

Our Ref: PC 02-14

Date: 5 March 2014

Key Executive Officers

Dear Sir/Madam

Effective Date: With immediate effect

PRACTICE CIRCULAR ON THE PROVISION OF FLOOR AREA INFORMATION TO CONSUMERS WHEN MARKETING PROPERTIES IN NEW DEVELOPMENTS

The floor area of a property is critical information used by estate agents and salespersons in the marketing and advertising of properties. Under the Code of Ethics and Professional Client Care (CEPCC), estate agents and salespersons are to ensure that information on floor area provided by them in any form of advertising is not inaccurate, false or misleading. They are to ensure that all materials that advertise or promote a property accurately describe the property.

Non-Residential Developments

2. The Controller of Housing (COH) had issued a circular dated 3 March 2014 on the "Pre-approved amendments to the Option to Purchase (OTP) & Sale and Purchase (S&P) Agreement for Non-Residential Units."

3. In the Circular, COH has (a) pre-approved a new item on "Estimated Floor Area" in the OTP, (b) made further amendments to the definition of "the Unit" in the S&P Agreement and (c) pre-approved the insertion of a new clause on void area/ void areas in the S&P Agreement. These amendments are intended to ensure that purchasers are given information on void areas within non-residential units sold by developers.

4. The circular also states that when developers submit their plans for approval at the development application stage, they will have to mark out clearly the void area(s) within a unit, and where applicable, they will be guided to disclose the new clause in the S&P Agreement on void area(s) to prospective purchasers via a side letter before accepting the booking fees.

5. Please refer to the details of the COH's Circular at <http://www.ura.gov.sg/uol/circulars/2014/Feb/coh14-01.aspx>

6. In marketing non-residential developments, estate agents and salespersons shall disclose floor area information accurately to consumers. They are to convey to prospective purchasers information on floor area as provided by the developers. If there is void area, they are to highlight to the consumers. They are to find out if the developer will issue any side letter to the intending purchasers on the void area and if so, to highlight such a letter to the intending purchasers. Where **psf** (price per sq ft) information is used, they shall inform the prospective purchasers that the psf is computed based on strata area, which is inclusive of the void area.

Private Housing Developments

7. In private housing developments, under the Housing Developers Rules, with effect from 18 May 2012, developers are required to provide certain mandatory information to the intending purchasers. This information includes a drawn-to-scale location plan and site plan, unit floor plan, specifications of the unit and housing project, amendments to the standard Sale and Purchase (S&P) Agreement, conditions imposed by government agencies and a breakdown of a unit's floor area by the various spaces. More details can be found at URA's media release dated 18 April 2012, <http://www.ura.gov.sg/uol/media-room/news/2012/apr/pr12-40.aspx>

8. The mandatory information that developers have to provide to intending purchasers will include:

- (a) for a landed property, the estimated land area;
- (b) for strata titled properties, the developer has to provide the strata floor area and the area of individual spaces such as bedrooms, balconies, air-conditioner ledges, bay windows and void area etc; and
- (c) drawn-to-scale location plan, site plan and unit floor plan for both landed and strata titled properties.

9. When estate agents and salespersons market new private housing developments, they shall highlight to intending purchasers the mandatory information that developers will provide. Estate agents and salespersons shall provide accurate information to intending purchasers relating to floor area according to the requirements of paragraph 8 above. Where **psf** is used, they shall inform the purchasers that it is computed based on strata area, which is inclusive of any void area.

Conclusion

10. Under the Code of Ethics and Professional Client Care (CEPCC), estate agents and salespersons must not perform estate agency work unless they have the relevant knowledge and are fully conversant with the relevant laws, regulations and rules that apply to property transactions.

11. Estate agents and salespersons must be conversant with URA's circular on the "Pre-approved amendments to the Option to Purchase & Sale and Purchase Agreement for Non-Residential Units", as well as with other relevant circulars issued by URA or by any other public agencies, when performing estate agency work.

12. This Practice Circular is for compliance by estate agents and salespersons. If you require further clarification, please call us at 1800-643-2555 or write in to us at feedback@cea.gov.sg for assistance.

Yours sincerely

Desmond Yeo
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for Executive Director
Council for Estate Agencies