

## **S/N 11/2020 – Failure to Render Professional and Conscientious Services to Clients and to Act with Honesty, Fidelity and Integrity, and Failing to Perform Work in Accordance with Applicable Laws regarding HDB Flats**

### **Facts of Case**

Sometime in October 2018, the Respondent was engaged by A and B (the “**Buyers**”) to assist them in looking for a Housing and Development Board (“**HDB**”) flat around the Punggol area to purchase. Between October 2018 and December 2018, the Respondent arranged for the Buyers to view several HDB flats in the area, including the HDB flat that was owned by C and D (the “**Sellers**”) (the “**Flat**”). C was a real estate salesperson as well.

As the Buyers were interested in buying the Flat, the parties negotiated and eventually agreed for the Flat to be sold to the Buyers at a price of \$545,000.

On 12 December 2018, the Buyers entered into an estate agency agreement in which the Respondent was appointed as their salesperson in the transaction, in consideration of a commission of 1% of the purchase price of the property to be paid by the Buyers upon a successful transaction. On the same day, the Sellers issued the option to purchase for the Flat to the Buyers.

On 22 December 2018, C communicated with the Respondent that the Sellers had suddenly required a temporary extension of stay in the Flat for a period of four months after completion (with \$1,800 being offered to the Buyers as monthly rental for such period). The Sellers proposed that if the Buyers were not agreeable to their request, they could return the option fee to the Buyers.

The Respondent conveyed the Sellers’ request to the Buyers on the same day. Though initially displeased, the Buyers eventually agreed to allow the Sellers a temporary extension of stay for four months after completion, during which the Sellers would pay a monthly rent of \$1,800 – this agreement was not recorded in writing. The Buyers then exercised the option to purchase the Flat.

Throughout the Respondent’s meeting with the Buyers on 22 December 2018, the Respondent deliberately withheld and did not inform the Buyers of the procedure and conditions that were applicable to temporary extensions of stay in HDB resale transactions, and the implications of these procedure and conditions on the Buyers’ agreement for the Sellers to extend their stay in the Flat. Crucially, the Sellers were ineligible for a temporary extension of stay as they had not committed to buy a completed property in Singapore after the resale completion and the maximum term of an extension of stay allowed by HDB was only three months.

The Respondent continued to withhold such information from the Buyers until at least 31 December 2018. The Respondent had further corresponded and reached an

agreement with C that the Sellers' temporary extension of stay would not be declared to HDB when parties (C and the Respondent on the Buyers' behalf) submitted their respective resale applications.

After completion of the resale transaction, the Sellers continued to reside in the Flat. The Buyers remained unaware that their agreement with the Sellers was not permitted by the HDB.

HDB only discovered the existence of such a temporary extension of stay when the Buyers contacted HDB to seek advice over a misunderstanding with the Sellers as to the actual length of the extension of stay. As a result of entering into such an agreement with the Sellers who were never eligible for a temporary extension of stay, the Buyers had infringed Section 56(1)(i) of the Housing and Development Act.

## **Charges**

The Respondent faced the following charges:

### **Charge 1 (Proceeded)**

For failing to render professional and conscientious service to his clients and to act with honesty, fidelity and integrity by having withheld from his clients relevant facts and/or information relating to the application of the HDB's *Terms & Conditions for Temporary Extension of Stay by Flat Sellers after Resale Completion* to the arrangement between his clients and the Sellers, namely, that the arrangement was subject to HDB's approval and certain eligibility conditions had not been met in order for the arrangement to be approved by the HDB, in contravention of paragraph 6(1) read with 6(2)(d) of the Code of Ethics and Professional Client Care (the "**Code**").

### **Charge 2**

For failing to perform his work in accordance with applicable laws, in particular, the applicable laws, regulations, rules and procedures that apply to transactions involving HDB flat, by submitting a resale application on behalf of his clients which did not seek approval from the HDB for a private arrangement of granting the Sellers a temporary extension of stay for a period of four months, notwithstanding the requirement to obtain HDB's approval as set out in HDB's *Terms & Conditions for Temporary Extension of Stay by Flat Sellers after Resale Completion*, in contravention of paragraph 4(1) read with 4(2)(e) of the Code.

## **Outcome**

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

In sentencing, the Disciplinary Committee (“DC”) took note that the Respondent’s misconduct involved dishonesty and a flagrant disregard of HDB rules and regulations which the Respondent was fully aware of. He had many opportunities to come clean and admit his misconduct but he chose not to do so.

The DC also noted that the Respondent had no previous disciplinary record and pleaded guilty at the earliest opportunity.

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

**Charge 1:** A financial penalty of \$3,000 and a suspension of 3 months.

Fixed costs of \$2,000 was also imposed on the Respondent.