

Fully Engaged in Inspiring Confidence

Established to develop the real estate agency industry, CEA undertakes a holistic approach anchored by a fair and effective regulatory framework. Through implementing market-relevant regulatory guidelines, maintaining a well-structured licensing and registration process, and taking decisive enforcement action, CEA serves to safeguard consumer interests and inspire confidence in the industry.



*CEA is accessible to the public via
multiple communication channels* ↗

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In keeping up with rapid changes in the real estate landscape in FY2013, CEA develops and implements updated policies and guidelines to ensure ethical practices. The Professional Service Manual was launched to provide a service standard benchmark for estate agents and salespersons. Other areas of focus included mandatory licensing and registration, systematic handling of consumer issues, proactive monitoring, and driving regulatory compliance and enforcement to achieve higher professional standards in the industry.

LICENSING AND REGISTRATION

The mandatory licensing of estate agents and registration of salespersons is critical to achieve greater accountability and competency, and ensure high standards of professionalism in the industry. In FY2013, CEA processed and approved 81 licence applications and 3,061 registration applications. It also completed a year-end renewal exercise for 1,425 estate agents and 31,783 salespersons.

A key improvement to the renewal process was the provision for salespersons to submit their registration renewal applications and update their personal details online. This has made the renewal process more convenient for both salespersons and estate agents, as salespersons no longer need to request their estate agents to make changes on their behalf. It allows salespersons to input information directly in the application forms online via SingPass. The forms are then checked and endorsed by the Key Executive Officers (KEOs) before submission to CEA. The system was also enhanced to help KEOs verify the reasons for their salespersons who were not eligible for registration renewal so that follow-up action could be taken. In addition, various filtering options were added in the system to assist estate agents to better manage the renewal of their salespersons.

For salespersons, the key improvement was to allow them to check their Continuing Professional Development (CPD) records and renewal status online through the CEA website. In addition, salespersons who were ineligible for the renewal exercise, but subsequently managed to fulfil the requirements, were provided with email notifications to enable them to follow up with their estate agents promptly.

With effect from 1 October 2013, salespersons had to comply with the Central Provident Fund (CPF) Medisave contribution requirement, which is provided under the CPF Act for the self-employed in various industries in Singapore. Salespersons who are in arrears of Medisave contribution or who do not have an active instalment plan with the CPF Board will not be able to apply for renewal/continuation of their registration.

Information was disseminated to the industry early, from the beginning of the year. CEA and CPF Board conducted briefings to inform the industry about the requirement. CEA linked its renewal system with the CPF Board to support automated tracking of Medisave contribution submissions by salespersons. Licensing circulars and regular emails were also sent to remind salespersons who were in Medisave arrears to make the necessary arrangements with the CPF Board.



Customer service officers are equipped to take public calls and attend to walk-in customers

Some estate agents also worked out arrangements with CPF Board to facilitate their salespersons' fulfilment of Medisave contributions.

COMPLAINT MANAGEMENT

Effective complaint management is important to CEA. Multiple channels for feedback are available to the public and industry. These include a customer service counter, toll-free hotline, fax, email and website. In FY2013, CEA handled over 41,000 calls and received more than 4,400 walk-in customers.

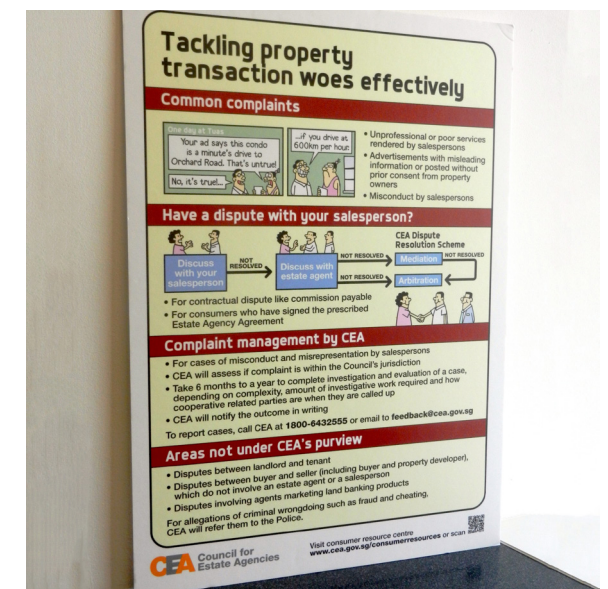
In FY2013, CEA received 751 complaints. The top three complaints were related to advertisements/flyers that carried misleading/missing information or that were distributed improperly, unprofessional services rendered by salespersons, and salesperson misconduct.

A total of 823 complaints were concluded as some cases were received before FY2013. These comprised 510 substantiated complaints and 215 unsubstantiated cases. Estate agents resolved 23 cases while 75 cases were found not to be under the purview of CEA or referred to the Police.

Consumers and estate agents continued to make use of the CEA Dispute Resolution Scheme (DRS) to resolve contractual disputes such as on commission payment. In FY2013, 72% of cases which went through mediation have been resolved successfully.

Industry associations conducted CPD courses for KEOs and salespersons on dispute resolution during the year. The Institute of Estate Agents (IEA) conducted training on "Handling Complaints/Disputes & Disciplinary Case Studies", while SAEA Ltd conducted courses on "How to Handle Complaints and Dispute Resolution" and "Different Methods of Resolving Disputes and Complaints to CEA". The dispute resolution centres appointed by CEA – the Consumers Association of Singapore (CASE), Singapore Institute of Surveyors and Valuers (SISV), Singapore Mediation Centre (SMC) and Singapore Institute of Arbitrators (SIArb) – also provided CPD training to enhance industry skills in mediation and arbitration.

CEA generated greater awareness of the DRS through various consumer education initiatives such as consumer talks, consumer guides, education posters, media interviews and CEA's bimonthly e-newsletter *CEAenergy*. Information on the DRS was also provided for inclusion into the Directory of Alternative Dispute Resolution (ADR) service providers, to be published by the State Courts, providing the opportunity for parties to settle disputes through mediation instead of through the Court process.



Educational poster on CEA Dispute Resolution Scheme



Compliance inspection at the premises of UPG International Pte Ltd

PROACTIVE CHECKS

CEA performs proactive monitoring of operations in the industry to ensure that estate agency work is conducted in compliance with the Estate Agents Act and its Regulations, guidelines and circulars. This involves identifying infringements and unethical behaviour in the conduct of estate agency work as well as carrying out inspections on estate agents to ensure that proper systems for management and supervision of salespersons, complaint handling, advertisement control and maintenance of proper records are in place.

In FY2013, CEA carried out 22 inspections on large and medium-sized estate agents. The inspections seek to ensure that estate agents meet the Code of Practice for Estate Agents. The scope of the inspection includes making sure estate agents have systems and documentation in place for the management and supervision of their salespersons, in areas such as complaint handling and advertisement control. The estate agents must also have proper retention of records for required documents.

CEA also conducted on-site compliance checks at property launches, exhibitions and investment seminars. Prior to these events, background checks were performed on the exhibitors for potential breaches of the Estate Agents Act, such as unlicensed estate agency work. At the events, CEA observed and assessed sales practices by licensed estate agents and registered salespersons for compliance with regulatory requirements, industry standards and guidelines.

In addition, CEA performed checks on advertisements in the internet and print media to ensure that all estate agency work undertaken is consistently compliant with industry regulations. Action may be taken where there are instances of work done by unlicensed estate agents and unregistered salespersons, or where there are infringements of industry guidelines.

PROSECUTION AND DISCIPLINARY ACTIONS

CEA takes a serious view of unethical practices and breaches which tarnish the reputation and integrity of the industry. Firm and decisive action is integral to ensuring that offences are appropriately addressed to prevent similar future occurrences.

Cases involving unlicensed moneylending are of particular concern. CEA does not condone any collusion with moneylenders or involvement in moneylending activities by estate agents and salespersons. These transactions expose consumers to the risk of indebtedness and undermine the integrity of the estate agency industry.

In FY2013, CEA continued to work closely with the Police on investigation of suspicious HDB resale transactions in which sales proceeds are used by sellers to repay loans to unlicensed moneylenders. Out of eight transactions investigated by CEA, four were referred to the Police. In one case, Police prosecuted the KEO of an estate agent, James Lee Pit Chin for unlicensed moneylending. He was convicted and sentenced to nine months imprisonment and a fine of \$474,000. CEA revoked his estate agent licence and salesperson registration. CEA also subsequently charged one of his salespersons Patrick Tan in court for one charge of referral to moneylenders and two charges of dual representation.

In the same period, CEA took prosecution action against 19 individuals. One case concerned Mustafa Kamal Bin Seri, who referred his client to a moneylender. Another salesperson Ghazali Bin Mohamed Rasul, charged before 1 April 2013, was also convicted in FY2013 for similar offences.

As the law prohibits a person from holding a moneylending licence and an estate agent licence concurrently, there is ongoing liaison with the

Insolvency and Public Trustee Office to prevent such occurrences. Such a liaison facilitates CEA to check for information that may affect a person's suitability for the real estate agency industry.

There were 13 cases related to carrying out estate agency work without registration and/or authorisation from an estate agent. Of these, eight accused were convicted and five cases were pending before the courts. One individual, charged before 1 April 2013, was also convicted in FY2013 for performing estate agency work without registration.

One of the most serious prosecution cases was that of Heng Sophia, who conducted estate agency work without registration. On 18 February 2014, she was prosecuted in court and fined a total of \$50,000 in respect of six charges.

Heng was an employee of a previously licensed estate agent, One International Pte Ltd, but was not a registered salesperson. She assumed the identity of another registered salesperson and conducted estate agency work, placed advertisements and signed tenancy documents using the latter's name and registration number.

Three cases for the handling of transaction money in property transactions were charged in Court. Another two were charged in relation to dual representation, of which one was convicted and the other case pending. One salesperson charged before 1 April 2013 was also convicted in FY2013 for committing dual representation.

CEA initiated disciplinary proceedings against 17 salespersons for various infringements under the Estate Agents Act and its Regulations. These include failure to convey an expression of interest, failure to act in the client's best interest, not complying with HDB procedures, and bringing disrepute to the industry. A further four cases commenced before 1 April 2013 were also concluded in FY2013. In all, seven salespersons were found guilty by the Disciplinary Committee. Their registration was suspended from three to six months and the financial penalties ranged from \$3,000 to \$12,000.

In FY2013, CEA also issued 32 composition notices for compoundable offences, including the handling of transaction money and using the name of CEA without written permission.

Under the Code of Practice for Estate Agents, estate agents are required to vet all publicity and advertising materials of their salespersons prior to publication. Estate agents must also have in place a system for the investigation of claims and complaints against the estate agent or any of their salespersons. To enhance the management and accountability of the estate agents, with effect from June 2013, large and medium-sized estate agents were given authority to deal with selected advertisement complaints instead of having the cases dealt with by CEA. Such complaints include flyer distribution, email advertising, advertisements without identification information and claims which could not be substantiated. Advertisement complaints received by CEA will be sent to the estate agents concerned for investigation. Estate agents will take action against their salespersons if the complaint is substantiated, and keep CEA notified on the outcome of their investigation and action taken. CEA maintains an overview of the situation and will step in if there are repeated complaints.

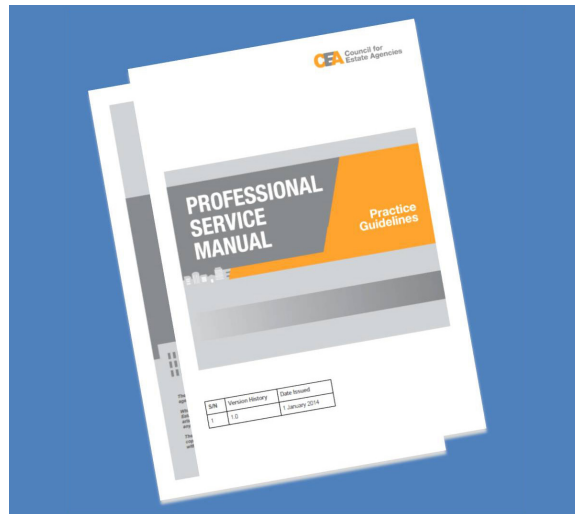
PROFESSIONAL PRACTICES

Policies and guidelines facilitate professional conduct by outlining standards of acceptable action by professionals in the industry. As CEA continues to develop and implement new policies and guidelines in collaboration with industry stakeholders, it also carries out periodic reviews on existing ones to ensure they are up-to-date with developments in the industry landscape.

Professional Service Manual

One of the significant milestones in FY2013 was the launch of the Professional Service Manual on 27 April 2013 by then Acting Minister for Manpower and Senior Minister of State for National Development, Tan Chuan-Jin at a major consumer seminar.

The Manual aims to promote professionalism and ethical service in the real estate agency industry. It sets out the service standards and responsibilities required of estate agents and salespersons in estate agency work. Among the topics covered are the duties of salespersons in conducting due diligence checks for consumers and providing professional advice to them. It also places a higher duty of care and diligence on salespersons when they deal with vulnerable customers. The clarity it offers on salespersons' duties and responsibilities in turn helps consumers better understand what salespersons can do for them.



Professional Service Manual – a service standard benchmark for the industry

For the first time, the work of the estate agent and salesperson has been documented through the different stages of the property transaction cycle in a Manual. This initiative was the fruit of many months of discussions by a CEA-led working group comprising representatives from estate agents, industry associations, government organisations, as well as consultations with industry stakeholders.

A “sunrise” period of eight months was given to the industry to allow estate agents and salespersons to be familiar with the Manual before it took effect on 1 January 2014. The Manual is to be read with reference to the Estate Agents Act and the relevant subsidiary legislation including the Code of Ethics and Professional Client Care.



Professional Service Manual Working Group in discussion

Practice Guidelines

In recent years, there has been a growing trend of buyers in Singapore considering purchases of foreign properties. As marketing of foreign properties is different in many ways from marketing local properties, CEA implemented the Practice Guidelines for Estate Agents and Salespersons Marketing Foreign Properties on 14 March 2014 to ensure professional practices when estate agents market foreign properties.

The Practice Guidelines provides details on the preparatory activities required before the estate agents market foreign properties, such as the selection and training of salespersons. It also defines the responsibilities of estate agents, including the need for them to conduct due diligence on the foreign developer, foreign property and claims before they market the property. Estate agents are required to inform consumers on a range of information such as building approval, details of the property, and rules and restrictions on foreign ownership when they market the property.

The Practice Guidelines was developed through the collaborative effort of a CEA-led working group comprising estate agents, industry associations, relevant government agencies and CASE.

Briefings on the Practice Guidelines were held for estate agents. For enforcement, CEA conducted on-site surveillances at property exhibitions to check that estate agents and salespersons comply with the Practice Guidelines. It also proactively scanned the media to check that foreign properties are marketed only by either vendors or licensed estate agents. Inspection of estate agents marketing foreign

properties involved ensuring that they have done due diligence checks in compliance with the Practice Guidelines.

Practice Circulars

CEA works closely with the Housing & Development Board (HDB) and Urban Redevelopment Authority (URA) to develop useful information that estate agents and salespersons are required to know in the course of their work. This includes policy or procedural updates to guide them on practice areas regulated by CEA and/or the partner agencies.

A joint CEA-HDB Practice Circular was released in October 2013 pertaining to HDB subletting policies and regulations, and duties of estate agents and salespersons in subletting transactions. The Circular sets out the guidelines that estate agents and salespersons must follow when dealing with subletting transactions of HDB flats/rooms.

Another Practice Circular issued by CEA in March 2014 informed the industry to comply with changes in the resale process for HDB flats. Estate agents and salespersons were required to assist HDB flat buyers and sellers in price negotiation based on recent HDB transaction prices and not on Cash over Valuation (COV). The transaction prices would be published by HDB on a daily basis and the submission of valuation requests to HDB could only be done after the Option to Purchase was granted. These changes will help improve the long term stability of the HDB resale market.

As part of its ongoing collaboration with HDB, CEA contributed to a one-stop information portal for salespersons launched on the HDB InfoWEB in January



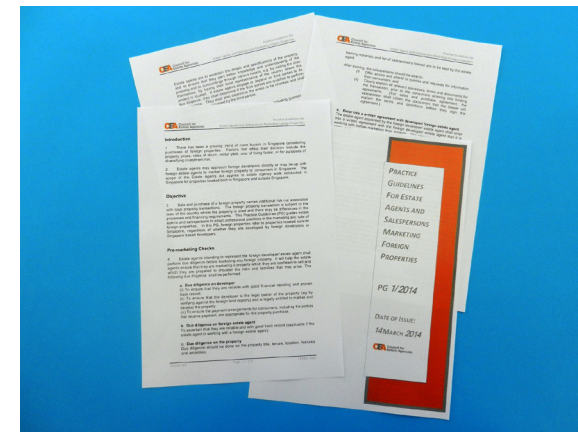
Briefing on PDPA at IEA seminar (Photo: IEA)

2014. The portal hosts information on subjects ranging from policies and procedures, to CPD courses. It is also accessible from the CEA website.

The industry was reminded about URA’s guidelines on the usage of the term “Small Office Home Office” (SOHO) through a Practice Circular in January 2014. Following another URA circular on pre-approved amendments to the Option to Purchase and Sale and Purchase Agreement for non-residential units, CEA also issued a Practice Circular in March 2014. The Practice Circular highlighted points to note on the provision of floor area information for non-residential and private housing developments when marketing properties in new developments.

In FY2013, CEA worked closely with the Personal Data Protection Commission (PDPC) to prepare estate agents and salespersons for the implementation of the Personal Data Protection Act (PDPA) and its Do-Not-Call (DNC) provisions. To familiarise the industry with the new regulations, CEA arranged for PDPC to conduct briefings at the KEO dialogue sessions and seminars organised by industry associations. CEA and PDPC also worked together on the advisory guidelines for the real estate agency industry. These were subsequently put out for public consultation before PDPC finalised the guidelines. In addition, CEA liaised with training providers to offer CPD courses on PDPA related topics. The DNC came into force on 2 January 2014 while the rest of the PDPA would be effective on 2 July 2014.

In November 2013, CEA issued a Practice Circular on Prevention of Money Laundering and Countering the Financing of Terrorism. It informs estate agents and salespersons on issues relating to anti-money laundering and counter financing of terrorism, as well as appropriate preventive measures to be adopted against such activities that might be conducted through property transactions.



Practice Guidelines on Marketing Foreign Properties