

Rental transactions involving property agents

Many people engage property agents to find tenants when they lease their residential properties, or when they seek to rent a place to stay.

There is more to consider in a rental transaction than the commission payable to the property agent or the rental fee in question.

Firstly, check that the property agent you are engaging is registered with the Council for Estate Agencies (CEA). It is illegal for a person to conduct estate agency work without being registered. You can verify the property agent's registration details by searching his name, registration number or telephone number on the CEA Public Register on www.cea.gov.sg. Do not fall for rental scams where unregistered persons collect rental payments and abscond.

Your property agent is expected to assist in the following:

- Advise you on the eligibility to lease a HDB flat.
- Arrange for property viewings.
- Provide assistance and advice to you throughout the leasing transaction.
- Represent you in negotiations with prospective interested parties.
- Promptly forward to you all offers or expressions of interest from interested parties or their agents.
- Assist you to enter into a binding agreement and explain to the client all relevant forms and documents.
- Advise tenant to stamp the tenancy agreement with the Inland Revenue Authority of Singapore (IRAS).
- The property agent cannot collect commission or fees from both landlord and tenant. If he collects commission from you, he cannot collect a commission or co-broking fee or payment from the other party or from the latter's property agent.
- Property agents earn their commission and receive payment only upon successful transaction.

Secondly, check the guidelines stipulated by Housing & Development Board (HDB) and Urban Redevelopment Authority (URA) on renting HDB flats and private residential properties respectively.

Some key points to note for HDB rental transactions:

- To sublet the whole flat, the owner needs to seek prior approval from HDB. If the 5-year Minimum Occupation Period is not satisfied, the owner cannot sublet the whole flat.
- Request the flat owner to show you the HDB's approval letter.
- Visit the flat you plan to rent.
- Ensure that the person you are dealing with is the rightful owner of the flat.
- Request for documentary proof of the flat's ownership e.g. Agreement for Lease, Service & Conservancy charges booklet, loan instalment payment booklet/annual loan statements which bear the flat owner's name.
- Move into the flat immediately after collecting the keys.

- A non citizen tenant must be legally residing in Singapore on an employment permit or Long-Term Social Visit Pass for six months and above.
- No prior approval from HDB is required for subletting bedrooms. However, flat owners must register the subletting with HDB within seven days of doing so. They must continue to live in the flat during the period of subletting and comply with other subletting conditions. Locking one bedroom is unacceptable.

Case Study

Flat owner engaged property agent A to find a tenant. The tenant agreed to rent a room in the HDB flat and signed a tenancy agreement with the owner for a six-month lease, in the presence of his property agent B. The tenant paid \$1,400 to the owner, which included a security deposit of \$700 and one month's rent. The owner paid a commission of \$350 to A, who represented her.

However, when the owner tried to register her tenant with HDB, she learnt that her tenant was not eligible for rental as he was only granted a 90-day visa in Singapore. The landlord made the tenant shift out and lodged a complaint with CEA.

CEA investigation revealed that agents A and B were not aware of HDB's ruling. Agent B only checked the tenant's passport before signing of the tenancy agreement to ascertain that he was not an illegal immigrant. Agents A and B had contravened CEA's Code of Ethics and Professional Client Care, and were issued Letters of Advice as a disciplinary measure.

Visit [HDB's website](#) for more information of renting HDB flats and rooms.

Short term leases are disallowed in private properties approved for residential use. Under URA's guidelines, condominium units and landed houses, or rooms within such premises are not allowed to be rented out on a daily or weekly basis. Such short-term occupancy could cause inconveniences to other residents. They must be rented out for at least three consecutive months.

URA allows a maximum of six unrelated occupants in a property. This cap includes the owner if he is living in the property. For instance, if you are a family of four who intends to rent out part of your home, you may accommodate up to two additional unrelated tenants.

However, if the same family unit occupies the private residential property, the occupancy cap does not apply. Domestic workers and caregivers hired by the family will be considered part of the same family unit.

Visit [URA's website](#) for more information on renting private residential properties.

Tips on payment of rental:

- Rent is usually paid monthly in advance on the day of tenancy commencement and thereafter on the same day of each month.
- Deposit is usually paid upon signing of the tenancy agreement together with the first month's rent.
- It is advisable not to pay more than one month's rent.
- Pay the rental deposit and rents directly to the landlord by crossed cheque or other verifiable means. Do not hand over transaction monies to property agents or any third party.