

# PROFESSIONAL SERVICE MANUAL

Practice  
Guidelines



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# Professional Service Manual

## ***Preamble***

This Professional Service Manual (PSM) is issued by the Council for Estate Agencies (CEA) as Practice Guidelines to estate agents and salespersons regulated under the *Estate Agents Act (Cap. 95A)* for their conduct of estate agency work in property transactions involving residential, commercial and industrial properties.

The PSM seeks to set clear standards and guidelines to ensure salespersons render their services competently, professionally and ethically, thus promoting open, fair and honest property transactions. It also highlights the responsibilities and duties that salespersons must pay attention to when carrying out estate agency work in both the sale and leasing of property transactions.

The PSM is the result of collective effort and active contributions from the real estate agency industry, industry and consumer associations and relevant Government agencies. It represents a concerted effort in raising the professionalism of the real estate agency industry.

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## Executive Summary

The PSM is developed by a joint Workgroup led by CEA, comprising members from the industry associations, namely Institute of Estate Agents (IEA), Singapore Institute of Surveyors and Valuers (SISV) and Singapore Accredited Estate Agencies (SAEA), representatives from estate agents, CASE, HDB and URA.

The PSM shall be read with reference to the *Estate Agents Act (Cap. 95A)* and the relevant subsidiary legislation, as well as the *Practice Guidelines and Practice Circulars* issued thereunder including the:

- a) *Estate Agents (Estate Agency Work) Regulations;*
- b) *Estate Agents (Licensing and Registration) Regulations;*
- c) *Estate Agents (Dispute Resolution Schemes) Regulations;*
- d) *Practice Guidelines on Use of Prescribed Estate Agency Agreement Forms 1-8;*
- e) *Practice Guidelines on Ethical Advertising;*
- f) *Practice Guidelines on Options To Purchase and Sale & Purchase Agreements; and*
- g) *Any other regulation, Practice Guideline or Practice Circular issued by CEA.*

For the avoidance of doubt, definitions or abbreviations that are used in the *Estate Agents Act (Cap. 95A)* and its regulations would be applicable in the PSM.

The PSM seeks to elaborate upon the duties and obligations of salespersons and estate agents as specified in the *Code of Ethics and Professional Client Care (CEPCC)*.

The PSM does not in any way limit or restrict the obligations of estate agents or salespersons as specified in the *Estate Agents Act (Cap. 95A)*, including its subsidiary legislation and any codes issued thereunder, which shall continue to have full force and effect. Subject to this, if and to the extent that on any specific matter, the PSM is inconsistent with any prior Guidelines, the prior Guidelines shall be deemed to be varied and superseded by the PSM only to the extent of such inconsistency.

Estate agents and salespersons are required to comply with this PSM with effect from 1<sup>st</sup> January 2014. It may be referred to during investigations on any alleged professional misconduct or negligence and also in Disciplinary Proceedings.

Estate agents and salespersons are also reminded that they are obliged at all times to observe and comply with prevailing legislation and laws and, in particular, the *Estate Agents Act (Cap. 95A)* and its subsidiary legislation, which includes the codes governing professional practice, ethics and conduct. Estate agents and salespersons are also to comply with all the Practice Guidelines issued by CEA.



# 1. Establishing a Client-Agent Relationship

In accordance with the *CEPCC*, estate agents and salespersons are expected to conduct their business with due diligence, promptness and care. In line with this objective, this section provides guidance to salespersons for securing of instructions from clients in the course of estate agency work. “Clients” as defined in the *CEPCC* include prospective clients or customers.

## 1.1 Introduction

1.1.1 When a client, who can be a prospective seller/landlord or a prospective buyer/tenant, engages an estate agent or salesperson to perform estate agency work, he establishes a client-agent relationship with the appointed estate agent or salesperson. To enable the client to decide whether to engage the salesperson, the salesperson should inform the client of his proposed terms of service. The appointed estate agent or salesperson shall be obligated to the client in fulfilling the service terms as agreed between them. In order to safeguard the client's and the salesperson's interests, salespersons are encouraged to use the prescribed estate agency agreement to formalise the client-agent relationship.

1.1.2 Any salesperson who has been engaged by a client shall as soon as possible personally meet and attend to his client to:

- a) Discuss the terms of engagement including the services to be rendered and the fees or commission which may be payable; and
- b) Render such advice as may be necessary or appropriate and to take such instructions as may be given.

1.1.3 With the exception of valid termination of the estate agency contract between the estate agent and the client, there shall be no change or appointment of the estate agent or salesperson once the estate agent or salesperson has been engaged unless it is initiated or requested for by the client.

### *Example 1:*

A client has engaged the services of Salesperson A. However, before the property transaction is closed (with the signing of the Option to Purchase or Sale & Purchase Agreement), Salesperson A informs the client that Salesperson B is taking over to serve the client. This is not allowed.

### *Example 2:*

A client has engaged the services of Salesperson A to sell his flat in the open market. Throughout the transaction process including price negotiation and facilitating the signing of Option to Purchase, Salesperson A was the one handling the transaction-related matters and advising the client. At HDB's appointment(s) for the resale transaction, Salesperson B appears and states that he is taking over to serve the client. This is not allowed.



## 1.2 Duty to client

1.2.1 In delivering professional service, an estate agent or a salesperson is required to do the following:

- a) Act in the best interest of the client;
- b) Act in accordance with the lawful instructions of the client;
- c) Act only within the scope of the authority given by the client;
- d) Advise the client to seek independent professional advice on matters outside the expertise of the estate agent or salesperson;

- e) Maintain the confidentiality of information respecting the client;
- f) Disclose to the client all material information in respect of the real estate services and the property to which the services relate;
- g) Communicate all offers or expressions of interest to the client in a timely, objective, and unbiased manner;
- h) Make reasonable efforts to discover relevant facts in respect of any real estate that the client is considering acquiring or disposing (of);
- i) Take reasonable steps to avoid any conflict of interest or potential conflict of interest; and
- j) Promptly and fully disclose to the client any conflict or potential conflict of interest that does arise.

Elaboration on required actions as indicated in the above paragraph can be found in subsequent sections of this Manual.

1.2.2 Salespersons shall check CEA's Public Register to ascertain if the salesperson(s) representing the other party in the transaction is registered with CEA. If not, salespersons shall report the matter to CEA immediately.



### 1.3 Declaring potential conflict of interest upfront

1.3.1 The *CEPCC* specifies the duty of estate agents and salespersons to avoid potential conflict of interest. Estate agents and salespersons must not accept an appointment by or continue to act on behalf of a client if in doing so their action would place the agent's or salesperson's interest in conflict or potential conflict with those of the client.

1.3.2 A potential conflict of interest shall be deemed to exist in respect of a salesperson if the other party to the transaction or his salesperson is related to the first mentioned salesperson. For such purposes and without being exhaustive, a person shall be deemed to be related to another person if:

- a) One person is the spouse or ex-spouse, parent or parent-in-law, sibling or sibling-in-law, or child or child-in-law of the other person; or
- b) One person is a partner or employee of the other person; or one person is a shareholder, director, partner or employee of a company (in respect of which the other person is a shareholder) [in which case the two persons are deemed to be related].

Whether a conflict of interest or potential conflict of interest may exist in other situations would depend on the facts and circumstances of each case.

1.3.3 In addition, relationships that salespersons have with other persons or organisations which may have an impact on the property transaction should be disclosed by salespersons in advance. For example, the salesperson appointed by the seller is getting a bank's referral fee for the prospective buyer.

1.3.4 Salespersons shall disclose to their clients in writing if the other party to the transaction or the other party's salesperson is from the same estate agent. Salespersons should also make a disclosure in writing if they have a formal or informal arrangement to collect an

overriding fee from, or otherwise share or receive a part of, the commission of another salesperson representing the other party in the same property transaction.

*Example 1:*

Salesperson A is representing the seller in the sale of a property. Salesperson B is representing the purchaser and both salespersons have a co-broke arrangement. Salespersons A and B are from the same Estate Agent; B is the supervisor/team leader of A and will get the co-broke commission as well as an overriding fee from A. In such an instance, Salesperson B shall disclose in writing to the purchaser that (i) both salespersons are from the same estate agent and Salesperson B is the supervisor/team leader of Salesperson A; (ii) Salesperson B will be collecting the co-broke commission; and (iii) Salesperson B will be collecting an overriding fee from Salesperson A's commission. Salesperson A is similarly required to make the disclosure in writing to his client (the seller) that (i) both salespersons are from the same estate agent and Salesperson B is his supervisor/team leader; (ii) Salesperson B will be collecting the co-broke commission; and (iii) Salesperson B will be collecting an overriding fee from Salesperson A's commission.

*Example 2:*

Salespersons C and D, who are representing the tenant, and Salespersons E and F, who are representing the landlord, are from the same Estate Agent. The tenant and the landlord both agree to pay commission to their respective salespersons. The commission earned by Salespersons C, D, E and F will be pooled together and divided amongst all salespersons of the Estate Agent as per the Estate Agent's remuneration policy. Salespersons C and D as well as Salespersons E and F are to disclose to their respective clients that such a remuneration policy is practised by their Estate Agent. This is to avoid the possibility of complaint that there was an undisclosed direct or indirect conflict of interest e.g. a complaint by the landlord that his salespersons chose to transact with the tenant to maximise their own personal remuneration instead of recommending another tenant who may not wish to pay commission but who may be prepared to pay a higher rental.

1.3.5 Salespersons have a duty to avoid any conflict of interest (whether potential or actual) in the property transaction that they are handling. In the event that such a conflict of interest arises, disclosure of the conflict of interest and the client's informed acceptance and agreement to allow the salesperson to represent or continue representing the client shall be obtained in writing, failing which the salesperson shall cease representing or continuing to represent the client. If in doubt, salespersons should seek clarification from their Key Executive Officers (KEOs). As a good practice, estate agents should require salespersons to keep them informed of such conflicts of interest situations as and when they arise.

[Note: For the purposes of this Manual, "writing" or "written" includes e-mail or other verifiable forms of electronic or mobile communications including short message service (sms) and other forms of text message.]

*Example:*

A buyer engaged a salesperson to handle the purchase of an HDB resale flat, and signed an exclusive estate agency agreement with his salesperson. When the resale transaction was completed, the buyer learnt that the salesperson representing the seller was his salesperson's husband. The buyer's salesperson should have informed the former in writing (at the onset) that the seller's salesperson was related to her. She should only continue to represent the buyer after written consent was sought from the buyer after this disclosure.



1.3.6 Salespersons must ensure that they do not represent both the seller and the buyer, or the landlord and the tenant in the same property transaction. This is an offence as specified in Regulation 5 of the *Estate Agents (Estate Agency Work) Regulations 2010* – No dual representation. A salesperson must not collect a fee or commission, including a co-broke commission, from more than one person in a property transaction.

*Example 1:*

In a private residential property transaction, if the seller is paying a commission to the salesperson he has engaged for the sale of the property, the seller's salesperson may (if the seller agrees) render basic assistance to the buyer such as explain policies/procedures which in so doing would help ensure a smooth transaction for the seller. The seller's salesperson however is not allowed to represent the buyer in doing estate agency work such as price negotiation on behalf of the buyer, or collect a dual commission. If a different salesperson has facilitated the transaction for the buyer, co-sharing of commission between the two salespersons normally does take place.

*Example 2:*

In the case of a resale HDB flat transaction where the buyer and seller each decided to engage the services of their respective salespersons and they had agreed to pay commission, the salespersons can only collect commission from their respective clients. Either salesperson cannot further collect a co-broke commission from the other salesperson.

*Example 3:*

In a private property transaction, a salesperson may represent the buyer/tenant with the commission to be paid by the seller/landlord, if this is agreed amongst the parties. The salesperson can only represent one party to the transaction. As the salesperson is not representing the seller/landlord in this case, an estate agency agreement cannot be signed between them. However, a commercial contract or other form of agreement could be entered into between them by mutual agreement. Such contract should make clear who is the salesperson's client and the agreement of the landlord/seller to pay the salesperson (on behalf of his estate agent) a sum for introducing the salesperson's client to him. Even though the seller/landlord is not the salesperson's client, the salesperson owes him the same duties, as are owed to other third parties, under and in accordance with the *CEPCC*. As the seller/landlord paid the salesperson, the latter cannot collect another commission, fee or payment from the buyer/tenant for the same transaction.



## 1.4 Salespersons Transacting Property for Themselves

1.4.1 If a salesperson transacts a property for himself, i.e. the salesperson is a party to the property transaction, the salesperson shall as soon as possible disclose upfront that he is an interested party in the transaction and must not accept an appointment by or act on behalf of the other party to the transaction. In such a scenario, the salesperson can only represent himself and cannot collect a commission or co-broke commission from the other party or the other party's salesperson.

### *Example 1:*

A salesperson who conducted property viewing to buyers did not inform the buyers and their salespersons that she was one of the sellers. She did not reveal this information until just before signing the Option to Purchase. She should have promptly informed all prospective buyers and their salespersons upfront (at the beginning of the first viewing) that she was one of the owners of the mentioned property.

### *Example 2:*

A buyer of an HDB resale flat is a registered salesperson. There is a clear and direct conflict of interest if he seeks to represent the seller in the same resale transaction. As there are conflicting vested interests involved, the salesperson who is buying the resale flat shall not represent the seller.



## 1.5 Disallowing Salespersons to be an Attorney pursuant to a Power of Attorney (POA) for their Clients

1.5.1 The norm in any POA case is to appoint a person who is a family member or close family friend, as the person given the POA (i.e. the attorney) will be entrusted with heavy responsibilities related to the property matters. A salesperson is already in a contractual relationship with his client and there is a conflict of interest in acting as an attorney concurrently for the same property transaction. In view of the inherent conflict of interest, salespersons shall not be attorneys for clients whom they are acting for in the property transaction. If a salesperson is not facilitating the property transaction and he is appointed by the buyer or seller to be an attorney, this is permissible but the salesperson is not allowed, directly or indirectly, to handle, direct or instruct the distribution of any sale proceeds otherwise than to pay (1) the other party in accordance with the contract for sale and purchase of property; or (2) his principal. If the salesperson is appointed as an attorney by one party, he cannot represent the other party to the transaction.



## 1.6 Confirming the identity of the client

1.6.1 Salespersons should take reasonable efforts and care to confirm the identity of the client and other involved parties before performing estate agency work. Steps to verify a client's identity include:



- a) Recording the full name of the client (if the client is an individual) or the full name of the authorised signatory/person for the client (via a company resolution if the client is a company);
- b) Verifying the identity of the client by requesting to see and record details of documents such as his NRIC or passport details; and
- c) Verifying the age of the client to ensure that he meets the legal age to proceed with the transaction.

1.6.2 Salespersons should note that the *Civil Law Act (Cap. 43)* was amended in 2009 to lower the contractual legal age from 21 to 18 years. However, in view of the legal complexity surrounding land ownership, the Act provides that the ability of an 18-year old to contract would not apply to contracts for the sale, purchase, mortgage, assignment or settlement of any land or a lease of land for more than 3 years.

1.6.3 Salespersons should note that homeowners who wish to rent their premises to foreigners are required to exercise due diligence in checking the status of their prospective foreign tenants to ensure that they are legal residents in Singapore. This responsibility of due diligence checks lies not just on the landlords, but also on the salespersons. Salespersons shall note that the *Immigration Act (Cap. 133)* requires them to conduct all the required due diligence checks before they recommend the foreign tenant to a landlord or facilitate a lease to a foreigner. The landlord's and tenant's salespersons shall ensure that the following due diligence checks are carried out:

- a) Check the original immigration/work or other passes of the tenant for forgery and keep photocopies;
- b) Cross-check particulars on these passes with the original passports, check photographs with the actual person and keep photocopies; and
- c) Verify the validity of immigration passes (such as Student Pass, Professional Visit Pass and Social Visit Pass) with the Immigration & Checkpoints Authority of Singapore (ICA) website and print Acknowledgement Slip or verify work or other passes (such as Work Permit, Employment Pass and Dependent's Pass) with the Ministry of Manpower (MOM) website and print Acknowledgement Slip.

**[Updated 27 Jul 2020: Para 1.6.3 is superseded by PC 01-20 (Diligence Checks to Combat Vice in our Neighbourhoods and Compliance with the Immigration Act) for tenancy agreements signed on or after 7 Aug 2020. Please click [here](#) for PC 01-20.]**

It is an offence under the *Immigration Act (Cap. 133)* if salespersons fail to carry out all the three due diligence checks stated above. If convicted, the salesperson would be liable to a mandatory jail sentence of between 6 and 24 months and a fine not exceeding \$6,000. For more information and for the prevailing requirements, salespersons are advised to check with the Immigration & Checkpoints Authority ([www.ica.gov.sg](http://www.ica.gov.sg)) and the Ministry of Manpower ([www.mom.gov.sg](http://www.mom.gov.sg)).

1.6.4 The *Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A) (CDSA)* criminalises the laundering of proceeds derived from more than 360 drug trafficking and other serious offences and also allows for the confiscation of such proceeds. Under Section 39(1) of the *CDSA*, it is mandatory for a person, in the course of his business or employment, to lodge a Suspicious Transaction Report (STR) if he knows or has reason to suspect that any property transaction may be connected to a criminal activity. Estate agents and salespersons are to comply with the *CDSA* and note that failure to do so may constitute a criminal offence.

1.6.5 Estate agents and salespersons shall keep proper records of all cases concerning suspicious transactions. Estate agents and salespersons may refer to the Singapore Police Force's website ([www.police.gov.sg/SONAR](http://www.police.gov.sg/SONAR)) for more details on lodging STRs.

**[Updated 11 Dec 2020: The above link has been updated.]**



## 1.7 Confirming the owner of the property and the property details

1.7.1 Salespersons shall confirm that their client is the owner of the property through proper checks and verification if they are acting for the seller/landlord. Salespersons acting for the sellers/landlords could also ask their clients to visit "My HDBPage" at HDB's website and print out their flat information. The "MyHDBPage" is a portal which owners can use to get information about their flat and their transactions with HDB. Owners can view and print details related to their flats, such as purchase date, price paid, lease details and fire insurance coverage via this portal. Salespersons acting for the buyer or tenant shall verify that the persons their clients or they are dealing or negotiating with are the owners of the property. Salespersons shall not access HDB's e-services by using their clients' SingPass password without the client giving consent in writing. If written consent is granted, access should only be used for the purposes of the relevant transaction.

1.7.2 Salespersons shall exercise due diligence and verify the rightful legal owner of the property and/or the authorised person to act for the owner. Evidence of ownership shall be procured by Title search information under the Singapore Land Authority (SLA)'s INLIS (Integrated Land Information Service). Such Title search shall be done by all salespersons, whether they represent a seller/landlord or a buyer/tenant, in respect of any property to be transacted. Salespersons should give a copy of the Title search to the client. In the case of a tenant seeking to sublet a property, the tenant's salesperson shall ensure that the tenant is allowed to sublet the property by checking the head lease document and shall obtain the written consent of the landlord (if required or applicable).

1.7.3 Salespersons shall acquire and verify the current basic information on the property including but not limited to the following:

Information on:	Suggested Sources
Tenure	Singapore Land Authority (SLA)
Floor area	Land Titles Registry (SLA); HDB
Service & conservancy charge	HDB Infoweb, Town Council, Management Corporation Strata Title (MCST)
Upgrading works and upgrading cost of private and public housing	HDB Infoweb/MCST
Approved use of Property	URA website

1.7.4 Suggested sources should include the relevant latest documents supplied by the owners.



## 1.8 Agency agreements

1.8.1 For transactions involving residential property in Singapore, estate agents and salespersons are advised to use the prescribed estate agency agreements. The guidelines on the use of the prescribed agency agreements are stated in *CEA's Practice Guidelines on Use of Prescribed Estate Agency Agreement Forms 1-8*.

1.8.2 Under the *CEPCC*, estate agents and salespersons have various duties to clients in relation to signing of documents. Estate agents and salespersons must give the client sufficient time to read and understand the meaning and consequences of the provisions of the agreement. Salespersons should also go through and explain the clauses in the agreement. The estate agent and salesperson shall also give the client the opportunity to negotiate the terms of engagement and obtain the client's consent in particular on:-

- a) Commission Clause – the amount is subject to negotiation and has to be agreed by the client;
- b) Exclusive/Non-Exclusive Agreements – estate agents and salespersons must explain the differences between a Non-Exclusive Agreement (Forms 1 to 4) and an Exclusive Agreement (Forms 5 to 8);
  - i. To avoid disputes in future, salespersons shall ensure that the client understands the contents of the exclusive agreement before it is signed. In relation to this, salespersons shall not solicit a property listing which is currently listed exclusively with another estate agent, or solicit buyer or tenant estate agency agreements from buyers or tenants who are subject to exclusive buyer or tenant estate agency agreements;
  - ii. For exclusive agreements, the salesperson shall provide to his client a Marketing Plan that clearly states what the estate agency work will entail, e.g. type and number of advertisements and marketing work and approach to be provided or taken. As part of the plan, the salesperson shall also provide regular updates and feedback to the client;
  - iii. Under a non-exclusive agreement, there could be more than one estate agent and salesperson marketing the property. For non-exclusive agreements, salespersons should inform the clients of the terms and conditions, and the services that will be offered. If the non-exclusive agreement has not been signed, the estate agent and salesperson shall obtain the client's consent in writing in advance before advertisements about the property can be posted.
- c) The validity period for an exclusive agreement is up to a maximum of 3 months. The exclusive agreement can be renewed upon expiry;
- d) Expected Selling Price or Rent – to advise the client on the market price or rent and obtain the client's instruction on the expected selling price or expected rent;
- e) Disclosure Requirements – to declare and disclose to the client any conflict or potential conflict of interest at all times;

- f) Co-broking clause – to explain to the seller/landlord that advertising or marketing the property on a ‘no co-broke’, ‘already co-broke’ or ‘buyer only’ basis (or on any similar manner or basis howsoever worded) is contrary to the seller/landlord’s interest; and
- g) Additional terms (which shall not conflict with the prescribed agency agreement) – to explain any additional terms clearly to the client, e.g. reimbursement of fee for valuation report, advertising or other disbursements incurred by the salesperson related to the provision of estate agency work to the client.

1.8.3 Co-broking is a common practice in the industry. It is a situation where two or more estate agents/salespersons are involved in the same property transaction and are working together to achieve the best possible outcome in price or rent for their respective clients. The sharing of the commission or fee for a completed property transaction, if any, is strictly an agreement between the estate agents/salespersons. The co-brokerage fee between two representing estate agents/salespersons should be mutually agreed upfront upon having regard to their duties to act in their respective client’s best interest. If the buyer and seller has each engaged a salesperson (e.g. in a HDB transaction) and agreed to pay commissions to their respective salespersons, there shall be no further co-brokerage fee over and above the commission paid.

1.8.4 CEA does not prescribe commission rates but allows the rates to be determined by market forces so salespersons are free to price their services competitively. Consumers are free to negotiate the quantum and components of fees and expenses with their estate agent/salesperson.

1.8.5 A salesperson who is in the same team as the seller’s/landlord’s salesperson in respect of any specific property shall not represent a buyer/tenant or potential buyer/tenant for such property. Salespersons are deemed to be in the same team if:-

- a) There is a formal or informal arrangement for one salesperson to receive an override from, or otherwise share or receive a part of, the commission of the other salesperson;
- b) one salesperson is a spouse, parent or parent-in-law, sibling or sibling-in-law, or child or child-in-law of the other salesperson;
- c) They have a formal or informal arrangement on the advertisement or marketing of the property for sale or lease. Salespersons shall be deemed to have such an arrangement if they advertise or market the property for sale or lease together; or
- d) They are in the same division, group or team within their estate agent.

However, if such a salesperson had been engaged by a potential buyer/tenant to assist him to look in general for a suitable property before the salesperson had in any way marketed or made known the specific property to the potential buyer/tenant, such a salesperson may subsequently inform the potential buyer/tenant about the specific property and act for him in the purchase or rental of the property.

*Example:*

Salesperson A was engaged by his client, Client X, in the purchase of a property. Salesperson A introduced Client X to several properties but none were to the liking of Client X. Subsequently, Salesperson A, along with Salespersons B, C and D were given permission by a seller to advertise the sale of the seller’s property and they did so.

Salesperson A is allowed to bring Client X to view the seller’s property and to represent Client X as he was engaged by Client X before he marketed the seller’s property to Client X. If Client X wishes to purchase the property and engages Salesperson A to represent him,

Salespersons B, C or D may represent the seller. However, Salesperson A cannot also represent the seller as that would be dual representation.

1.8.6 If a salesperson who is in the same team as the seller's/landlord's salesperson receives an enquiry about the property, he shall immediately upon request provide the correct registered name and telephone number and the registration number of the seller's/landlord's salesperson in writing to the enquirer.

1.8.7 Estate agents and salespersons are reminded that the *CEPCC* specifies that estate agents and salespersons must not solicit for the payment of any reward, commission or fee from any person who did not engage their services.



## 1.9 Vulnerable clients

1.9.1 Vulnerable clients are those whom estate agents and salespersons believe or ought reasonably to believe require greater attention and considerate treatment as a result of physical, mental, or emotional impairment, or who for any other reason are unable to make rational decisions on the property transaction. They also include persons who are illiterate, under financial distress, and persons who have no means of sustenance or family support. Salespersons shall not unethically exert undue pressure, influence or induce such vulnerable clients to buy/sell/let/rent a property.

1.9.2 There have been instances of vulnerable clients being taken advantage of by unethical salespersons. For such groups of clients, more care and diligence shall be duly and reasonably exercised by the salesperson in the circumstances in carrying out the estate agency work. If necessary, the salesperson should consider advising that appropriate persons such as the client's family members/relatives be involved in discussions regarding the transaction.

1.9.3 Estate agents and salespersons must also ensure that there is no explicit or implicit discrimination against vulnerable clients. If, in the estate agent or salesperson's opinion, the client may be vulnerable, the estate agent or salesperson should take this into account in any information, advice or guidance given to the client, particularly if any decision the client makes is based solely on that information or advice. If the client makes a decision that may have legal connotations, the estate agent or salesperson should explain to the client that he should discuss this with his legal adviser. The salesperson might also consider advising the client to put the salesperson in contact with the legal adviser if the salesperson is concerned about any decisions that are being taken.

### *Example:*

A salesperson should not advise an elderly couple (who is not working and has no income) to sell their direct-purchase HDB Executive flat to get "handsome sale proceeds" and later try to get a rental flat from HDB. A salesperson would know that the elderly couple would not qualify for a rental flat immediately after the sale. After exercising due care and diligence, the salesperson may advise the elderly couple to either downgrade to a smaller flat within their affordability or rent out unoccupied room(s). The salesperson could have also advised the elderly couple to approach HDB for financial counselling.



## 1.10 Offering gifts and cash vouchers

1.10.1 Estate agents and salespersons shall not advertise or offer any benefit, in cash or kind, to any party in a transaction, so as to induce them to engage the services of the estate agents or salespersons. Estate agents and salespersons also shall not agree if any person initiates the request for them to offer such benefits. This practice of offering benefits as inducement is an unprofessional and unethical practice and brings disrepute and discredit to the industry.

1.10.2 However, the lowering of commission rates is not a benefit to induce the engagement of services. As commissions are subject to negotiation, any lowering of commission rates is acceptable and is not considered an unethical practice that would bring disrepute and discredit to the industry.







## 2. Providing Professional Advice to Clients

This section provides guidance to estate agents and salespersons in offering professional advice to clients throughout the course of the property transaction.

## 2.1 Advising on property price or rent

2.1.1 Under the *CEPCC*, any opinion that is rendered by an estate agent or a salesperson to a client shall be justified by reference to verifiable facts. In providing advice on market trends in property prices or rents, estate agents and salespersons shall therefore refer to verifiable sources of information. Prices or rents indicated shall be supported by a reasonable amount and range of comparable data of similar properties in the same locality if available. Salespersons should draw data from reliable sources of information such as from caveats lodged and HDB's resale transaction records when advising their clients.

2.1.2 Under the *CEPCC*, estate agents and salespersons are required to recommend that their clients seek professional advice where appropriate and where there are material matters or issues that are beyond their knowledge or expertise. This includes but is not limited to professionals such as solicitors, tax advisers, appraisers and valuers.

2.1.3 Examples of matters that could be beyond the salespersons' knowledge and expertise include advice on the market valuation of the property/flat (salespersons could refer to licensed valuers), addition and alteration works on the property which may be subject to approval by the relevant authorities (salespersons could refer to URA, SCDF and BCA as appropriate), advice on bank loan eligibility (salespersons could refer to banks), and advice on Master Plan zoning, plot ratio or storey height of development (salespersons could refer to URA).

2.1.4 In giving an estimate of the property value, e.g. based on bank quotations, an estate agent or salesperson shall make it clear to the client that the advice given is not a market valuation and that the client should engage the services of a valuer or appraiser licensed by IRAS under the *Appraisers Act (Cap. 16)*. For resale transactions of HDB flats, the valuation carried out by HDB's panel of valuers is for the purpose of providing a valuation of a HDB flat for calculation of HDB's mortgage loan or withdrawal of CPF savings by the buyers.

2.1.5 When advising a client or any other person on property prices or rents of similar properties, the salesperson shall ensure the following:

- a) The data provided on prices or rentals are current and accurate;
- b) The properties quoted are comparable to the subject property;
- c) Where available, information is provided on prices or rentals of recent transactions of similar or comparable properties in the vicinity; and
- d) The range and amount of data, if available, is reasonably comprehensive and the client is not misled on the value of his property.



## 2.2 Advising on procedures

2.2.1 In the sale of uncompleted private residential properties, estate agents and salespersons acting for developers or buyers must be familiar and comply with the rules and procedures on the sale of such properties by licensed housing developers, e.g. the use of the [standard form](#) of Option to Purchase (OTP) or Sale & Purchase (S&P) Agreement, and the particulars, documents and information on the property which developers have to provide to buyers. The relevant legislation to refer to on this issue is the *Housing Developers (Control & Licensing) Act (Cap. 130)* which is administered by URA. More information on the procedures for purchase of uncompleted private residential properties is available from URA's *Home Buyer's Guide*.

**[Updated 11 Dec 2020: The above link has been updated.]**

2.2.2 In acting for purchasers of completed private residential properties where Certificates of Title have been issued, estate agents and salespersons shall be fully conversant and explain to their clients the version of the Law Society's Conditions of Sale being adopted by the owner or seller for the Sale and Purchase Agreement i.e. either the 1999 or 2012 Conditions. More information on the Conditions of Sale is available from The Law Society of Singapore's website, <http://www.lawsociety.org.sg/forMembers/ResourceCentre/ConditionsofSale2012.aspx>. If in doubt or if appropriate, the salesperson shall refer the client to a legal adviser.

2.2.3 Under the *Residential Property Act (Cap. 274)* administered by the Controller of Residential Property, there are certain restrictions imposed on foreign ownership of private residential property in Singapore. A person who is not a Singapore citizen cannot acquire or purchase restricted residential property unless he obtains prior approval under the Residential Property Act. Such properties include (a) vacant residential land (b) landed property [i.e. detached houses, semi-detached houses, terrace houses (including linked houses or townhouses)]; and (c) landed property in strata developments which are not approved condominium developments under the *Planning Act (Cap. 232)* administered by URA.

2.2.4 Salespersons shall advise their non-Singapore citizen clients to apply to the Controller of Residential Property, SLA before they purchase such residential property. The need for approval should be brought to the attention of the client before he signs the Option to Purchase or the Sale and Purchase Agreement. Thus, before advising their clients who are foreign buyers, estate agents and salespersons shall refer to SLA's website ([www.sla.gov.sg](http://www.sla.gov.sg)) to ascertain if approval under the Residential Property Act is needed.

2.2.5 Estate agents and salespersons shall also be aware of the prevailing provisions under the *Income Tax Act (Cap. 134)* [Section 45D] where a purchaser has to withhold tax when making payment for the purchase of any property from a non-resident property trader whose gain or profit arising from the sale of the property is liable to be taxed under Section 10(1)(a) of the *Income Tax Act (Cap. 134)*. Reference can be made to IRAS' website ([www.iras.gov.sg](http://www.iras.gov.sg)) to ascertain if withholding tax may be applicable. If estate agents and salespersons have any doubt or questions on the applicable provisions, they should advise their clients to consult professional tax agents or consultants.

2.2.6 For resale transactions of HDB flats, estate agents and salespersons shall advise the clients on their eligibility to transact HDB flats. In addition,

- a) In acting for the buyer, the salesperson must go through and advise buyers of the respective items in the "*Resale Checklist for Buyers who Engage Salespersons*" before buyers exercise an Option to Purchase. This includes advising buyers on loan amount and eligibility conditions and checking that there may be limits on the use of CPF funds and taking a housing loan due to the balance lease period of the flat;
- b) In acting for the seller, the salesperson must similarly go through and advise sellers of the respective items in the "*Resale Checklist for Sellers who Engage Salespersons*" and deposit a scanned copy of the completed checklist in HDB's Resale Checklist Repository ([www.hdb.gov.sg](http://www.hdb.gov.sg)) by the next day. Sellers must observe the seven(7)-day cooling-off period before granting the Option to Purchase to the potential buyer;

- c) If the seller is buying another HDB flat, the salesperson shall work out the sales proceeds for the sale of the flat and the next housing financial plan, and submit the calculated figures together with the “Resale Checklist for Sellers who Engage Salespersons”. Even if the seller is not buying another HDB flat, it is good practice for salespersons to do the necessary financial calculations for the benefit of the seller; and
- d) The salesperson shall keep up-to-date with and advise their clients of their need to comply with the requirements set out in the “Important Notes on Option to Purchase”, the “Terms and Conditions of Sale/Purchase of an HDB Resale Flat” and HDB’s prevailing policies and procedures.

2.2.7 The HDB Branches provide financial advice/counselling to flat owners who have difficulties paying their mortgage instalments. Salespersons can help these flat owners by advising them to approach their HDB Branch for a better and clearer understanding of their options.

2.2.8 Salespersons play a crucial role in advising flat sellers and guiding them to make prudent decisions, particularly to plan for another home before committing to sell their flats. The HDB Resale Checklist provides useful pointers, and salespersons can help their clients by going through the checklist with them carefully.

*Example:*

A salesperson failed to ensure that the buyer (who is getting a bank loan) secured the letter of offer for the bank loan [or in-principle approval] before signing the OTP. Should the buyer fail to get the bank loan, the resale transaction might have to be aborted.

2.2.9 Salespersons should note that owners who wish to sublet their HDB flats must obtain HDB’s approval before they can do so. Salespersons who facilitate rental flat transactions (be it the whole flat or room) shall:

- a) Check and advise owners on their eligibility to sublet [must meet the Minimum Occupation Period (MOP) for subletting of whole flat]. Ensure that the person subletting is the rightful owner;
- b) Check and advise tenants on their eligibility to rent. Ensure that prospective tenants are eligible to rent;
- c) Explain to owners/tenants HDB’s subletting policies/terms and conditions/procedures;
- d) Ensure owners obtain HDB’s approval to sublet the whole flat or register with HDB within 7 days of commencement date of subletting of rooms, and show documentary proof of the approval/registration to the tenants;
- e) Explain clauses in the tenancy agreement to owners and tenants;
- f) Assist owners to check and ensure foreign tenants’ stay in Singapore is legal; and
- g) Advise their tenants to get their tenancy agreement stamped with IRAS.

2.2.10 Salespersons shall also ensure that they do not facilitate transactions involving HDB rental flats as it is HDB policy that rental flats are not allowed to be sublet. To ascertain whether a flat is a rental flat or a sales flat, salespersons shall make relevant checks with HDB and verify with documentary proof from their client. Salespersons should also check HDB’s website for updates on prevailing policies and procedures for subletting transactions.

2.2.11 In advising the client on the sale procedures, the salesperson shall ensure that he is conversant and familiar with the relevant processes and procedures.

*Example:*

If a salesperson knows that there is a breach in HDB procedures (e.g. the buyer and seller enter into a supplementary agreement), the salesperson must advise the parties involved that it is illegal and that they have to comply with HDB procedures.



## 2.3 Advising on financing/payment of fees

2.3.1 Salespersons shall inform their clients of any relevant or new regulation or policy governing the issue of financing loans such as the available loan-to-value ratio likely to be granted, and additional stamp duty or other duty or tax likely to be imposed on the buyer or seller for such a purchase or sale. If CPF is used, the salesperson shall inform the buyer of the relevant rules and procedures governing the use of CPF funds.

2.3.2 Salespersons shall also inform their clients of the fees payable in relation to the property transaction. These include but may not be limited to:

- a) Option Fee/Option Exercise Fee;
- b) Stamp duty (including buyer's and seller's stamp duty);
- c) Legal and associated fees;
- d) Commission;
- e) HDB Administration Fee; and
- f) Valuation Fee.

2.3.3 Unless the estate agent or salesperson is knowledgeable or familiar with the details of the financing arrangement and terms, he should request the client to seek appropriate advice such as from a finance broker or institution. If asked to give advice on financial matters, salespersons shall request their clients to check on their financial status or consult their financial advisers or bankers before committing payment of the Option Fee. Salespersons should not make any misleading statement to assure a prospective client that there is no or little problem to obtain a mortgage loan to finance the purchase of a property. Any indicative valuation from a bank officer (such as those obtained by salespersons via telephone calls) shall not be misrepresented to the buyer/seller as the valuation of the property.

*Example:*

A salesperson failed to provide the correct financial advice and informed the seller that he would receive cash proceeds from the sale of his property. In reality, the seller would not receive such cash proceeds as funds utilised from the CPF account, including interest accrued, has to be returned to the CPF Board.

2.3.4 An estate agent or salesperson who recommends a finance, or mortgage brokerage firm, legal firm or service provider to a client must make a written disclosure to the client of any formal or informal relationship, connection or association between the salesperson and the finance or mortgage brokerage firm, legal firm, or service provider and must obtain written consent from the client. Salespersons shall also declare in writing to the client any commission or fee to be received from any such persons.



## 2.4 Signing of Option to Purchase (OTP)/Sale & Purchase (S&P) Agreement

2.4.1 This is a critical stage for the buyer and seller in any transaction as, once signed, the OTP or S&P Agreement forms a legally binding contract between both parties. Salespersons shall be familiar with the terms of the OTP or S&P Agreement used. Salespersons shall also explain to their clients the financial and legal implications of signing these Agreements, e.g. the penalty for not proceeding with the purchase. Salespersons of both parties shall also do due diligence checks on all matters related to the OTP or S&P Agreement, such as the payment of option money or deposit. This shall include, but is not limited to, sighting the details of the cheque (such as name of drawee, date and amount) or other forms of payment to ensure that it is in order.

### Example:

A buyer handed over option money that was more than the required amount but the transaction was aborted and the mentioned amount was withheld by the seller. Both the buyer's and the seller's salespersons did not check the amount indicated on the cheque before it was handed over by the buyer to the seller. Both salespersons were in breach of their duty and should have checked the amount indicated on the cheque.

2.4.2 Salespersons shall only indicate the mutually agreed Purchase Price on the OTP and shall not include any deduced figure e.g. "Market Valuation" or "Market Valuation plus Cash over Valuation (COV)". Salespersons shall not postdate or backdate the OTP or S&P Agreement.





## 3. Marketing and Advertising of Property

This section provides guidance to estate agents and salespersons on marketing and advertising of properties. The form and timing of marketing and advertising of the property should be agreed upon between the estate agent/salesperson and the client at the onset.

### 3.1 Agreeing on marketing proposal

3.1.1 Estate agents and salespersons must only advertise a property at a price or on other terms in accordance with the client's instructions and shall not do so in any other different manner. The estate agent and salesperson shall obtain the vendor's consent on an appropriate marketing proposal for the sale or lease of the property. Prior written consent of the vendor to such a marketing proposal must be obtained before advertising the property.

3.1.2 If the salesperson is representing the vendor, before commencing to market the property for sale or lease, the salesperson shall present the marketing proposal to the client and obtain his feedback and agreement. The marketing proposal shall comprise at least the following:

- a) A reasonable range of relevant and comparable transacted prices or rentals. This shall include recently transacted prices or rentals of similar properties in the vicinity, if available. This would give the client an idea of the potential market value of his property; and
- b) A reasonable range of current asking prices, if available. This would enable the client to decide on a realistic asking/offer price or rental.

3.1.3 The marketing proposal should include an overview of the current property market. Explaining the current market conditions will enable the seller/landlord to have a better appreciation of the state of the property market, thus providing the client a basis to set realistic expectations for their asking prices or rentals and the expected period to sell or buy a property.

3.1.4 Salespersons shall also keep a proper record of all advertisements that have been published or advertised. These shall be shown to the client if a request is made.



### 3.2 Information about the property

3.2.1 For private residential properties, the buyer/tenant's salesperson shall make known the facilities of the estate and surrounding environment of the property, as well as the maintenance and sinking fund charges, to the prospective buyer/tenant. If the salesperson does not have such information, he shall make reasonable efforts to gather such information from available sources including the seller/landlord's salesperson or the seller/landlord.

3.2.2 Any information on the property provided by a salesperson shall not be false or misleading. Estate agents and salespersons shall take all reasonable steps and exercise due diligence to verify information that they provide, as well as information provided by developers, with other reliable sources and relevant Government authorities.

3.2.3 For the marketing of foreign properties (located outside of Singapore), estate agents and salespersons shall ascertain that the information about the property provided by the foreign developer is accurate before such information is used in advertisements. Salespersons shall also ensure that approval from their estate agent has been expressly obtained before marketing properties for foreign developers.

3.2.4 In the provision of information, such as the following, to any person in relation to the marketing of (or in advising upon) a property, an estate agent or salesperson shall ensure that all the information provided is accurate:





- a) Property valuation and a reasonable range of recent prices or rentals of transactions of similar or comparable properties, if available;
- b) Approved developments or future development plans (if made known by the authorities) in the vicinity of the property;
- c) Transport facilities and nearby amenities such as schools, MRT and malls; and
- d) The approved use of the property: whether the property that is being marketed is approved as residential, commercial/office or industrial use.

If salespersons advertise on expected capital gains or rental returns from a property, the statements made must be able to be substantiated.

3.2.5 Salespersons who refer to a valuation figure in their marketing or advertisement of the property or in their communication with any person shall make clear the nature of the valuation obtained (e.g. whether it is from the HDB's panel of valuers or a bank desktop valuation) and the date of the valuation.

3.2.6 As part of due diligence checks and to protect consumer interest, estate agents and salespersons shall ensure that foreign properties that are marketed in Singapore have obtained building plan approval from the relevant overseas authorities.

3.2.7 Salespersons shall not misrepresent the surroundings or features of any development in any advertising or promotional material (for example by using artists' impression and drawing open green pastures around the development when there are in fact surrounding buildings and structures near to the new development, omitting certain nearby buildings or facilities, or substantially lowering the height of nearby buildings).

3.2.8 Estate agents and salespersons must not make promises that they may not be able to fulfil to their client. They should only make assurances that are within their capacity to fulfil.



### 3.3 Advertising the property

3.3.1 The CEPC sets out the duties for estate agents and salespersons in respect of advertisements. Estate agents and salesperson shall also comply with *the Practice Guidelines on Ethical Advertising*. Salespersons shall:

- a) Obtain the prior written consent of the vendor(s) before advertising any property for sale or rental. For such consent to be valid, the vendor must be informed in writing of the name and registration number of the salesperson prior to the giving of the written consent. For example, where there is joint marketing by a group of salespersons, or the Estate Agent appoints a group of salespersons to market the property, the names and registration numbers of all the salespersons should be presented to the property owner for written consent. The owner would benefit by knowing the salespersons marketing his property. The vendor shall also be informed in writing whether each salesperson, to whom written consent has been given, is representing him or not. This is to enable the vendor to know who he is authorising to represent him;

*Example:*

An owner gave written consent to Team ABC (without being told the names and registration numbers of the salespersons within the team) to advertise his property. Such consent is not valid and the salespersons within the team cannot advertise the property.

- b) Ensure that all materials that advertise or promote a property accurately describe the property. The information in advertisements, which may include the expected date of issue of the Temporary Occupation Permit (TOP), must not be inaccurate, false or misleading. Salespersons shall explain that the expected date of TOP is only an estimated date and advise on the specified TOP date as stated in the OTP or S&P Agreement;
- c) Ensure that advertisements do not contain any offer, proposal, statement, representation, claim or information that is inaccurate, false or misleading; and
- d) Include in advertisements (other than newspaper classified advertisements), the salesperson's name, CEA's registration number and contact number as stated in the CEA's Public Register, and the estate agent's name and licence number. For classified advertisements printed in the newspapers, the salesperson must use the name(s) and the contact numbers that are registered with CEA. Licence/registration number need not be stated for classified advertisements in newspapers.

3.3.2 In relation to paragraph 3.3.1(a), salespersons (whether they may be representing the owner or not) who obtain the prior written consent of owners shall not act in a manner contrary to the owner's interests when they advertise their property. Salespersons shall not use phrases like 'already co-broke', 'no co-broke', 'no agents', 'buyer only', 'buyer pay 1% commission' or any other phrases that are not in the owner's best interests in any advertisement or marketing of a property.

3.3.3 Before publishing any advertisement, the salesperson shall take reasonable care and steps to verify the information provided by the client including the tenure, correct floor area and other facts or descriptions in the advertisement. This could be done through a title search, provision of documentation by the property owners or any other reasonably reliable means.

3.3.4 In advertising or marketing a property, a salesperson shall not request or recommend that potential or interested purchasers engage the services of a particular or identified salesperson.

3.3.5 In advertising properties for sale, purchase or rental, salespersons should be sensitive to the diverse, multi-racial and multi-cultural nature of society and advise their clients against placing advertisements that are discriminatory, offensive or stereotyped in nature against any particular race, religion or group in society.

3.3.6 Estate agents and salespersons shall remove all advertisements and cease the dissemination of photographs or information of the property if a property is no longer available for sale or lease, or the relevant estate agency agreement is terminated, whichever is earlier. The advertisement shall be removed promptly upon the exercising of an OTP or when the S&P Agreement is signed. Where OTP is used and a buyer has already paid an Option Fee, salespersons should explain to other interested buyers who make enquiries on the availability of the property that an Option has been granted and that the property is not available for sale.

3.3.7 Estate agents shall state the registered names of their salespersons correctly and clearly when posting advertisements. Based on paragraphs 12(1) and 12(2) of the *CEPCC* and paragraph 2.1 of the *Practice Guidelines on Ethical Advertising*, estate agents and salespersons must be correctly and clearly identified in all their advertisements and promotional materials. Estate agents shall also show all their advertisements to be published to their salespersons mentioned or referred to in the advertisements so that the salespersons would know what the contents look like and would be able to respond when consumers call them. Failure to do this would constitute breaches of paragraph 4(2) of the *Code of Practice* i.e. failure to properly manage and supervise salespersons (to ensure they conduct their estate agency work in a professional and reasonable manner) and paragraph 5 of the *CEPCC* i.e. failure to conduct business and work with due diligence and care.



### 3.4 Online marketing

3.4.1 All regulations and policies in respect of advertising shall apply to advertisements on the Internet.



### 3.5 Advertisement signboards on property

3.5.1 The estate agent and salesperson must obtain the client's written consent before displaying a sign at the client's property. The display of signs shall be subject to any applicable regulations, guidelines, procedures or policies of other authorities, such as the *Building and Construction Authority (BCA)'s (Outdoor Advertising) Regulations*. LTA's approval must be sought for any signs erected along public roads.



### 3.6 Property viewings

3.6.1 For viewing at show flats for uncompleted private residential properties, prior to the launch of the development, estate agents shall work out an appropriate mode of sale with the developer. The mode of sale shall not cause inconvenience to the public, cause any traffic congestion, involve any unethical or disreputable conduct or bring about any bad publicity. In managing sales launches, estate agents are to also ensure that, in carrying out the developer's mode of sale, the system for managing potential buyers is fair and transparent.

3.6.2 The estate agent and salesperson must obtain the client's prior consent before conducting a viewing of the property. In line with the *CEPCC* which requires the estate agent and salesperson to keep the client informed of any material or relevant development or issue in respect of the property of the client, the estate agent or salesperson must inform the client in writing of details of the property viewing, including the date and time for the viewing as well as the name of the potential purchaser. Salespersons shall not misrepresent the availability to show or view a property. For private residential properties, salespersons shall comply with the rules laid down by the property's management office with regard to entry into the housing estate/building by non-residents.

3.6.3 Salespersons should prepare themselves for property viewings, be punctual for the viewing, project a professional image and conduct themselves in a respectable manner at all times. Salespersons must display their estate agent card at all times when conducting estate agency work. Salespersons should also keep a proper record of the persons who had viewed the property. If the property is occupied by someone other than the client, the estate agent and the salesperson shall make the appropriate arrangements with the client and the occupiers of the property before conducting the viewing.

3.6.4 For sub-sale transactions of completed properties, after the OTP is exercised or the S&P Agreement is signed but before legal completion has taken place, and the buyer wishes to sell such a property, estate agents and salespersons shall take into consideration that the prior consent from the legal owner is required before any viewing of the property.

3.6.5 Salespersons should note the following when handling keys for property viewing:

- a) If a client gives the keys to a salesperson for the purpose of arranging for prospective buyers or tenants to inspect the property, the salesperson shall issue a written acknowledgement to the client upon receipt of the keys. The salesperson shall not duplicate the keys without the client's consent. Before the keys are returned to the client, the salesperson must verify the recipient's identity and authority to collect the keys if the recipient is collecting the keys on behalf of the client. The salesperson shall obtain a written acknowledgment of the receipt of the keys from the client or recipient;
- b) Salespersons must not use the client's keys for purposes other than for arranging for viewing of the property by prospective buyers or tenants; and
- c) After the sale or lease of the property, or upon the expiration of the appointment period, the salesperson must return all keys to the client as soon as possible.



### 3.7 Advice on use of cheques

3.7.1 The practice of collecting any cheque (including photocopies of cheques) other than securing the purchase by way of the OTP and S&P agreement in developer<sup>1</sup> sales is not encouraged as it could lead to abuse, exposes prospective buyers to risk and hence is detrimental to their interests. Salespersons shall not collect cheques for projects that have not been approved for sale by the relevant authorities. For projects that have been approved for sale, salespersons shall not collect cheques unless there is a request in writing initiated by the developer direct to the estate agent. If a cheque is issued it must be crossed and made out in the name of the payee (as specified in the OTP or S&P agreement) (for non-residential properties) or the project account (for residential properties).

3.7.2 Under such arrangements, the salesperson or estate agent shall prepare an Authorisation Letter to be signed by the prospective buyers and that shows the names and NRIC numbers of prospective buyer(s) as well as the name, NRIC number and registration number of the salesperson. The Authorisation Letter shall also state clearly the terms that will safeguard the interest of the prospective buyer. Such terms include but are not limited to the following:

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<sup>1</sup> This includes licensed and unlicensed developers.

- a) The name of the housing project and the specific block and unit number(s) which the prospective buyer is interested in. If such information including the specific block and unit number(s) is not available, the salesperson shall not collect a cheque from the potential buyer;
- b) Conditions under which the estate agent/salesperson is authorised to hand over the cheque to the developer, e.g. the maximum allowable amount for which the cheques can be drawn, validity period of cheques, buyer's prior knowledge and approval;
- c) Procedure for return of the cheque to the prospective buyer if he decides against booking a unit;
- d) Any changes such as addition/deletion of name(s), changes of payment scheme, and change of unit will not be permitted. The purchaser(s) listed shall be final and there shall be no subsequent change;
- e) All purchasers must be at least 21 years old and must be eligible to make the purchase under the applicable terms or conditions, such as restrictions under the *Housing and Development Act (Cap. 129)* and the *Executive Condominium Housing Scheme Act (Cap. 99A)*; and
- f) Non-Singapore citizen purchasers will be subject to LDAU (Land Dealings Approval Unit) approval in accordance with the *Residential Property Act (Cap. 274)*.

3.7.3 The estate agent shall have a proper written procedure for the preparation, issue, receipt, safekeeping and return of the cheques. In addition, the estate agent must maintain a register/record of all the cheques collected. The register/record shall include all pertinent information such as:

- a) The name of the person who signed the cheque (the drawer);
- b) The name of the person or entity the cheque is made payable to (the drawee);
- c) The maximum allowable amount that can be drawn;
- d) Cheque number;
- e) Date indicated on the cheque;
- f) Date salesperson received the cheque; and
- g) Particulars of the housing project as well as the specific block and unit number.

The Authorisation Letters and cheques shall be kept by the estate agent in a properly secured place. A copy of the Authorisation Letter must be given to the client on the same day that it is signed. The estate agent shall keep all the Authorisation Letters, even for cases which the prospective buyers did not proceed to purchase the property eventually.

3.7.4 When marketing a completed property, a seller's salesperson could receive multiple offers from potential buyers. However, he shall not go around collecting cheques from potential buyers as an indication or symbol of "sincerity". He also shall not use the cheque, or show it to any person, to solicit for a higher offer from other potential buyers. The salesperson shall

advise his seller that such a practice exposes prospective buyers to the risk of fraud and is not encouraged.

3.7.5 A cheque shall not be collected by any estate agent or salesperson from a potential buyer or any other person unless it is supported by proper documentation relating to the purpose of the cheque. Examples of proper collection of cheques are the payment of an option fee in exchange for the Option to Purchase from the seller, or when the buyer pays the option exercise fee pursuant to the Option.



### 3.8 Statements made to other parties and Material Facts

3.8.1 The *CEPCC* specifies the duties of estate agents and salespersons with regard to safeguarding confidential information. Estate agents and salespersons shall ensure that their clients' confidential information is safeguarded when responding to questions from other parties.

3.8.2 Before commencing to market the property, the salesperson must ascertain the material facts and important information of the property with the vendors. This is to ensure that the correct factual information is communicated to prospective purchasers to aid in their decision making process.

3.8.3 The following items (considered material facts and important information) shall be confirmed or disclosed in writing by an estate agent or salesperson marketing a property to prospective purchasers:

- a) The approved use of the property;
- b) Land Area or Strata Floor Area – Land area shall be determined through the Certificate of Title (CT) or Certified Plans (where survey has been completed) for land-titled properties. Alternatively, if the above is not available, the information could be obtained from the developer or OTP/S&P Agreement which the seller had signed with the developer or his vendor.

For strata titled properties, the strata floor area shall be determined through the following means and the void area (if any) in the unit shall be disclosed to the prospective purchaser:

- i) For properties where the strata title plan has been approved by the Chief Surveyor – Subsidiary Strata Certificate of Title (SSCT) or strata certified plan. This plan would contain the floor area, void area (if any) and total area of each storey of the strata lot, as well as the total area of the strata lot;
  - ii) For properties where the strata title plan has yet to be approved – schedule of strata units or the form provided by developers to buyers under the Housing Developers Rules; or
  - iii) If the above is not available, the OTP or S&P Agreement;
- c) Tenure – for leasehold properties, it is important to confirm the start date of the lease so as to determine the remaining unexpired lease term for the property that is being sold or transacted; and

- d) When asked by a purchaser or through his salesperson, the vendor's salesperson shall find out from the vendor and convey to the purchaser or the purchaser's salesperson material information on the property including but not limited to the following:
- i. Loan shark harassment;
  - ii. Bankruptcy issues;
  - iii. Recent death from unnatural causes in the property;
  - iv. Divorce proceedings;
  - v. Any defect that would materially affect the property value or its suitability to be used for the purpose for which it is being acquired as a dwelling, e.g. pests, infestations, damages like spalling concrete and water leakages, and other possible hazards such as environmental hazards or natural disasters;
  - vi. Unauthorised additions, structures, alterations or renovations;
  - vii. Whether any caveats have been lodged; and
  - viii. For HDB resale flats, the minimum occupation period.

3.8.4 If there are any peculiarities in the transaction e.g. sale of an undivided interest in land or unregistered land, the salesperson shall advise his client to consult a lawyer. Where the salesperson is dealing with the other party to a transaction who is unrepresented, it is best practice to ask the person to consult a lawyer.

*Example 1:*

Salesperson A is representing the purchaser in a transaction. It was revealed that the land actually has two houses on it (house number 5 and 7), and the purchaser will be purchasing a ½ share in the land including house number 5. Salesperson A shall advise his client to seek legal advice to understand the nature of the transaction and in considering whether or not to purchase the share in the property.

*Example 2:*

Salesperson B is representing the vendor of an unregistered piece of land. The purchaser is unrepresented. Salesperson B shall inform the purchaser that the land is unregistered. It is also good practice that Salesperson B advises the purchaser to seek independent legal advice before making a decision to purchase the land.

3.8.5 When handling divorce cases where there is a court order for the sale of a property, salespersons shall get the written consent of the party granted the conduct of the sale, or (if there is none) of either of the owners, before marketing the property. If there is no court order, written consent shall be obtained from all the owners before marketing the property for sale or lease.

3.8.6 Salespersons should ensure that the prevailing HDB requirements and procedures are met when handling divorce cases. Estate agents and salespersons should note that under HDB's purchase and resale procedures, even if the spouse is not a co-owner/occupier of the flat, the spouse still needs to endorse the Resale Application Form because the spouse is an integral part of the family nucleus. The spouse must attend the first appointment and sign the

“Spouse Consent To Resale/Acknowledgement by Spouse” form in the presence of HDB’s Customer Service Manager. If the spouse is not in Singapore or residing overseas, HDB requires the spouse to sign the form in the presence of a Notary Public.



### 3.9 Marketing a Property for En Bloc Sale

3.9.1 Salespersons who are marketing properties for en bloc sale shall be fully conversant and comply with their legal duties as marketing agents and shall take note of the following:

- a) Salespersons shall not harass owners to give consent to en bloc sales; and
- b) Salespersons shall not withhold information which should be shared under the *Land Titles (Strata) Act (Cap. 158) (LTSA)* e.g. percentage of owners who have signed the collective sale agreement.







## 4. Communicating of Offers and Expressions of Interest

This section provides guidance to salespersons on handling all offers and expressions of interest professionally and ethically.

## 4.1 Communication with the client

4.1.1 The *CEPCC* requires estate agents and salespersons to render professional and conscientious service to their clients. This includes all aspects of communications with the client.

4.1.2 Salespersons should be clear when passing information to the client as to whether the information is based on facts or is an opinion.



## 4.2 Conveying offers and expressions of interest

4.2.1 The *CEPCC* specifies that an estate agent or salesperson must convey every offer, proposal or expression of interest received to the client accurately, objectively and as soon as possible after receiving it. In line with this, salespersons must relay offers to the client truthfully, immediately and in accordance with the order of receipt of the offers and shall not withhold or sieve out any offer or expression of interest.

### *Example:*

If a salesperson receives multiple offers from potential buyers, he shall convey all offers instead of only the highest offer to his client (the seller) or an offer that is accompanied by a cheque with a letter of offer. The salesperson shall not disregard any offer as the seller may consider other factors such as the potential buyer's financial background when making a decision to sell and may also consider that there is potential for a particular potential buyer to increase his offer.

4.2.2 Salespersons shall record in writing all verbal or written offers and expressions of interest (including the date and time of the offer) for the property as soon as possible to avoid any dispute or confusion, even if the offer is lower than the client's expectation, e.g. if the client wants to sell his property at no less than \$500,000 and an offer of \$450,000 is received, it shall also be recorded. The salesperson shall record all offers or expressions of interest in writing including details of the name and contact phone number of the person making the offer or expression of interest, the date and time, and the amount offered or nature of expression of interest indicated (e.g. that a certain person called to enquire about the property). If appropriate, estate agents and salespersons could ask their client to sign a form which includes a record of the agreed offer price and any other terms and conditions. Salespersons shall retain the written record of offers or expressions of interest and copies of all received offers/expressions of interest (whether such offers or expressions of interest resulted in a transaction or not) for a period of 1 year and shall show such written record and copies of received offers/expressions of interest to his client upon request. Salespersons shall also retain copies of all other documents directly or indirectly related to their property transactions for a period of 1 year.

4.2.3 Salespersons should also explain and advise the client on all the offers or expressions of interest received, but the decision on how to proceed, such as how to leverage on offers received to secure the highest offer, must be left to the client. The salesperson must also maintain confidentiality of all offers or expressions of interest and discussions with the client.



4.2.4 In the event that a potential buyer/tenant expresses an interest in the property but has yet to give an offer, the salesperson shall seek his seller/landlord client's instructions on whether to wait for the offer or to consider existing offers by other potential buyers/tenants.

4.2.5 In the event when multiple offers are received, the salesperson shall seek his client's instructions on whether to close the deal with the existing higher offer or to ask the other interested parties to raise the value of their offers.





## 5. Completing the Property Transaction

This section provides guidance to salespersons on the handing over of the property to complete the transaction.

## 5.1 Follow-up actions after agreement is reached

5.1.1 Once an agreement has been reached concerning the sale/lease terms, the salesperson should ensure that the Prescribed Estate Agency Agreement with the client is signed, if it was not signed earlier.

5.1.2 In the case of the sale of a property, the salesperson shall explain to the buyer the payment schedule for fees payable, such as option fee, option exercise fee, and completion payment/progressive payments where applicable. The salesperson must also advise and encourage both the seller/landlord and the buyer/tenant to seek the advice of the relevant professionals where appropriate.

5.1.3 All salespersons shall advise clients that the OTP/S&P Agreement and Tenancy Agreement are legal documents and clients should refer to their lawyers if they are uncertain on any issues pertaining to these documents. Nevertheless, the salesperson should go through the clauses contained in these documents with the client. They should highlight the payments and dates where relevant.

5.1.4 The salesperson must make copies of all relevant signed documents related to the property transaction and ensure that a copy each is given to all signatories, either immediately or as soon as possible after signing. All documents that are signed should be dated on and as the same day and date when the documents are signed.



## 5.2 Handling of transaction money

5.2.1 Under the *Estate Agents Act (Cap. 95A)*, no estate agent or salesperson shall hold or handle any money for or on behalf of any party in relation to the sale and purchase of any property situated in Singapore or lease of HDB property.



## 5.3 No moneylending or advances by estate agents and salespersons

5.3.1 Estate agents and salespersons shall not lend or advance money to or for their clients with the exception of the payment of rental stamp duties before reimbursement by the client. Estate agents and salespersons are prohibited from introducing, referring or recommending moneylenders to their clients. They are also not allowed to accept client referrals directly or indirectly from any moneylender. The term 'moneylenders' used in this paragraph also refers to the employees, agents or representatives of a moneylender.



## 5.4 Handing over of property

5.4.1 Before the property is handed over, the salesperson shall ensure that an inventory list (if applicable) is prepared, be it for sale or lease transactions. The inventory list is to be signed by the seller/landlord and the buyer/tenant, or by their authorised representatives. Where appropriate, photographs should be taken and explanatory notes written (for example, where there are cracks on the kitchen top or aged air-conditioners). This is particularly important for lease transactions where the tenant pays a security deposit (to be returned at the expiry of the lease), and the inventory list and photographs will form part of the transaction documentation.





*The Practice Guidelines on the Professional Service Manual shall be strictly complied with by estate agents and sales persons.*

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