

# SRPA reminds prospective purchasers to take note of management fee expenses

The Sales of First-hand Residential Properties Authority (SRPA) today (May 29) reminded prospective purchasers to check the amount of management fees and take this into consideration when assessing affordability before purchasing first-hand residential properties.

"Prospective purchasers should be mindful that after purchasing first-hand residential properties, property owners will need to pay the management fee and its deposit amounting to the sum of two to three months' management fee on top of mortgage payments and other expenses. Prospective purchasers should also bear in mind that management fee expenses, which could be financially significant to some property owners, are subject to adjustments from time to time," an SRPA spokesman said.

The Residential Properties (First-hand Sales) Ordinance does not require vendors to set out the amount of the management fee of each residential property in the sales brochure. For completed developments in which the residential properties are offered for sale, the Ordinance requires vendors to provide the amount that is payable for the residential property in the "Vendor's Information Form". This is because the exact amount of the management fee of an individual residential property will normally be confirmed upon completion.

As the management fee is one of the issues that a prospective purchaser may consider before making a decision to buy a property, the SRPA has on various occasions encouraged vendors of uncompleted developments to provide the amount of (if available) or an estimated amount or range of the fee in publications or promotional materials other than the sales brochure for reference to prospective purchasers. Prospective purchasers are advised to check with vendors whether they can provide information on the amount of the management fee.

In addition, the external wall finishes of a development may affect the management fee level. Certain external wall finishes may incur higher management and maintenance costs. The SRPA reminds prospective purchasers to check in the section of "fittings, finishes and appliances" in the sales brochure the type of finishes used for external walls of a development.

If window wall and/or curtain wall form part of the external walls, prospective purchasers should note that extra expenses may be incurred for their inspection, cleaning, maintenance and repair as gondolas may be used to carry out such works. These additional expenses may have to be shared among the property owners as part of the management fee. Prospective purchasers should also check with vendors whether extra expenses and/or works would be required to maintain, repair or replace air-conditioners of the residential properties.

"Purchasing a home is not a light issue. Prospective purchasers are advised to take into account every expense involved, including those payable after purchase, when assessing affordability," the spokesman stressed.