

**Note:** This case was referred to a CEA Disciplinary Committee (DC) before the operationalisation of the Estate Agents (Amendment) Act 2020 on 30 July 2021. With the Act amendments, the maximum financial penalty for disciplinary breaches has been raised and a DC can impose a higher financial penalty on errant offenders.

## **S/N 2/2015 – Arranging for the Sublease of a HDB Rental Flat Contrary to HDB Rules and Failing to Account for and Declare Commission to her Estate Agent**

### **Facts of Case**

A tenant of a Housing and Development Board (“HDB”) rental flat engaged the Respondent to sublease his (i.e. the tenant’s) said HDB rental flat.

Under the Housing and Development Act (Cap 129, 2004 Rev Ed), a HDB rental flat cannot be sublet as HDB rental flats are meant for needy Singaporeans and not meant for investment purposes. In particular, Rule 3 of the Housing and Development (Penalties – Rental Flat) Rules 2010 provides that a tenant of a HDB rental flat who breaches the term in the tenancy agreement prohibiting subletting shall be liable to pay to HDB a penalty of \$5,000.

Despite knowing that the tenant was not allowed to sublet his HDB rental flat according to the HDB rules and the terms of the lease agreement between the tenant and the HDB, the Respondent advertised for the rental of the said HDB rental flat for the tenant and brought the potential sub-tenant (who became the eventual sub-tenant) for a viewing of the said HDB rental flat. She then negotiated the rental of the said HDB flat with the sub-tenant and finally closed the rental transaction for the sublease of the HDB rental flat at a monthly rental of \$1,300 from 14 September 2012 till 13 September 2013 between the tenant and the sub-tenant. She also collected \$650 commission from the sub-tenant.

On 22 March 2013, some seven months after the sub-tenant took possession of the said HDB rental flat, HDB carried out an inspection and discovered that the said HDB rental flat was illegally sublet by the tenant. Accordingly, the HDB re-possessed the HDB rental flat and evicted both the tenant and the sub-tenant. The HDB also imposed the \$5,000 fine on the tenant who was also debarred from renting a HDB rental flat for 10 years.

In addition, the Respondent failed to account for and declare the commission that she had received for closing this rental transaction of the said HDB rental flat to her estate agent which was required under her associate agreement with the estate agent. She did that so that she could keep the full commission of \$650 which she had received from the sub-tenant.

### **Charges**

The Respondent faced the following two charges:

#### **Charge 1**

For arranging a sublease of a HDB rental flat contrary to HDB Rules which resulted in repossession by HDB of the flat and imposition of a penalty upon the tenant, in contravention of paragraph 4(1) read with paragraph 4(2)(e) of the Code of Ethics and Professional Client Care.

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### **Charge 2**

For failure to account for and declare commission received in breach of agreement with her estate agent and thereby not acting ethically towards her estate agent, in contravention of paragraph 6(3) of the Code of Ethics and Professional Client Care.

### **Outcome**

The Respondent admitted to all two charges preferred against her and the DC imposed the following penalties on the Respondent:

**Charge 1:** A financial penalty of \$1,800 and a suspension of seven weeks

**Charge 2:** A financial penalty of \$1,000 and a suspension of two weeks

The suspensions were ordered to run concurrently and fixed costs of \$1,000 were imposed on the Respondent.