Notes to candidates:
(1) Most of the contents of this e-Quiz are adopted from December 2011 e-Quiz.
(2) Please read the scenario before attempting the questions. The subject matter and names of parties are fictitious.
(3) Clause 5.3 of the CPD Guidelines provides that, for the purpose of the award of the Certificate of Attainment, the following limitation applies in calculating CPD points:
To encourage practitioners to diversify their modes of learning, certain modes may be capped. For example, the cap for EAA e-Quiz is four CPD points per a 12-month CPD period. Therefore, even if a participant completes more than four e-Quizzes (one CPD point each) during a 12-month CPD period, only four CPD points can be earned.

Pass Mark: You will have 12 questions in this e-Quiz. You will earn one CPD point (core subject) if you can score not less than 6 correct answers.

Remarks: In this e-Quiz:
“the Authority” means the Estate Agents Authority;
“the Licensing Regulation” means the Estate Agents (Licensing) Regulation;
“the Ordinance” means the Estate Agents Ordinance;
“the Order” means the Estate Agents (Exemption from Licensing) Order;
“the Practice Regulation” means the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation; and
“the Practice Circulars” means the practice circulars issued from time to time by the Authority.

Scenario
Mrs. Boss has recently passed the Estate Agents Qualifying Examination, and she intends to start an estate agency business. Her good friend Mrs. Financier would like to join her as a partner. Mrs. Financier is not, however, a licensed estate agent or a licensed salesperson, nor does she want to be involved in the business, and her only contribution will be to provide the necessary capital. Mrs. Boss thinks that in these circumstances it is possible for Mrs. Financier to be her partner, and so she agrees to form a partnership with Mrs. Financier under the business name of “B & F”.

Mrs. Boss immediately attends to the matters necessary for starting a new estate agency business. Having just passed the Qualifying Examination, she remembers quite clearly what she has to do.
At the same time, Mrs. Boss also intends to recruit one licensed estate agent and one licensed salesperson to assist her in the business. Mrs. Financier notes that the salary for a licensed salesperson is much lower than that of a licensed estate agent. Since both can perform estate agency work, Mrs. Financier suggests employing two licensed salespersons and no licensed estate agent at all. Mrs. Boss explains to her the differences between the two and why it is desirable to recruit a licensed estate agent as well.

On the first day B & F opens for business, Mr. Landlord walks into the shop of B & F. He says he wants to put his property (“the Property”) on the market for rental. Mrs. Boss carries out a land search of the Property. The land search says that Mr. and Mrs. Landlord hold the Property as tenants in common in equal shares. Mr. Landlord says his wife passed away last year, but his solicitor has since dealt with the legal matters arising from his wife’s death. His solicitor says he will soon register some documents with the Land Registry, and has advised him he can now let the Property.

The land search also says that the Property is subject to (1) a legal charge in favour of a bank (“the Bank”), and (2) an order of the Building Authority under section 28 of the Buildings Ordinance (“the Building Order”), which refers to some repairing work relating to the drains and sewers of the building of which the Property forms part.

Later that day Miss Tenant also walks into the shop of B & F. She says she wants to rent a flat for her own occupation. Mrs. Boss introduces the Property to her. After viewing it, she instructs Mrs. Boss to negotiate for the renting of the Property from Mr. Landlord.

Because the Property is subject to a legal charge, Mrs. Boss advises the parties that Mr. Landlord should obtain the Bank’s consent for the tenancy. Mr. Landlord refuses to obtain such consent, saying that once the Bank knows he does not occupy the Property himself but lets it, the Bank will increase the interest rate for his mortgage loan. He says if Miss Tenant insists on obtaining such consent, he will call off the transaction. Miss Tenant is very keen about renting the Property. She asks Mrs. Boss what the risks are for renting the Property without obtaining such consent. Mrs Boss gives her some advice on this matter.

After some negotiations, the parties agree to enter into a tenancy agreement (“the TA”) containing, among others, the following provisions:

(a) Term
   The term of the tenancy is for two years from 1/12/2013.

(b) Break clause
   At any time after 30/11/2014, Miss Tenant shall be entitled to terminate the tenancy by serving on Mr. Landlord two months’ prior notice in writing after that date.

(c) Rent-free period
A rent-free period from 1/12/2013 to 15/12/2013 shall be given to Miss Tenant for the purpose of decoration.

(d) **User**

The Property shall be used for residential purpose only.

(e) **Furniture and Fittings**

The furniture and fittings now in the Property will form part of the tenancy.

After the TA is drawn up by Mrs. Boss, she invites Mr. Landlord and Miss Tenant to attend at her shop for signing the TA. Before signing the TA, Mr. Landlord asks Miss Tenant to supply some income proof. Miss Tenant is not prepared to supply any personal financial information. Mr. Landlord then asks Mrs. Boss what remedies he will have if Miss Tenant should default in payment of rent. Mrs. Boss gives him some advice on this.

Mrs. Boss then asks Mr. Landlord to sign a Form 5, and after signing it herself, she gives a copy to Mr. Landlord. She also asks Miss Tenant to sign a Form 6, and after signing it herself, she gives a copy to Miss Tenant. She herself signs a Form 2, after which she gives a copy to Mr. Landlord and a copy to Miss Tenant. She does not think it necessary to inform Miss Tenant of the existence of the Building Order, as Form 2 does not require the particulars of a building order to be stated.

Mrs. Boss then asks the parties to sign the TA. She also asks Mr. Landlord to sign a Form CR109. Mr. Landlord refuses to sign the Form CR 109, not knowing what it is about, and so Mrs. Boss gives him some advice on this matter.

After Mrs. Boss has completed her first transaction, she waits for payment of commission from the parties. Despite repeated requests and even after legal actions have been taken, however, Mr. Landlord still fails to pay the commission due to B & F. Mrs. Boss would like to engage a debt collection company to recover the commission due from him. Mr. Landlord knows her intention and warns her that if she should engage a debt collection company, he will complain to the Estate Agents Authority (“the Authority”). Mrs. Boss is quite confident, however, that her engagement of a debt collection company is quite proper as she has fulfilled all the requirements of the Authority.

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