

S/N 9/2019 – Failure to Conduct Work with Due Diligence and Care & Misrepresentation to Clients of Eligibility for CPF Housing Grant and HDB’s Purported Rejection of their Grant Application

Facts of Case

The Respondent was engaged by C and D (the “**Buyers**”) sometime on or around May 2016 to assist them in purchasing an HDB flat. During one of the viewings arranged for by the Respondent, the Buyers informed the Respondent that their existing income was around \$7,300 each but from August 2016 onwards for a period of 2 years, D (the wife) would be studying overseas full time and would therefore no longer earn any income during that period. The Buyers also asked the Respondent if they would be able to receive the CPF housing grant for first-timer applications (“**CPF Housing Grant**”) in relation to their purchase of an HDB flat. The Respondent informed them that they would be eligible for \$15,000 of the CPF housing grant.

About a month later, on 7 June 2016, the Buyers viewed a property at Telok Blangah which they were interested in purchasing (“**Telok Blangah Flat**”). The Buyers decided to procure the issuance of an Option to Purchase the Telok Blangah Flat (“**OTP**”) during their second viewing of the same on 10 June 2016. Thereafter, the Respondent discussed with the Buyers a financial plan for their intended purchase of the Telok Blangah Flat. Further to this discussion, the Respondent sent them a breakdown of figures which stated that HDB would be giving the Buyers a “housing grant” of \$15,000.

In the period between May 2016 and June 2016, the Respondent had failed to check whether the Buyers were actually eligible for the CPF Housing Grant and the quantum thereof. The Respondent had also misrepresented to the Buyers on the two previous occasions that they were eligible for the CPF Housing Grant, when they were in fact not eligible for it.

Relying on the Respondent’s representations, the Buyers proceeded to exercise the OTP. The Buyers had also previously reminded the Respondent to submit their application for the CPF Housing Grant.

On 26 July 2016, the Respondent requested for the Buyers to send him their CPF account statements. The Buyers duly did so and reminded the Respondent that D would be studying overseas from August 2016 onwards.

On 27 July 2016, the Respondent submitted the Buyers’ Resale Application to HDB on behalf of the Buyers. However, he did not submit the Buyers’ application for the CPF Housing Grant concurrently.

On the same day i.e. 27 July 2016, by way of a WhatsApp message, the Respondent informed C that the Buyers’ application for CPF Housing Grant was not successful as the Buyers’ monthly gross household income had exceeded the income ceiling

criterion to qualify for the said grant. The Respondent's representation was made even though he did not actually submit the Buyers' application for the CPF Housing Grant on the day itself.

The Buyers subsequently tried to appeal to HDB to waive the income ceiling criterion but were unsuccessful. As a result, the Buyers did not receive such CPF Housing Grant for their purchase of the Telok Blangah Flat.

Charges

The Respondent faced the following 3 charges:

Charge 1

For failing to conduct his work with due diligence and care when he failed to check the eligibility of his clients for the Central Provident Fund housing grant for first-timer applicants and the quantum thereof, in contravention of paragraph 5(1) of the Code of Ethics and Professional Client Care (the "**Code**").

Charge 2 (Proceeded)

For failing to render professional and conscientious service, by misrepresenting a relevant fact to his clients that they were eligible for the Central Provident Fund housing grant for first-timer applicants when they were not in fact eligible for the same, in contravention of paragraph 6(1) read with 6(2)(b) of the Code.

Charge 3

For failing to render professional and conscientious service, by misrepresenting a relevant fact to his clients that HDB did not approve their application for the Central Provident Fund housing grant for first-timer applicants because their monthly gross household income exceeded the income ceiling criterion, when in fact the Respondent did not submit such grant application at that material time, in contravention of paragraph 6(1) read with 6(2)(b) of the Code.

Outcome

Pursuant to a plea bargain, the Respondent pleaded guilty to Charge 2, while Charges 1 and 3 were taken into consideration for purposes of sentencing.

In sentencing, the Disciplinary Committee ("**DC**") noted that the Respondent had made the misrepresentation on his clients' eligibility repeatedly, and did not take the necessary actions to verify this crucial assurance that he had given to them. Also, the Respondent was also not entirely certain about the criteria that HDB would use to assess the eligibility for the grant.

The DC further considered it an aggravating factor that the Respondent could not give a satisfactory account, when asked by the DC, on why he selected the option “No application for CPF Housing Grant” when he submitted the Buyers’ Resale Application to HDB at the material time.

The DC also noted that the Respondent had timeously admitted his culpability and expressed remorse for the inadequacies of the service he rendered to the Buyers. The DC also considered the Respondent’s past clear record as a real estate professional.

Accordingly, the DC imposed the following financial penalty and disciplinary order on the Respondent:

Charge 2: A financial penalty of \$3,500 and a suspension of 18 weeks.

Fixed costs of \$1,000 was also imposed on the Respondent.