









**TIP OF  
THE MONTH**

**SEPTEMBER TIP OF THE MONTH:**  
**Using CEA's prescribed estate agency  
agreements**

When salespersons facilitate residential property transactions for their clients, they can use CEA's [prescribed forms](#) as an agreement between them and their clients to safeguard the interests of both. There are eight CEA prescribed forms for different needs and preferences of the consumer. Each form has a maximum validity period of three months.

Here are the different estate agency agreements for residential sale and purchase as well as rental transactions:

 <b>Sale/purchase transactions</b>		What is your client's role in this transaction?	
		<b>Seller</b> 	<b>Buyer</b> 
Are you the only salesperson your client has engaged to act for him for this transaction in the next three months?	<b>No</b>	Form 1: Estate Agency Agreement for the Sale of Residential Property	Form 2: Estate Agency Agreement for the Purchase of Residential Property
	<b>Yes</b>	Form 5: Exclusive Estate Agency Agreement for the Sale of Residential Property	Form 6: Exclusive Estate Agency Agreement for the Purchase of Residential Property

 <b>Rental transactions</b>		What is your client's role in this transaction?	
		<b>Landlord</b> 	<b>Tenant</b> 
Are you the only salesperson your client has engaged to act for him for this transaction in the next three months?	<b>No</b>	Form 3: Estate Agency Agreement for the Lease of Residential Property by a Landlord	Form 4: Estate Agency Agreement for the Lease of Residential Property by a Tenant
	<b>Yes</b>	Form 7: Exclusive Estate Agency Agreement for the Lease of Residential Property by a Landlord	Form 8: Exclusive Estate Agency Agreement for the Lease of Residential Property by a Tenant

## Things to note when using CEA's prescribed forms

### 1. Commission clause



Only GST-registered estate agents are allowed to charge and collect GST on commissions and it should be indicated in the prescribed form that GST is payable. GST-registered estate agents, in consultation with their clients, can choose to charge or absorb GST for the commission amount. This decision should also be indicated clearly in the prescribed form.

### 2. Disclosure requirements



Estate agents and salespersons are required to disclose in writing in the prescribed form, any conflict or potential conflicts of interest to their client, such as (but not limited to):

- If the other party to a transaction or his salesperson is a friend, family or relative of, or is working with the same estate agent as the salesperson of the client,
- If the salesperson of the client (who is not receiving commission from his client) is receiving any commission, reward, fee, “ang pow”, payment or other benefit from the estate agent or salesperson of the other party or any other person.

Upon such disclosure, the estate agent and salesperson may continue to act for the client only if the client, being fully informed, consents in writing to the estate agent and salesperson continuing to act for him.

### 3. Additional terms



The terms prescribed in CEA's prescribed forms cannot be deleted or varied. If the parties wish to add on any other terms, they must be in writing, dated, inserted in the Additional Terms section, and signed by the parties. If the space provided in the forms is insufficient, the Additional Terms are to be written/printed in black ink on a separate sheet of pink paper and in a font not smaller than the font of the prescribed terms. The Additional Terms must not conflict with, vary, or otherwise limit the prescribed terms of the agreements.

### Recent disciplinary case

In June 2020, CEA's Disciplinary Committee imposed on a salesperson a financial penalty of \$2,000 and a three-month suspension for one charge of a breach of CEA's [Code of Ethics and Professional Client Care](#), for making amendments to CEA's prescribed form without informing her client, the landlord. The salesperson had passed the amended form off as a CEA template, and asked her client to sign on the prescribed form without informing her that she had the option to negotiate the terms in it.

By doing this, the salesperson had failed to render professional and conscientious service to her client by withholding relevant facts or information from her client.

For more guidelines on using CEA's prescribed forms, refer to [PG 1/2011](#): Practice Guidelines on Use of Prescribed Estate Agency Agreement Forms 1-8.

Every month, CEA publishes a [Tip of the Month](#) that touches on practice-related topics to help salespersons in their work. [Click to learn more:](#)

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Information is accurate as at 22 September 2020.

This email was sent to all real estate salespersons by the [Council for Estate Agencies](#).

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