get it right!

Many Singaporeans buy, sell and lease their properties through real estate salespersons. What should consumers look out for when engaging one? Here are some tips from CEA.

What is the difference between estate agents and salespersons?

Under the Estate Agents Act, estate agents refer to estate agency businesses (sole proprietors, partnerships and companies) while salespersons refer to individuals who perform estate agency work.

To encourage real estate salespersons to practise ethical behaviour and provide good service to consumers, CEA has put in place a Code of Ethics and Professional Client Care, and Practice Guidelines for them.

Salespersons play an important role in helping us to get the best possible prices or rents in our property transactions. So what should consumers look for in a real estate salesperson?

Firstly, your salesperson should offer you professional advice and meet all reasonable instructions and requests from you in the transaction process. As your representative, he or she should follow your instructions when negotiating with any prospective party and inform you promptly of any offer, proposal or expression of interest.

If there is any matter beyond his or her professional knowledge regarding the transaction, your salesperson should also take the initiative to advise you to seek clarification with the appropriate professionals and/or government agencies. Your salesperson should seek your prior consent before advertising your property and explain clearly to you...

Doing your part to ensure a smooth transaction

- Engage only licensed estate agents and registered salespersons listed on CEA’s Public Register (www.cea.gov.sg).
- Check that your salesperson is listed in the Public Register and has a valid Estate Agent Card.
- Do not respond to any marketing leaflet, flyer or advertisement on properties that do not provide a salesperson’s details or registration number.
- Provide accurate information so your salespersons can advise you on your eligibility to buy, sell or lease properties. Communicate your terms and requirements clearly to your salesperson. Decide if you wish to appoint an exclusive salesperson or several salespersons to market your property. If you choose the latter, inform them in advance so that their efforts do not overlap but serve your best interest.
- Understand the transaction process and all documents before signing them.
- Seek clarifications from your salesperson or other appropriate persons if necessary during the...
about co-brokering so you can make an informed decision.

Secondly, your salesperson should be transparent about the transaction and act in your interest. He or she must clearly explain to you all the relevant forms and documents for the transaction, and assist you to enter into a binding agreement with the other party.

Your salesperson should also declare to you any conflict of interest as soon as practicable. For example, if he or she belongs to the same Estate Agent as the other party’s salesperson or if he or she is related to the other party’s salesperson. Your salesperson should also inform you if he or she would receive any fee or other payment from any source with respect to the transaction, such as a referral fee from the bank which he or she has recommended you for your housing loan.

In the case of a HDB property transaction, your salesperson is required to advise you on your eligibility to buy, sell or lease the flat, in particular, your eligibility for a housing loan. He or she must go through the HDB resale checklist with you if you are buying or selling a resale HDB unit.

If you are a buyer, your salesperson should explain to you the implications if the renovations made to the HDB flat were not duly authorised. He or she is also responsible for helping you to submit forms, documents and/or information required by HDB to process the transaction.

Your estate agent or salesperson must explain the Agreement to you and give you sufficient time to read the Agreement before signing it.

Ensure that essential information like property address, price, dates, names and commission payable have been included in the Agreement. Your estate agent or salesperson should also give you a copy of the Agreement you signed.

There are two types of Agreements: non-exclusive and exclusive. In an exclusive appointment, you agree not to appoint any other agent during the validity period. If you have entered into an exclusive agreement, you will be liable to pay commission to the estate agent even if you complete the transaction by yourself or through another agent.

Prescribed Estate Agency Agreements

In engaging a salesperson or estate agent to help you carry out your property transaction, you are encouraged to use the CEA Prescribed Estate Agency Agreement.

Put simply, an Estate Agency Agreement is a contract between you and the estate agent which seeks to protect both parties’ interests. The terms and conditions of the agreement can be negotiated between you and your salesperson.

No-nos for estate agents and salespersons

Estate agents and salespersons are bound by CEA’s Code of Ethics and Professional Client Care when conducting their work. They should not:

1. Introduce or recommend you to licensed or illegal moneylenders.

2. Represent both the buyer/tenant and seller/landlord in the same property transaction.

3. Handle transaction monies, such as option fee, downpayment, stamp duties, deposits and sales proceeds, in the sale or purchase of your property. Valuation fees and commissions are not regarded as transaction monies.

In fact, that you engage them. You can choose not to be represented by any estate agent or salesperson to complete property transactions, including those involving HDB property. You may choose not to handle the transaction yourself if you are familiar with the property transaction process.

Transaction process. Ask your salesperson about the history and condition of the property before you decide to buy or rent. Remember that you, and not the salesperson, will make the final decision.

Paying the Estate Agent and GST

Commissions should be paid to your Estate Agent and not directly to your salesperson. A GST-registered Estate Agent is allowed to charge and collect GST. Clarify with your salesperson if the GST payable is factored into the commission amount stated in the agreement.
Case study:
Fine and jail term for unregistered salesperson

Under the Estate Agents Act, real estate salespersons must be registered with the CEA to ensure that they possess the necessary knowledge to provide professional services to clients and adhere to ethical practices.

CEA takes a very serious stance on unregistered salespersons, industry malpractices and misconduct.

To date, CEA has prosecuted three unregistered salespersons in Court.

Tan Cher Peng was the first person to be charged for practising as a salesperson without registering with CEA. He was also not authorised by a licensed estate agent to carry out estate agency work. In addition, he was found to have made a false statement to CEA when he applied for registration. Tan was eventually sentenced on 12 January 2012 to a one-month imprisonment for the false declaration charge, and an aggregate fine of $32,000 for carrying out estate agency work without registration and without an agreement with a licensed estate agent.

Two other unregistered salespersons, Sim Soon Leong, Raymond, and Lim Bing Kissing were also charged by CEA and sentenced under the Act. Several more persons are expected to be charged for doing estate agency work without registration over the next few months.

Consumers should contact CEA at 1800-6432355 or feedback@cea.gov.sg if they encounter real estate salespersons who carry out estate agency work even though they are not listed on the CEA Public Register.