

**PRACTICE CIRCULAR  
FOR ESTATE  
AGENTS ON  
GUIDELINES FOR  
DEVELOPING  
STANDARD  
OPERATING  
PROCEDURES**

**PC 02-17**

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## 1 Background

- 1.1 Estate agents are responsible for the proper administration and management of its business, and supervision of its salespersons. The duties of estate agents are spelled out in the Code of Practice for Estate Agents (COPEA), set out in the Second Schedule of the Estate Agents (Estate Agency Work) Regulations 2010.
- 1.2 Specifically, paragraph 4(1) of the COPEA states that estate agents shall have in place and document in writing proper systems and processes for the management and supervision of their business and salespersons.
- 1.3 The Council for Estate Agencies (CEA) conducts inspections on estate agents on their compliance with COPEA. From the inspections, we received feedback from estate agents for more guidance to be provided on the written standard operating procedures (SOPs) that estate agents are required to put in place in order to comply with paragraph 4(1) of COPEA.
- 1.4 This Practice Circular should be read in conjunction with the provisions of the Estate Agents Act (EAA), the subsidiary legislation made under the EAA and any guidelines or circulars that CEA have issued or may issue from time to time pursuant to the EAA and subsidiary legislation.

## 2 Objective

- 2.1 This Practice Circular sets out guidelines on the SOPs that estate agents are required to put in place for proper management of their business and supervision of their salespersons. It also lists down the areas that the SOPs shall cover in **Annex A**.
- 2.2 These guidelines are not meant to be exhaustive. Where estate agents require other SOPs and areas to comply with the EAA, the subsidiary legislation made under the EAA, any guidelines or circular issued by CEA or any other relevant laws, estate agents shall ensure that such other SOPs and areas be put in place notwithstanding that they are not listed in this Practice Circular.
- 2.3 Where estate agents find that additional areas and requirements may benefit their business, they may make such additions into the SOPs as they deem useful. Such additions shall not however be inconsistent with or otherwise affect the SOPs mentioned at paragraphs 2.1 and 2.2.
- 2.4 In addition, estate agents shall ensure that the SOPs are properly and effectively implemented, which is crucial in the discharge of their duty to manage and supervise their business and salespersons. This Practice Circular takes effect from 1<sup>st</sup> May 2018. CEA will inspect estate agents for compliance with COPEA based on this Practice Circular with effect from 1<sup>st</sup> May 2018.

### 3 **SOPs and the areas of coverage**

3.1 Estate agents are engaged as intermediaries in the sale, purchase and lease of properties, and they have a responsibility to look after the interests of their clients. Estate agents may register salespersons to assist in performing estate agency work. Therefore, estate agents must have proper systems and processes to administer their business operations and manage their salespersons, in order to uphold professionalism of the industry and ensure quality service to their clients. As part of the proper systems and processes, estate agents are required to document in writing and have in place the following SOPs. The areas to be covered under each SOP are provided in **Annex A**.

#### a) **Management of business and salespersons:**

##### (i) **Dissemination of information to salespersons**

Estate agent shall inform and update their salespersons of relevant developments, applicable laws, policies, rules, guidelines and circulars issued by CEA and other relevant government agencies. Such information is necessary for the proper conduct of estate agency work and estate agents shall have in place a proper system for its dissemination.

The Key Executive Officer (KEO) may also need to disseminate information to keep salespersons informed of the estate agent's internal policies and procedures with respect to property transactions, its operations or information on foreign properties, laws and policies which are applicable. A proper system for the dissemination of such information to their salesperson is also important.

##### (ii) **Handling, processing and retaining transaction documents**

Salespersons act on behalf of their estate agents in the conduct of estate agency work. Estate agent shall have in place proper procedures to handle, process and retain documents relating to property transactions, and ensure efficient administration of the documents and records.

##### (iii) **Processing registration, resignation and termination of salespersons**

Estate agents must give due consideration when they recruit or terminate salespersons. In recruiting new salespersons, estate agents shall consider the suitability and fitness of these applicants to practise as salespersons. Estate agents must understand that they are responsible and accountable for the conduct of the salespersons they recruit. Estate agents shall also have proper procedures to manage the registration, resignation and termination of salespersons. In cases where salespersons intend to switch to another estate agent, procedures should be in place for the switch to be carried out smoothly and in a timely manner.

##### (iv) **Vetting publicity and advertising materials of salespersons**

Advertisement breaches remain one of the main complaints that CEA receives. Estate agents shall put in place proper procedures and processes to vet all of

their salespersons' advertisements and publicity materials (including the generation of approval codes (if any) by estate agents following approval of each advertisement or publicity material) to ensure that they comply with the relevant laws, circulars or guidelines. For instance, estate agents shall ensure that the advertisements and publicity materials do not contain anything that is inaccurate, false or misleading as such material contravenes paragraph 12(4) of the Code of Ethics and Professional Client Care. The procedures and processes must also verify that the salespersons have obtained the consent of the owner(s) of the properties before salespersons are allowed to advertise. Concerted efforts by all estate agents will help to address this issue of advertisement breaches and uphold professionalism of the industry.

(v) **Contactability of Key Executive Officer (KEO)**

The KEO is appointed to manage the estate agent's business and supervise its salespersons. The KEO shall remain contactable by the salespersons of his estate agent and CEA at all reasonable times. The contact details of the KEO and the means to contact the KEO shall be made known to all salespersons. The KEO shall also inform all its salespersons and CEA who would be covering the KEO's duty in the absence of the KEO and of all the arrangements on such cover.

**b) Claims and complaints**

Estate agents and salespersons may receive complaints from consumers directly, or complaints may be referred by CEA to estate agents. Estate agents shall have a complaint management system with suitable processes for the receipt and investigation of claims and complaints against the estate agent or any of their salespersons. There shall be a proper record of the complaints received and established processes to ensure that they are dealt with appropriately and expeditiously. Complainants must also be expeditiously informed of the outcome of the investigation. Estate agents should take complaints seriously. They shall act on them, draw and document learning points and make improvements to avoid repetition of any misconduct or poor service and to enhance service to their consumers and the public at large. This will in turn help to improve the public's image of the industry.

**c) Estate agent card**

The estate agent card is necessary for the purpose of identifying registered salespersons. This is to prevent illegitimate conduct of estate agency work by unregistered individuals. Estate agents shall have proper procedures to ensure that their estate agent cards comply with the relevant laws, guidelines or circulars. The estate agent cards must comply with the required form and specifications, and the proper manner of issuance, replacement and recovery of the estate agent cards shall be adhered to. Estate agents must also maintain proper records of all estate agent cards issued.

**4 Conclusion**

- 4.1 This circular spells out the requisite SOPs estate agents are required to put in place for the proper management of their business and salespersons. The circular is for estate agents' compliance.

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This Practice Circular shall be strictly complied with by estate agents and salespersons. While every effort has been made to ensure that the contents are accurate and relevant, the Council for Estate Agencies shall not be held liable for any loss or damage incurred or suffered in connection with, arising from, or in reliance on, any error, omission, statement or misstatement contained in the whole or any part of this Practice Circular.

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## **ANNEX A**

### **SOPs Required of Estate Agents and the areas of coverage in the SOPs**

- 1 Estate agents should work out their SOPs to ensure that the processes and procedures put in place are efficient and effective. Unless otherwise specified in Annex A below, where timelines are required or a certain action needs to be done by the estate agent, the action shall be done within a reasonable period and any timelines crafted by the estate agents in the SOPs (including the events on the timelines and time periods between such events) shall be reasonable. The following are the required SOPs and their concomitant areas of coverage:

#### **2 Management and supervision of business and salespersons**

##### **2.1 Dissemination of information to salespersons**

- 2.1.1 The SOP shall include the following:

- (a) The types of documents or information to be disseminated, including CEA's Practice Guidelines, Practice and Licensing Circulars, relevant laws/ regulations, internal guidelines and policies, etc.;
- (b) Identification of a person, such as a Key Executive Officer, who will approve the dissemination of information, including the types of documents stated in paragraph 2.1.1(a), and to ensure dissemination;
- (c) The mode(s) of dissemination and person(s) responsible for the information to be disseminated;
- (d) The timeline the estate agent has to disseminate information and documents including the documents named in paragraph 2.1.1(a) to its salespersons upon the estate agent's receipt of the information from CEA and relevant government agencies or upon the publication of such information or documents; and
- (e) The estate agent shall keep all records of the information disseminated to its salespersons for a duration of at least 5 years.

##### **2.2 Handling, processing and retaining of transaction documents**

- 2.2.1 The SOP shall include the following:

- (a) The documents that salespersons are required to submit to the estate agent, including but not limited to the following:
  - (i) Estate agency agreements;
  - (ii) Sale and purchase agreements, and options to purchase;
  - (iii) Lease agreements, and letters of intent to lease;
  - (iv) HDB documents/ forms including resale checklist, approval for the sub-letting of HDB flats;

- (v) Documents evidencing the receipt and payment of transaction monies;
  - (vi) Powers of attorney and letters of authorisation;
  - (vii) Declarations made by estate agents or salesperson of any conflict or potential conflict of interests;
  - (viii) Customer Particulars Forms, and documents relating to Customer Due Diligence checks – with respect to the CEA Practice Circular on The Prevention Of Money Laundering and Countering The Financing of Terrorism; and
  - (ix) Other documents relating to property transactions, e.g. copy of passport, work pass, Immigration Checkpoint Authority, Ministry of Manpower acknowledgment slip, etc.;
- (b) When and to whom the above documents must be submitted by salespersons;
  - (c) How the estate agent keeps track of the movement and storage of the documents;
  - (d) The timeline for the estate agent to pay commission to its salesperson and/ or co-broking salesperson, after the estate agent receives the transaction documents from its salespersons; and
  - (e) The estate agent shall keep record of these documents for a duration of at least 5 years.

## 2.3 Registration of salespersons

### 2.3.1 The SOP shall include the following:

- (a) The required documents to be furnished by the applicant for the registration application and the fees payable;
- (b) Identification of the estate agent's team/ staff who will vet the applicant's documents;
- (c) Identification of the estate agent's officer such as the Key Executive Officer who will accept the application;
- (d) The timeline for the estate agent to submit the application to CEA via E-services after the estate agent has accepted the applicant's application;
- (e) The timeline for the estate agent to submit hardcopy documents to CEA, after it submits the application to CEA via E-services (where CEA requires hardcopy submissions);
- (f) The timeline that the estate agent shall inform the salesperson, who is switching estate agent, when In-Principle-Approval has been issued and is valid for 60 days;

(g) The timeline for the signing of the associate agreement between the estate agent and the salesperson after the estate agent's application to CEA for the applicant to be registered as a salesperson is successful; and

(h) The estate agent shall keep records of all relevant documents for a duration of at least 5 years, including copies of NRIC, educational certificates, salesperson examination certificates, associate agreements and professional indemnity insurance.

## 2.4 Resignation of salespersons

2.4.1 The SOP shall include the following:

(a) Identification of the estate agent's team/ staff to approve the resignation letter;

(b) The timeline for the settlement of any outstanding matter between the estate agent and the salesperson, e.g. commission payment, estate agent card, etc., with records of the settlement;

(c) The timeline for the estate agent to (i) submit the salesperson removal application and (ii) upload the resignation letter, via E-services must be within 7 days from the date of resignation;

(d) In the case of a salesperson who resigns to switch to another estate agent, the timeline for the estate agent to submit the salesperson removal application and upload the resignation letter via E-services must be within 7 days from the date of resignation; and

(e) The estate agent shall keep records of all relevant documents for a duration of at least 5 years.

## 2.5 Termination of salespersons

2.5.1 The SOP shall include the following:

(a) Communications with the salesperson of the estate agent's decision and reason(s) for the termination, with records of the session;

(b) The timeline for settlement of any outstanding matter between estate agent and salesperson, e.g. commission payment, estate agent card, etc. with records of the settlement;

(c) The timeline for the termination report to be completed and for the termination letter to be uploaded via E-services must be within 7 days from the termination date; and

(d) The estate agent shall keep records of all relevant documents for a duration of at least 5 years.



## 2.6 Vetting of publicity and advertising materials of salespersons

2.6.1 The SOP shall include the following:

- (a) Identification of the assigned estate agent's team/ staff who are/ is tasked to vet the proposed advertisement;
- (b) The timeline for the estate agent to approve/ reject the advertisement, from the time the salesperson submits the advertisement to the time the estate agent vets the advertisement;
- (c) Salespersons are made known of the timeline cited in paragraph 2.6.1b;
- (d) Informing salespersons in writing of the approval or rejection of the proposed advertisement; and
- (e) The estate agent shall keep records of the above documents for a duration of at least 5 years.

## 2.7 Contactability of KEO

2.7.1 The SOP shall include the following:

- (a) Access by salespersons to information on the contact details of the Key Executive Officer and the covering Key Executive Officer of their estate agent, and the means that they can be contacted, e.g. email and instant messaging and chat apps such as SMS, Whatsapp;
- (b) Arrangements to ensure the contactability of the Key Executive Officer and covering Key Executive Officer; and
- (c) Keeping CEA informed of the Key Executive Officer's contact details and covering Key Executive Officer's contact details when the Key Executive Officer is not contactable.

## 3 Claims and complaints

3.1 The SOP shall include the following:

- (a) The key stages of the process for management of complaints, shall cover but not limited to the following:
  - (i) Registering and retaining the complaint case in its complaint register/ record upon receipt;
  - (ii) Inquiring into the complaint and the seeking of clarifications or information by the estate agent from the salesperson, complainant or such other persons as may be necessary as part of investigation into the complaint;
  - (iii) Meeting with the complainant by the estate agent when there are claims against the estate agent or salesperson to explore an amicable resolution, or when necessary for other complaint cases;

- (iv) Conducting, concluding and determining the outcome of the investigations by the estate agent and any action to be taken against the salesperson as the estate agent deems appropriate; and
  - (v) Informing the complainant of the outcome of the investigation expeditiously, and / or replying to or providing CEA (for complaints referred by CEA to the estate agent) with a report of the investigation, actions taken and outcome thereof within 2 weeks of CEA's request or such longer time as CEA may allow;
- (b) The SOP shall also consider and facilitate the use of CEA's Mediation-Arbitration scheme where applicable. The estate agent shall comply with the Estate Agents (Dispute Resolution Schemes) Regulations and the SOP in place shall facilitate such compliance;
- (c) The timeline for every stage of the process which shall comply with paragraph 6 of the COPEA (e.g. the estate agent to complete investigation within 2 weeks as stated in the COPEA);
- (d) Identification of staff-in-charge for every stage of the process for the management of complaints cited in paragraph 3.1(a) and in paragraph 3.1(b); and
- (e) The estate agent shall keep records of the complaint register, documents, correspondence and names of estate agent's staff involved in the process in respect of claims or complaints, including the result of investigations and any action taken for a duration of at least 5 years.

#### **4 Estate agent card**

##### **4.1 The SOP shall include the following:**

- (a) Compliance with the requirements and specifications<sup>1</sup> of the estate agent card as stated in the COPEA;
- (b) Compliance with the requirements on issuance, replacement and recovery of estate agent cards as stated in the COPEA. The estate agent shall issue the estate agent card to the salesperson at the time he is registered and recover the estate agent card upon his leaving. Such issuance and recovery shall be conducted promptly; and
- (c) Compliance with the requirements as stated in the COPEA on the maintenance of proper records of all estate agent cards issued.

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<sup>1</sup> Please refer to **Annex B** for the specifications of the estate agent card

## Annex B

### Specifications of estate agent card

1 Estate agents can choose to print the estate agent cards in either landscape or portrait version. Estate agents shall ensure that the estate agent cards comply with the following specifications:

#### 1.1 Landscape version

- a) Plastic Card Size: 86mm X 54mm
- b) Minimum Thickness: 0.76mm
- c) Background: White (for both card and photo)
- d) Photo: Recent photo (32mm X 38mm) of salesperson
- e) Estate agent logo, name and licence number: 86mm X 14mm
- f) Contact number or email address for the making of inquiries or complaints to the estate agents (see para 5(3)(d) COPEA)
- g) Official name of holder shall be the same as name printed in NRIC/ passport/ other official identification document (see para 5(8) COPEA)
- h) Any business or other name of the holder shall be printed within brackets below the official name (see para 5(9) COPEA)



#### 1.2 Portrait version

- a) Plastic Card Size: 54mm X 86mm
- b) Minimum Thickness: 0.76mm
- c) Background: White (for both card and photo)
- d) Photo: Recent photo (32mm X 38mm) of salesperson
- e) Estate agent logo, name and licence number: 54mm X 14mm
- f) Contact number or email address for the making of inquiries or complaints to the estate agents (see para 5(3)(d) COPEA)
- g) Official name of holder shall be the same as name printed in NRIC/ passport/ other official identification document (see para 5(8) COPEA)

- h) Any business or other name of the holder shall be printed within brackets below the official name (see para 5(9) COPEA)

