

## **S/N 5/2021 – Undertaking Estate Agency Work in Respect of HDB Flats without Complying with the Applicable Rules by Facilitating a Whole Unit Rental of an HDB Flat within Its Minimum Occupation Period**

### **Facts of Case**

Sometime in Oct 2015, Mdm S purchased an HDB flat (the “**Flat**”) under the HDB’s Build-to-Order Scheme. The Flat is a 3-room HDB unit with one master bedroom and one common bedroom. The Flat had a Minimum Occupation Period (“**MOP**”) of 5 years that would have been fulfilled sometime in Oct 2020.

On or around July 2019, RES B came across an online advertisement that Mdm S had posted for the whole unit renting out of the Flat. RES B contacted Mdm S and she agreed to engage RES B to help her to source for tenants for the Flat. At all material times, RES B was aware that the Flat was still within its MOP and that Mdm S was staying in Johor Bahru. RES B advised Mdm S that she could only lease out 1 room if the flat had not fulfilled its MOP. Nevertheless, RES B proceeded to advertise a whole unit rental of the Flat online.

On or around August 2018, RES B found a tenant (the “**Tenant**”) who was interested to lease the Flat. RES B arranged for a viewing of the Flat for the Tenant. During the viewing, RES B informed the Tenant that Mdm S would not be staying in the Flat.

Thereafter, the Tenant agreed to lease the Flat. The following day, RES B forwarded to the Tenant a whole unit tenancy agreement between Mdm S and the Tenant at a monthly rent of \$1,500 (the “**Tenancy Agreement**”). On that same day, the Tenant signed the Tenancy Agreement and forwarded the signed copy to RES B to procure Mdm S’s signature on the same. However, the Tenant was never returned a copy of this Tenancy Agreement.

Instead, on the following day, RES B forwarded an amended Tenancy Agreement to the Tenant. The additions and amendments to the amended Tenancy Agreement made the tenancy ostensibly appear to be a room rental agreement rather than a whole flat rental agreement.

RES B received a commission from the Mdm S for the facilitation of the tenancy.

From September to October 2019, RES B reminded Mdm S to register the Tenant with HDB. Mdm S informed RES B that she was unable to do so online. RES B then suggested that Mdm S register the Tenant over the counter at an HDB branch office. However, Mdm S was also unable to register the Tenant when she visited a HDB branch office.

In October 2019, Mdm S handed over the Flat to the Tenant. Throughout the period of the Tenant’s lease, Mdm S did not stay in the Flat.

Due to disagreements between Mdm S and the Tenant, in late-October 2020, it was agreed that the Tenant would move out of the Flat. The Tenant eventually vacated the Flat in December 2019.

## **Charges**

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

For undertaking estate agency work in respect of HDB flats without being fully conversant and without complying with the applicable laws, regulations, rules and procedures that apply to transactions involving such flats, by facilitating a whole unit rental of the Flat within its 5-year MOP to the Tenant, contrary to HDB's Terms & Conditions, in contravention of paragraph 4(1) read with 4(2)(e) of the CEPCC.

### **Charge 2**

For failing to record the exact agreement between the Tenant and Mdm S, by recording the whole unit rental of the Flat as a 1-room rental in the Tenancy Agreement between the Tenant and Mdm S, in contravention of paragraph 9(1) of the CEPCC.

### **Charge 3**

For bringing discredit or disrepute to the estate agency industry by attempting to register the Tenant as a room rental tenant with HDB even though the exact agreement between the Tenant and Mdm S was for a whole unit rental of the Flat, in contravention of paragraph 7(1) read with 7(2)(a) of the CEPCC.

## **Outcome**

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

In sentencing, the Disciplinary Committee (“DC”) noted that RES B had 2 charges taken into consideration. As such, the DC imposed the following financial penalty and disciplinary order on the Respondent:

**Charge 1:** A financial penalty of \$ 2,000 and a suspension of 7 weeks.

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