

ACHIEVING HIGHER STANDARDS

CEA serves to uphold a fair and effective regulatory framework that safeguards consumer interests while raising the status and professionalism of the real estate agency industry. Towards this end, CEA undertakes enforcement actions, proactive monitoring and works closely with stakeholders to implement regulatory guidelines to uphold the good reputation and integrity of the industry.





CEA provides various channels for public enquiries and feedback.

The Council for Estate Agencies (CEA) was set up on 22 October 2010 to regulate and develop the real estate agency industry in Singapore. In the initial phase of operation, CEA has put into effect the key elements under the Estate Agents Act – new regulations and codes of conduct, stricter licensing conditions for estate agents and mandatory registration of salespersons, processes for discipline and dispute resolution, and a proactive enforcement system. The Council successfully completed the transition of provisionally registered salespersons to the new regulatory regime on 30 June 2012.

CEA has since moved on to ramp up its regulation and enforcement work. Over the last 12 months, it has been taking stronger actions to ensure that the regulations were understood and followed. It is also continuing to define, refine and reinforce professional practice guidelines to ensure that they support the best interests of the industry, its practitioners and consumers.

REGULATING MANDATORY REGISTRATION & LICENSING

The system of licensing estate agents and mandatory registration of salespersons continued to play a fundamental role in helping the industry achieve high standards of competency, accountability and compliance.

In FY2012, CEA processed and approved approximately 100 licence applications and 10,800 registration applications. It also completed the 2012 year-end renewal/continuation exercise for 1,492 estate agents and 31,040 salespersons.

As at 31 March 2013, there were 1,495 licensed estate agents and 32,982 registered salespersons.

To ensure a hassle-free and smooth renewal process, CEA implemented an online registration

system. Salespersons no longer need to submit hardcopy application forms. They could use their SingPass accounts to submit online applications to CEA and check information and status updates on their registration renewal.

The integrated online system aims to streamline the administration process and ensure compliance with regulatory guidelines. Estate agents were able to submit online returns of Continuing Professional Development (CPD) activities attended by their salespersons to CEA.

In addition, the CPD cycle has been adjusted to better synchronise with the year-end renewal/continuation exercise. From year 2013 onwards, the CPD cycle will end in September every year so as to tie in with the renewal or continuation of licence or registration in October. Each CPD cycle will last 12 months, starting from 1 October of the year to 30 September of the following year. All KEOs, practising directors or partners, and salespersons will be required to fulfil six CPD credit hours by 30 September each year in order to continue or renew their licence or registration.

The CEA website provides an important gateway to information for existing and aspiring salespersons. The salesperson resource page offers information on the registration process and requirements. Salespersons can also find information on CPD activities and download CEA prescribed estate agency agreements, practice guides and circulars. Some of the serious offences handled by CEA are listed for the industry to note. If salespersons are involved in a dispute or subjected to disciplinary action, they can refer to the website for information on the Dispute Resolution Scheme and the disciplinary process.

SYSTEMATIC HANDLING OF CONSUMER ISSUES

To support its objective of achieving higher standards of professionalism and consumer



CEA works closely with industry stakeholders in refining and implementing its regulations.

service, CEA provides multiple channels for public feedback and industry engagement. These include its customer service counter, toll-free hotline, fax, email and website.

In FY2012, CEA received over 53,500 enquiries, feedback and complaints from members of the public and industry. A significant number of enquiries were from estate agents and salespersons concerning the year-end licensing, registration renewal and continuation exercise.

A total of 880 complaints were received in FY2012. The top three complaints were related to advertisements that carried misleading/missing information or that were posted without prior consent from home owners (36%), unprofessional services rendered by salespersons (29%), and salesperson misconduct (16%).

As estate agents are responsible for managing their salespersons, CEA continued to leverage the integrated system comprising CEA and estate agents to conduct joint investigations of complaints. These joint efforts have helped to instil greater accountability, fairness and confidence in the customer issues management process across the industry.

In FY2012, CEA concluded 815 complaints. Estate agents resolved 275 cases. Among the 164 substantiated complaints, seven cases ended in court prosecutions, seven in disciplinary actions and 150 with the issuance of

Letters of Advice. A total of 297 complaints were determined to be unsubstantiated. In addition, 11 cases were referred to the Police and the Small Claims Tribunal, and the remaining 68 cases were found to be not under the purview of the Council.

There were 35 cases that underwent mediation/arbitration under the CEA Dispute Resolution Scheme. The Scheme was introduced to help resolve disputes by way of mediation and arbitration in cases where the estate agent and complainant are unable to arrive at a satisfactory resolution from the estate agent.

The four Dispute Resolution Centres appointed by CEA are the Consumers Association of Singapore, Singapore Institute of Surveyors and Valuers, Singapore Mediation Centre and Singapore Institute of Arbitrators.

As some parties involved in disputes also lodge their cases with the Small Claims Tribunal (SCT), CEA had a meeting with the Tribunal to establish an understanding on the handling of such cases. SCT will not hear cases where the parties had not signed the prescribed estate agency agreement. As a first step, parties involved in disputes can go for mediation under the CEA Dispute Resolution Scheme.

STEPPING UP PROACTIVE MONITORING

Besides ensuring active response to inbound feedback, CEA poured in greater efforts to conduct proactive monitoring of operations in the industry.

CEA adopts a two-pronged strategy in industry monitoring. Firstly, compliance checks are done to ensure that only licensed estate agents and registered salespersons conduct estate agency work, in line with the Estate Agents Act. Secondly, inspection is conducted on estate agents to ensure proper systems are put in place for the management and supervision



Compliance checks on advertisements.

of salespersons, complaint handling, advertisement control and maintenance of proper records.

In FY2012, CEA carried out nine inspections on estate agents. Another two familiarisation visits were made to estate agents as part of CEA's regular engagement with the industry. Each visit included a tour of the estate agent's main operation facilities and interactions with its senior management. These visits enabled estate agents to share with CEA their views on key areas such as training, operations, management, IT systems and complaint management.

CEA conducted 42 on-site compliance checks at property launches, exhibitions and investment seminars. Prior to these events, CEA informs the organisers of the rules and regulations under the Estate Agents Act and its Regulations and performs background checks on the exhibitors. An assessment will be made whether there may be any potential breach of the Estate Agents Act. At the events, CEA will ascertain if there is any entity or person who conducts unlicensed estate agency work, and assess sales practices by licensed estate agents and registered salespersons – including salesperson conduct, estate agents' management of salespersons, advertising and marketing – to ensure that these are in line with the regulatory requirements, industry standards and practices.

In addition, CEA performed 221 compliance checks of advertisements. The checks enabled

CEA to identify unlicensed estate agents and unregistered salespersons as well as breaches of the advertisement guidelines by registered salespersons so that appropriate enforcement actions could be taken.

Through proactive monitoring, CEA noticed a trend of advertisements marketing properties for the wrong uses. To counter the situation, CEA issued a joint Practice Circular with the Urban Redevelopment Authority (URA) on 20 June 2012 to remind estate agents and salespersons against wrongfully marketing industrial properties for uses other than its allowable use.

CEA issued two other Practice Circulars in FY2012. One was issued on 23 August 2012 to inform estate agents and salespersons that they are not to advertise or offer any free gifts, including cash or cash vouchers, to induce consumers to engage their services. Another Practice Circular on the Revised Additional Buyer's Stamp Duty and Seller's Stamp Duty was issued on 14 January 2013 to remind estate agents and salespersons not to backdate documents and to comply with laws of other government agencies. It is a breach of the Estate Agents Regulations if estate agents and salesperson infringe statutory and regulatory requirements of government agencies.

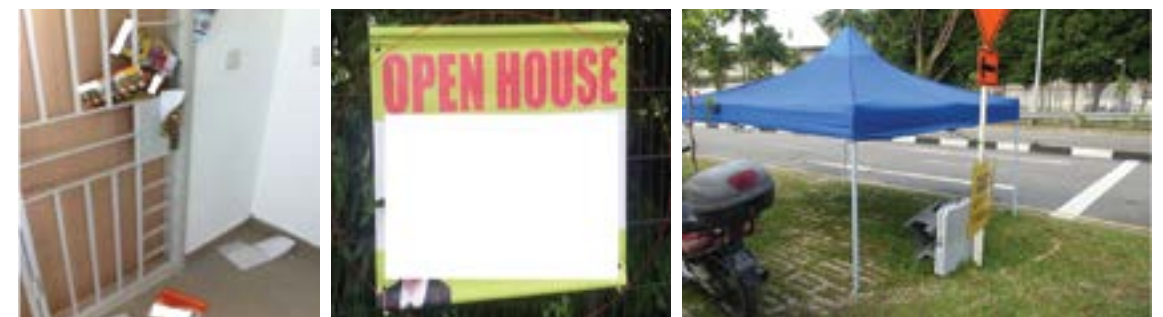
CEA participated in a seminar titled "Responsible and Ethical Advertising" organised by the Advertising Standards Authority of Singapore on 7 December 2012. This platform provided an opportunity for CEA

to share with businesses the advertising rules and regulations in the real estate agency industry and to highlight important issues that are relevant to the industry players. Through such sharing sessions, CEA seeks to cultivate a healthy relationship with various stakeholders to raise the professionalism of the estate agency industry.

To encourage estate agents to share and learn best practices that support compliance efforts under the new Estate Agents Act and regulatory landscape, CEA launched a new initiative on Best Practices Sharing. Four visit-cum-dialogue sessions were held between November 2012 and March 2013. The open discussions presented an ideal setting for participants to share their experiences, views and best practices. Systems, processes and practices in estate agents that helped support their businesses and enhance productivity were discussed. These sharing sessions will culminate in a Best Practices Seminar to be held in late 2013 to provide a platform for estate agents to share insights and best practices with the rest of the industry.

DRIVING REGULATORY COMPLIANCE & ENFORCEMENT

As the Council administers the full cycle of regulatory compliance, its responsibility starts from identifying and investigating allegations of regulatory breaches and extends to taking disciplinary or legal action against offenders



Examples of advertisement infringements.

under the Estate Agents Act. CEA has been reinforcing its enforcement regime to deliver decisive action when unethical practices and breaches are uncovered.

In FY2012, CEA conducted investigations into complaints against salespersons for misconduct, unethical behaviour and offences under the Estate Agents Act. CEA prosecuted seven individuals for breaches of the Estate Agents Act.

There were three cases related to carrying out estate agency work without registration and/or authorisation from an estate agent. Of these, the accused in two cases were convicted and one case is pending before the courts. Two other accused, who were charged for unregistered salesperson offences before 1 April 2012, were also convicted during FY2012.

CEA also views moneylending-related offences seriously. A former salesperson was charged for referring his clients to a moneylender and receiving payments from the moneylender, both of which are offences under the Estate Agents Act. The case is now before the courts. Collusion with moneylenders and involvement in moneylending activities by estate agents and salespersons may result in debarment from working in the industry. As at 31 March 2013, CEA had debarred ten individuals as registered salespersons for their involvement in unlicensed moneylending activities.



A Best Practices Sharing session by estate agent, C & H Properties Pte Ltd.

Two accused have been charged for handling of transaction money in the rental of a HDB flat. One of them was also charged for representing both parties in a lease transaction. Both cases are before the courts. In the final case, a salesperson was prosecuted for unregistered estate agency work, impeding CEA officers in their field operation, neglecting to provide information and documents to CEA on request and providing false information during investigation. This case is now before the courts.

To enhance the effectiveness of its enforcement activities, CEA works closely with key law enforcement agencies such as the Immigration and Checkpoints Authority, Registry of Moneylenders (ROM) and Singapore Police Force, in particular, its Criminal Investigation Department (CID). The close collaboration between CEA and CID was evident in the case where a KEO of an estate agent was charged by CID for operating an unlicensed moneylending business. The KEO was also charged by ROM for offences under the Moneylenders' Rules when he was a licensed moneylender. He was convicted and sentenced to nine months' imprisonment and a fine of \$474,000.

UPLIFTING PROFESSIONAL INTEGRITY OF THE INDUSTRY

The range of disciplinary actions taken by CEA against errant estate agents and salespersons includes warnings, fines, suspension and revocation of licence or registration. Letters of Advice may be issued if disciplinary action is not undertaken.

In FY2012, CEA initiated disciplinary proceedings against seven salespersons for breaches under the Estate Agents Act and its regulations. Of the seven, one case has been concluded. The remaining six cases were pending the completion of disciplinary proceedings as at 31 March 2013. A further three cases, which commenced before 1 April 2012, were concluded in FY2012.



CEA shared its advertising rules and regulations with the advertising industry.

CEA also issued six composition notices for compoundable offences, including the handling of transaction money and use of CEA's name.

LOOKING AHEAD

In its continued drive to raise professionalism in the real estate agency industry, CEA is pushing ahead to roll out several new initiatives. High on the list will be the introduction of the Practice Guidelines on Professional Service Manual in FY2013 which sets out the professional service standards and responsibilities required of estate agents and salespersons in estate agency work.

To provide greater clarity and further aid compliance by the industry, CEA plans to review and update the existing Practice Guidelines on Ethical Advertising, and Practice Guidelines on Option to Purchase and Sale & Purchase Agreements in FY2013.

New practice guidelines and circulars will also be released to help estate agents and salespersons in their sales activities and provide additional information to consumers. Topics include marketing of new developments and overseas properties, provision of floor area information to customers, conveying accurate information on property transaction

prices and benefits offered by developers, and conduct between salespersons. There will also be guidelines on the prevention of money laundering and countering the financing of terrorism.

A new certification scheme to recognise and differentiate outstanding licensed estate agents is in the pipeline. The scheme will introduce a series of standards for key industry practices such as people development and business process excellence. CEA will seek input from industry stakeholders before implementation in FY2014.

To maximise the efficacy and resources deployed in investigation work, a new electronic Investigation Paper System will be implemented to facilitate effective tracking of investigation papers and the timelines.

As CEA continues to work closely with its partners, joint circulars by HDB and URA will be issued in FY2013 to provide specific guidance to salespersons on transactions for subletting of HDB flats and short-term leasing of private properties.

Collectively, these initiatives will positively impact stakeholders across the real estate transaction cycle by providing clearly-structured frameworks and systems to guide the decision making and practices of estate agents and salespersons.