



## Singapore briefs

### Counting on pick-up in the mid-end

Despite economists' warning of a two-tiered economy developing, developers are going ahead with the launches of mid-end properties as sentiment improves. On the weekend of Jan 13 to 14, Frasers Centrepoint Ltd officially launched its 240-unit Clementi Woods condominium located next to Clementi Woods Park along West Coast Road.

Soft-launched the previous weekend, half the units in the 99-year leasehold development have already been sold at prices in the range of S\$530 (RM1,181) to S\$540 psf. The project is also adjacent to CapitalLand's 99-year leasehold Varsity Park with 530 units, which was launched two years ago at S\$440 to S\$450 psf. Next door to Varsity Park is GuocoLand's The Stellar, a freehold condominium development. Its latest batch of units, launched last November, was sold at prices in the S\$630 to S\$640 psf range, says Peter Ow, director of residential services at Knight Frank, which marketed the project, and who is now the marketing agent for Clementi Woods.

Cheang Kok Kheong, general manager of Frasers Centrepoint Homes, says 60% to 65% of the buyers were from the HDB estates in the West or Central areas. Another 25% to 30% were those who work in the area, for instance, at the National University of Singapore's Kent Ridge campus, the science parks and Biopolis at one-north.

So far, six of the eight penthouses, which are about 3,200 sq ft, have been snapped up for between S\$1.6 million and S\$1.7 million. He is confident that the middle range of the market will remain stable, with a pick-up in prices of between 5% and 10% in the next three to four years.

### Lumiere launched at S\$1,700 psf

BS Capital is capitalising on the overwhelming demand for apartments in the Marina Bay area by releasing 45 more units of its 168-unit Soho (small office, home office)-style apartment project, the Lumiere, along Shenton Way, further down from Marina Bay. Last month, in a preview, 75 units with prices averaging S\$1,600 psf were snapped up within two hours. Given the bullish sentiment and average prices achieved at City Developments' One Shenton with prices transacted in the range of S\$1,500 to S\$2,200 psf and as high as S\$2,700 psf the previous weekend, BS Capital is releasing the 45 new units at S\$1,700 psf. "With strong recovery in the office market, the conversion of old office buildings into residential developments has become less attractive," says Chin Teck Chuan, CEO of BS Capital in a press statement. "Thus, supply of inner-city homes will be limited. As such, we believe the rental potential will be strong, especially when the two integrated resorts are completed in 2009 and 2010 respectively." — *The Edge Singapore*

# The no discount rule

by Andrew Wong

**THE** Solicitors' Remuneration Enforcement Committee (SREC) is a committee of the Malaysian Bar Council set up to ensure that all lawyers comply with the Solicitors Remuneration Order 2005 (SRO).

The SRO regulates the scale or fixed fees that may be charged by a lawyer for handling property transactions such as sale and purchase, loans, banking facilities and other non-contentious business. It also prohibits the giving of any discount on such fees.

Roger Tan (*pix*), the chairman of the SREC talks about the SRO and the no discount rule.

### What is the purpose of the SRO and how will it benefit consumers?

The purpose of the SRO is to fix the fee that a solicitor may charge his client for property-related transactions. A fixed scale of fees is a common method of charging for professional services and will benefit consumers in that fees are readily ascertainable. For many first-time purchasers of property, knowing beforehand how much to set aside for such costs is important. It will prevent lawyers from overcharging; it protects the small consumers and also protects the public against inefficiencies of a solicitor since the scale sets a fixed rate regardless of time taken.

Let me show you the table below which compares the fees charged by other professions:

PROFESSION	GOVERNING BODY	STATUTORY SCALE OF FEES	DISCOUNT ALLOWED	REMARKS
Accountants	Malaysian Institute of Accountants (MIA)	No	Not applicable	MIA has set out a recommended basis for determining audit fees based on time charge, and the value of total assets or gross turnover or operating expenditure
Architects	Board of Architects	Yes	No	Fee is based on cost of works and a regressive yardstick ranging from 10% to 3.5% is applied
Doctors	Malaysian Medical Association (MMA)	No	Not applicable	MMA has set out guidelines on charges payable
Engineers	Board of Engineers	Yes	No	Fee is based on cost of works and a regressive yardstick ranging from 8.25% to 2.28% is applied
Land Surveyors	Land Surveyors Board	No	No	Fees are paid to the Board before commencement of work and will be paid out by the board in accordance with work done

### But various people have argued against a fixed scale of fees.

Well, that is true. They have said that on economic principle, legal costs should be decided by free market forces. Some have said that it insulates the incompetent lawyer from the competitive environment as there is little incentive to adopt cost-saving measures and improve practice management and service standards. Others have said that it prevents the public from choosing to pay less for a lower but acceptable standard of service, and also that such matters are often handled by clerks and not lawyers and the scale does not commensurate with the level of skills in conveyancing.

There are also some who have argued that lawyers and clients should be allowed to negotiate a fee, and that the rule is in total disregard of Asian social values – as it compels a lawyer to charge the full scale fees. Others say competition should be encouraged and not stifled and a discount will not lead to undercutting as the public should be able to appreciate that the cheapest may not be the best. They believe that the public's interest is sufficiently protected if scale fees are prescribed as the maximum fees and that the rule deprives the public from engaging lawyers who comply with it.

### Why then the need to have scale fees and the no discount rule?

Of course, we at the Bar Council have taken all these arguments into consideration and have concluded that, in comparison, the advantages of a fixed-scale regime far outweigh its abolition. In fact, from Jan 1, 2006, our fees for the standard statutory Schedules G & H sale and purchase agreements and financing agreements have also been reduced.

To the public, this rule is better known as the no discount rule. But to the Bar Council and the legal profession, it is more than that. The rule is also a no overcharging and undercutting rule. To date, we have, after receipt of complaints, hauled up those members who overcharged and they were also ordered to refund the overcharged fees to their clients.

In fact, the rule will ensure a fair and level "playing field" for all firms



undercutting among lawyers. Giving discounts on fees can also result in lawyers "cutting corners" to the detriment of their clients.

So, when fees do not commensurate with the services provided, it is not uncommon for the quality to be compromised. Thus, scale fees prevent overcharging and undercutting, and it protects consumers by promoting quality services as solicitors will compete based on the quality of their services and not on pricing.

### Do scale fees then create a monopoly?

Well, contrary to popular belief, lawyers do not have a monopoly on conveyancing work as each stage of the conveyancing work can real-

then the Bar Council is of the view that the solicitor should be reasonably and fairly remunerated for undertaking the work.

### Is the Bar Council's stand on scale fees and the no discount rule supported by other professional bodies and related associations?

Very much so. On Jan 20 last year, the Bar Council together with nine other professional bodies and boards issued a joint memorandum in support of professional scale fees. The collective view is that professional services are intellectual and creative products, and not commodities, and that it is not in the interest of the public for professional fees to be decided entirely by "market forces".

A "free market" situation will lead to an unhealthy widespread undercutting of professional fees and the quality of professional services rendered being compromised.

We also have the support of the Federation of Malaysian Consumers Associations (Fomca) and the National House Buyers' Association. These two bodies represent a very large segment of the public who pay legal fees.

In fact, many members have reported to us that more members of the public and financial institutions now appreciate the reason behind the rule.

### Given time, will the Bar Council change this rule?

I don't think so. This issue cropped up many times in our annual general meetings. But in our October 2005 reconvened annual general meeting, an unprecedented large number of members voted overwhelmingly to maintain the scale fees and prohibit discounts which also means prohibiting overcharging and undercutting.

I believe that was a wise decision by the Bar after looking at the effects on those countries which have abolished scale fees. The Malaysian Bar's decision was obviously based on the interest of both the public and the legal profession.

*The report is prepared by the deputy chairman of the Conveyancing Practice Committee, Bar Council, Malaysia www.malaysianbar.org.my*

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## Goings on

**S K Brothers Realty and Palam Mesra Sdn Bhd** will be having a special viewing of the **Bedford show-house** this weekend at Mesra Terrace Showhouse, Dutamas KL from 10am to 6pm. Call Esther or Foong Nee at 03-2300 1800 to RSVP or more details.

**NPO Development Sdn Bhd** will be launching the **First Subang office suites** this weekend at the ground floor of the Tiaraville Condominium sales gallery along Jalan SS16/1, Subang Jaya from 10am to 6pm. There will be freebies and special discounts for early birds. Call 03-5637 3331.

Learn and get tips on **'Feng Shui and Property'** from Grandmaster Yap Cheng Hai on Jan 28 at **Glomac Bhd's Suria Residen**, Cheras. There are only limited seats. Call 03-9018 8293/0560/0435 to register by Jan 24.

**HELP Training Centre** is organising talks on **land economics, estate agency law and estate agency practice** every Friday and Saturday at 10th Floor, Wisma HELP, Jalan Dungun, Damansara Heights, KL. The talks will be held from 6.30pm to 9pm (Fri) and 2pm to 7.30pm (Sat). For registration and details, call Daniel Wong at 03-2099 2944.

## Contact us

If you have a property-related event, launch, seminar, workshop or exhibition which you wish to publicise, please write us at e-mail: [propertyplus@thesundaily.com](mailto:propertyplus@thesundaily.com); Tel: 03-7660 3838 Fax: 03-7660 8568