeited. In that case, the vendor does not have</li></ul> |



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|  | any further claim against the purchaser, including recovery of deficiency of prices. |
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## Panel 6

### What changes have the Residential Properties (First-hand Sales) Ordinance brought about?

#### Register of transactions

Vendors are required to disclose and update transaction information within a fixed time frame. It facilitates prospective purchasers to know more comprehensively and promptly the sales situation of a development throughout the whole sales period. The public can also better understand the residential property market in Hong Kong.

| Before introduction of the Ordinance  | After introduction of the Ordinance   |
|---|---|
| <ul style="list-style-type: none"><li>◆ Vendors were required under Lands Department Consent Scheme and guidelines issued by the Real Estate Developers Association of Hong Kong to disclose transaction information of uncompleted residential properties. Completed residential properties were not subject to such regulations.</li><li>◆ Vendors were not required to disclose information of preliminary agreement for sale and purchase (PASP) but were required to disclose information of agreement for sale and purchase (ASP) within 5 working days after the PASP was signed, and within 5 working days after the ASP was cancelled.</li></ul> | <ul style="list-style-type: none"><li>◆ Vendors must make available registers of transactions on the designated websites of developments, sales offices and the Sales of First-hand Residential Properties Electronic Platform (<a href="http://www.srpe.gov.hk">www.srpe.gov.hk</a>).</li><li>◆ A vendor must disclose transaction information within 24 hours after the vendor enters into the PASP.</li><li>◆ A vendor must disclose transaction information within 1 working day after the vendor enters into the ASP.</li><li>◆ If a PASP is cancelled, the vendor must disclose such information no later than the 6<sup>th</sup> working day after</li></ul> |

| Before introduction of the Ordinance   | After introduction of the Ordinance  |
|--|--|
| <ul style="list-style-type: none"> <li>◆ Vendors were required to disclose whether a transaction involved their board of directors and immediate family members of the directors. But there was no such requirement as to transactions involving senior management members of the vendors.</li> <li>◆ Vendors could provide transaction information of a development not in one register.</li> </ul> | <p>the date on which the PASP is entered into.</p> <ul style="list-style-type: none"> <li>◆ If the ASP is terminated, the vendor must disclose such information within 1 working day.</li> <li>◆ A register of transactions must set out detailed information including whether the purchaser is or is not a related party to the vendor, such as a director or an immediate family member of that director, or a senior management member of the vendor.</li> <li>◆ For easy reference, vendors keep only one register of transactions for a single development.</li> </ul> |

## Panel 7

### What changes have the Residential Properties (First-hand Sales) Ordinance brought about?

#### Advertisements

The Ordinance prohibits misleading information in advertisements while respects the freedom of creativity. It strikes a reasonable balance between regulating the content of advertisements and allowing creativity.

| Before introduction of the Ordinance   | After introduction of the Ordinance  |
|--|--|
| <ul style="list-style-type: none"><li>◆ Addresses of developments were not required to be set out in advertisements.</li><li>◆ Statements specifying that “the picture is an artist’s impression”, “the picture has been edited and processed with computerized imaging techniques” and “the picture is for reference only” were relatively small in font size and not noticeable.</li></ul> | <ul style="list-style-type: none"><li>◆ An advertisement must set out the district, the name of street and street number in which the development is situated.</li><li>◆ If an advertisement contains an artist’s impression of the development or its surrounding area, the advertisement must contain a specified statement with typeface and font size as set out in the Ordinance.</li><li>◆ An advertisement must contain a specified statement advising prospective purchasers to make reference to the sales brochure and conduct on-site visits.</li></ul> |

## **Panel 8**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Get prepared**

- ◆ Make reference to the materials available on the Sales of First-hand Residential Properties Electronic Platform ([www.srpe.gov.hk](http://www.srpe.gov.hk)).
- ◆ Study the information on the website designated by the vendor for the development, including the sales brochure, price lists, documents containing the sales arrangements, and the register of transactions of a development.
- ◆ Sales brochures for a development will be made available to the general public at least 7 days immediately before a date of sale while price lists and sales arrangements will be made available at least 3 days immediately before the date of sale.
- ◆ Vendors may not offer to sell all the residential properties that are covered in a price list. To know which residential properties the vendors may offer to sell, pay attention to the sales arrangements.
- ◆ Information on transactions can be found on the register of transactions on the website designated by the vendor for the development and the Sales of First-hand Residential Properties Electronic Platform ([www.srpe.gov.hk](http://www.srpe.gov.hk)).

## **Panel 9**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Study the consumption table for a good pick**

Prospective purchasers at a sales office can tell at a glance which first-hand residential properties are available for selection by referring to the consumption table.

- ◆ Starting from 1 June 2015, vendors display standardized consumption tables at sales offices commencing from the starting time of the sale until the sales offices close on that date of sale.
- ◆ The “consumption table” shows the description of units offered for sale by the vendor on that date and the status of selection of each of these units at a particular time during that date.
- ◆ Vendors update the “consumption table” at appropriate time to reflect which units have already been purchased and which units are still available for selection at the material time.


**Name of Development : [ABC]**

**Status of selection of units/houses which are offered for sale today**

**Time of Updating : [XX:XX] am/pm on [Date]**


- (a) Total number of units/houses : [X]
- (b) Total number of units/houses which were sold on or before yesterday : [X]
- (c) Total number of units/houses which are offered for sale today : [X]
- (d) Total number of units/houses which are not offered for sale today : [X]

**Block [X]**

|              |      | <b>Status of selection</b> |   |               |
|--------------|------|----------------------------|---|---------------|
| <b>Unit</b>  |      | <b>Unit A</b>              | <b>Unit B</b>   | <b>Unit C</b> |
| <b>Floor</b> |      |                            |   |               |
|              | 2/F  | ●                          |   | ▲             |
|              | 10/F |                            |  | ●             |
|              | 16/F |                            |   | ●             |

Legend :

 a unit/house which is not offered for sale today (if applicable)

 a unit/house which is available for selection

▲ a unit/house which has been selected by prospective purchaser but the Preliminary Agreement for Sale and Purchase (PASP) has yet to be signed by the prospective purchaser

● a unit/house in respect of which the PASP has been signed by the purchaser earlier today

## **Panel 10**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Make prudent expense estimates**

- ◆ Calculate the total expense of the purchase, such as solicitors' fees, mortgage charges, insurance fees and all stamp duties payable so incurred.
- ◆ Before flat selection, check with banks to find out if the needed mortgage loan can be obtained. Select the appropriate payment method and calculate the mortgage loan amount prudently to ensure it is within your repayment ability throughout the whole repayment period (which may span as long as 30 years).
- ◆ Pay attention to the terms of payment as set out in a price list. If there are discounts on the price, gifts, or any financial advantage or benefit to be made available in connection with the purchase of the residential properties, such information will also be set out in the price list.
- ◆ Check recent transaction prices of comparable properties for comparison.
- ◆ Check with the vendor or the estate agent the estimated management fee, the amount of management fee payable in advance (if any), special fund payable (if any), the amount of reimbursement of the deposits for water, electricity and gas (if any), and/or the amount of debris removal fee (if any) you have to pay.



## **Panel 11**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Study sales brochure**

- ◆ Ensure that the sales brochure you have obtained is the latest version. According to the Residential Properties (First-hand Sales) Ordinance, the sales brochure made available to the public should be printed or examined, or examined and revised within the previous 3 months.
- ◆ Check the following information in the sales brochure in particular:
  - under a section on “relevant information” in the sales brochure, information on any matter that is known to the vendor but is not known to the general public, and is likely to materially affect the enjoyment of a residential property will be set out;
  - the cross-section plan shows a cross-section of the building in relation to every street adjacent to the building, and the level of every such street in relation to the level of the lowest residential floor of the building;
  - interior and exterior fittings and finishes and appliances;
  - the basis on which management fees are shared;
  - whether individual owners have obligations or need to share the expenses for managing, operating and maintaining the public open space or public facilities inside or outside the development, and the location of the public open space or public facilities; and
  - whether individual owners have responsibility to maintain slopes.

## **Panel 12**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Visit onsite**

- ◆ Visit the development site and get to know the surroundings of the property (including transportation and community facilities). Check town planning proposals and decisions which may affect the property. Take a look at the location plan, aerial photograph, outline zoning plan and cross-section plan that are provided in the sales brochure.

#### **Read Government land grant & DMC**

- ◆ The vendor will provide copies of the Government land grant and the deed of mutual covenant (DMC) or the draft DMC at the place where the sale is to take place for free inspection by prospective purchasers. There are many provisions in the Government land grant and the DMC. Government land grant sets out information such as the lot number of the land, the term of years under lease and the user restriction applicable to that land. The DMC provides information including common parts of the development, the term of years for which the manager of the development is appointed, the basis on which the management fees are set and the area in the development retained by the owner for that owner's own use (if any).
- ◆ When studying the Government land grant and the DMC, prospective purchasers may pay attention to matters such as whether owners are required to pay Government rent, information about the ownership of the rooftop and external walls, and whether pets are allowed to be kept in the residential property.

## **Panel 13**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Estimated material date ≠ Handing over date**

The **estimated material date** of a development as stated in the sales brochure is **not the same** as the date on which a residential property is **handed over** to purchasers. The latter is inevitably later than the former.

#### **Estimated 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.

#### **Handing over date**

- ◆ The vendor shall apply in writing for an Occupation Document/a Certificate of Compliance or the consent of the Director of Lands to assign in respect of the development within 14 days after the material date.
  - For development subject to the Lands Department Consent Scheme, the vendor shall notify the purchaser in writing to assign the property within one month after the issue of the Certificate of Compliance or the Consent to Assign, whichever first happens; or
  - For development not subject to the Lands Department Consent Scheme, the vendor shall notify the purchaser in writing to assign the property within 6 months after the issue of the Occupation Document including Occupation Permit.
- ◆ After completion of the assignment of the property, the vendor shall arrange handover of the property to the purchaser.

### **Authorized Person may grant extensions of the estimated material date**

- ◆ The mandatory provisions to be incorporated in an Agreement for Sale and Purchase (ASP) as required by the Residential Properties (First-hand Sales) Ordinance (the Ordinance) provide that the Authorized Person (AP) of a development may grant an extension of the estimated material date of a development after taking into account prescribed factors which are restricted to the following unforeseeable circumstances :
  - 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 of a development may grant **more than once** an extension of the estimated material date of a development after taking into account the prescribed factors. That means there may be more than one extension of the handing over date.
  
- ◆ According to the mandatory provisions to be incorporated in an ASP as required by the Ordinance, the vendor shall within 14 days after the issue of extensions of time granted by the AP furnish the purchaser with a copy of the relevant certificate of extension.

### **Purchaser's choice**

- ◆ According to the mandatory provisions to be incorporated in an ASP as required by the Ordinance, if the vendor fails to complete the development by the estimated material date or any extended date granted by the AP (“the estimated/extended material date”), a purchaser is at liberty to rescind the ASP within 28 days after the estimated/extended material date. The vendor shall, within 7 days after the rescission, repay to the purchaser all amounts paid by the purchaser under the ASP with interest.
  
- ◆ If the purchaser does not rescind the ASP within 28 days after the estimated/extended material date, the purchaser is

deemed to have elected to wait for completion of the development. In such event, the vendor shall pay to the purchaser the interest on all amounts paid under the ASP from the date following the estimated/extended material date up to the date of completion of the development.

- ◆ If the development is not completed within a period of six months from the estimated/extended material date, a purchaser is at liberty either to rescind the ASP in which event the vendor shall repay to the purchaser all amounts paid by the purchaser under the ASP with interest, or to await the completion of the development in which event the vendor shall pay to the purchaser the interest on all amounts paid under the ASP.

## **Panel 14**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Standardized ASP sets out rights, obligations**

- ◆ Ensure that the preliminary agreement for sale and purchase (PASP) and agreement for sale and purchase (ASP) include the mandatory provisions as required by the Residential Properties (First-hand Sales) Ordinance.
- ◆ Pay attention that fittings, finishes and appliances to be included in the sale and purchase of the property are inserted in the PASP and ASP.
- ◆ Pay attention to the area plan annexed to the ASP which shows the total area which the vendor is selling to you. The total area which the vendor is selling to you is normally greater than the saleable area of the property.
- ◆ A preliminary deposit of 5% of the purchase price is payable by you to the vendor on entering into a PASP.
- ◆ If you do not execute the ASP within 5 working days after entering into the PASP, the PASP is terminated and the preliminary deposit (i.e. 5% of the purchase price) is forfeited.
- ◆ If you execute the ASP within 5 working days after the signing of the PASP, the vendor must execute the ASP within 8 working days after entering into the PASP.
- ◆ The deposit should be made payable to the solicitors' firm responsible for stakeholding purchasers' payments for the property.

## **Panel 15**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Appointment of estate agent**

- ◆ Note that if the vendor has appointed any estate agent to act in the sale of any residential property in the development, the price list for the development must set out the name of all the estate agents so appointed as at the date of printing of the price list.
- ◆ You may appoint any estate agent (not necessarily from those estate agency companies appointed by the vendor) to act in the purchase of any specified residential property in the development, and may also not appoint any estate agent to act on your behalf.
- ◆ Before appointing an estate agent, you should
  - find out whether the agent will act on your behalf only. If the agent also acts for the vendor, he/she may not be able to protect your best interests in the event of a conflict of interest;
  - find out whether any commission is payable by you to the estate agent and, if so, its amount and the time of payment; and
  - note that only licensed estate agents or salespersons may accept your appointment. If in doubt, you should request the estate agent or salesperson to produce his/her Estate Agent Card, or check the Licence List on the Estate Agents Authority website ([www.eaa.org.hk](http://www.eaa.org.hk)).

#### **Appoint solicitor    Protect own interests**

- ◆ Consider appointing your own solicitor to protect your interests. If the solicitor also acts for the vendor, he/she may not be able to protect your best interests in the event of a conflict of interest.

- ◆ Compare the charges of different solicitors.



## **Panel 16**

### **Tips for prospective purchasers of first-hand residential properties**

#### **Know more about management fee**

- ◆ On property management and management fees, the Residential Properties (First-hand Sales) Ordinance requires vendors to set out in the sales brochures the person appointed as the manager of the development and the basis on which property management fees are shared by owners of residential properties in the development.
- ◆ For completed first-hand residential properties, vendors must provide a “Vendor’s Information Form” in which the amount of management fee payable for a specified residential property must be set out.
- ◆ When an uncompleted residential development is offered for sale, if the vendor has already worked out the exact amount of management fee of each residential property of the development, the vendor may set out the amount in publications other than the sales brochure.
- ◆ Prospective purchasers of uncompleted residential properties may ask the vendor or the estate agents if information on the amount of management fees is available.

## **Panel 17**

### **Tips for prospective purchasers of first-hand residential properties**

#### **For purchasers of completed residential properties**

- ◆ Ensure that you obtain the “Vendor’s Information Form” printed within the previous 3 months in relation to the residential property you intend to purchase.
- ◆ Ensure that, before you purchase a residential property, you are arranged to view the residential property that you would like to purchase or, if it is not reasonably practicable to view the property in question, a comparable property in the development, unless you agree in writing that the vendor is not required to arrange such a comparable property for viewing for you. You are advised to think carefully before signing any waiver.
- ◆ You may take measurements, take photographs or make video recordings of the property, unless the property is held under a tenancy or reasonable restriction(s) is/are needed to ensure safety of the persons viewing the property.
- ◆ The Residential Properties (First-hand Sales) Ordinance (the Ordinance) does not prohibit vendors from making available show flats for viewing by prospective purchasers when selling completed first-hand residential properties. That said, show flats on completed first-hand residential properties are not subject to requirements on show flats under the Ordinance. Vendors should not take it as an excuse that since they have made available show flats, they therefore do not have to make available the residential properties which prospective purchasers intend to purchase for viewing.

## **Panel 18**

### **Be a smart purchaser**

#### **DOs**

- ◆ **Study the sales brochure** to get to know more about the development, such as its location, the number of blocks comprising the development, the number of residential units on each floor, and the saleable area of the residential property you intend to purchase.
- ◆ **Study the price list** and pay particular attention to what discounts, advantages and gifts the vendor will offer.
- ◆ **Study the document setting out the sales arrangements** and pay attention to the first date of sale of the residential property you intend to purchase. If there is a registration arrangement, take note of the closing date and time for submission of the registration of intent. If the sale is conducted on a first come first served basis, take note of the relevant arrangement.
- ◆ **Remain calm** when making a decision. Purchasers should critically assess their affordability, be mindful of any minimum requirements on income and asset under different mortgage loan plans, and take note of any administrative fees which they may have to pay. Do not be affected by the tense and hectic atmosphere in a sales office.
- ◆ **Study the consumption table** displayed at a sales office. Check which residential properties are still available for selection and which residential properties are still pending to be offered for sale by the vendor.
- ◆ **Assess your financial affordability.** Deliberate in advance if the properties within your budget are sold out in the course of sale, whether you are able to afford other properties which cost more. Do not enter into a preliminary agreement for sale and purchase rashly before ascertaining from mortgage institutions the amount of approved mortgage loans you can obtain.

- ◆ If a third party (such as an estate agent) undertakes to offer you any discount, benefit or gift not set out in the price list, you should ask the third party to **put in writing** with endorsement from the company concerned **details of the undertaking**.
- ◆ When considering **mortgage loan plans with high loan-to-value ratios**, pay attention to the requirements for mortgagors on minimum income level, the loan limit taken out under the first mortgage and second mortgage, the maximum loan repayment period, the change of mortgage interest rate throughout the entire repayment period, and the administrative fees concerned.
- ◆ **Visit unmodified show flats** if they are made available by vendors. Take note of the appliances displayed that will or will not be provided when the residential properties are handed over to the purchasers. Refer to the sales brochures and ask the vendors when in doubt.
- ◆ Take note that the **estimated material date** of a development **is not the same as the date on which a residential property is handed over to purchasers**. The latter is inevitably later than the former.

## **Panel 19**

### **Be a smart purchaser**

#### **DON'Ts**

- ◆ Do not enter into a preliminary agreement for sale and purchase on impulse. Home purchase is a significant decision. It involves a huge sum of money and may involve mortgage loan arrangements.
- ◆ Do not read only information booklets published by vendors or estate agents. Information booklets are publicity materials intended for advertising. Their content may not be comprehensive. Rather, a sales brochure is the publication containing the most comprehensive information about a development and cannot be substituted by any information booklet.
- ◆ Never offer any expression of intent to purchase to a vendor before the vendor makes available the price list. A vendor must not accept any subscription before the price list is made available to the general public.
- ◆ Do not accept a loan from an estate agent to pay the deposit.
- ◆ Do not give up the right to view completed first-hand residential property lightly.
- ◆ Do not take the number of registration of intent a vendor has received as an indicator of the sales volume of a development. The register of transactions of a development is the most reliable source of information from which members of the public can grasp the daily sales condition of the development.