



**TIP OF
THE MONTH**

OCTOBER TIP OF THE MONTH: Advising your clients about financing

How often have you been in discussion with your clients about property matters and the subject of money associated with property transactions *didn't* come up?

It would be hard for money not to be discussed between you and your client in some form or another since property and financing are invariably linked. Your client may also expect you to be able to provide advice on financing and the payment of various fees, so make sure you:

- Inform your clients of any relevant or new regulation or policy about financing loans, use of CPF monies for the property purchase, additional stamp duties, and other duties or taxes that might be applicable .
- Let your clients know what fees are payable for their property transaction, such as option fees, option exercise fees, legal fees, valuation fees, and commissions.
- Direct your clients to approach their finance broker or institution if you are not knowledgeable or familiar with the details of the financing arrangements and terms.

- Request that your clients check on their financial status or consult their financial advisers or bankers before committing to the payment of the option fee.
- Do not make misleading statements assuring your clients that they will have no or little problem obtaining a mortgage loan to finance their property purchase.
- Disclose in writing to your client if you have any formal or informal relationship, connection or association with a finance or mortgage brokerage firm, legal firm, or service provider that you recommend to your client. You need to obtain your client's written consent before proceeding to act. You must also declare in writing to your client any commission or fee you receive from such persons or entities.

Follow these [guidelines](#), and you'll stay on the right side of the law and provide professional advice to your clients.

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Information is accurate as at 16 October 2020.

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