

Prescribed Estate Agency Agreement – Use It!

Consumers often ask “What is a prescribed estate agency agreement? Is it a commission agreement?”

The Council for Estate Agencies (CEA) has prescribed eight standard estate agency agreements for the sale, purchase and lease of residential property transactions. The agreements can be found on www.cea.gov.sg.

What is an Estate Agency Agreement?

The prescribed estate agency agreement is more than just a commission agreement. It is a binding contract between you and the estate agent for the performance of estate agency work. It also:

- Stipulates the duties of estate agents and salespersons
- Requires for disclosure of any potential conflict of interest
- Mandates the estate agent to go for dispute resolution, if the consumer asks for it
- Prescribes for the commission to be payable to the agent only upon the completion of the property transaction

You are encouraged to use the prescribed estate agency agreement.

The appointed estate agent can be represented by a salesperson to handle your transaction. You may negotiate the terms and conditions of the agreement with your salesperson.

Previously, consumers were subjected to unfair clauses in some of the estate agency agreements such as the auto-extension of the exclusivity period in the exclusive agreement to sell a property. To protect consumers from such clauses, CEA has prescribed standard estate agency agreements to protect interests of both parties for property transactions. Each exclusive agency contract or renewal contract is limited to three months. Renewal has to be done by executing a formal written contract.

The estate agency agreement allows add-on clauses that do not contradict the prescribed clauses of the agreement. The additional clauses are to be written/printed in black ink on a separate sheet of pink paper and in a font not smaller than the font of the prescribed terms.

Your salesperson must

- Prepare the agreement based on discussion with you;
- Explain agreement to you;
- Give you sufficient time to read Agreement before signing it; and
- Give you a copy of the Agreement that you signed.

What are the types of agreements?

There are two types of estate agency agreements: exclusive and non-exclusive. The choice of type of agreement will depend on your needs and preferences.

Exclusive Agreement

- Appoint only one estate agent during the validity period of up to 3 months
- During the validity period, you are liable to pay commission to the appointed agent if the property is sold, bought or leased by you or through another agent
- Within 3 months after the validity period, you are still liable to pay commission to the appointed agent if the property is transacted with a party introduced by appointed agent during the validity period

Non-exclusive Agreement

- Appoint a few salespersons to market and sell the property
- Inform them in advance so that their efforts do not overlap
- You are liable to pay commission to the salesperson who successfully help complete your property transaction
- Clarify which salesperson will claim commission from you if more than one salesperson had tried to introduce the other party to you