

Note: This case was referred to a CEA Disciplinary Committee (DC) after 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 3/2024 – Undertaking Estate Agency Work without Complying with Applicable Laws, Regulations, Rules and Procedures that Apply to HDB Flats

Facts of Case

Sometime in November 2019, the Respondent was engaged by the owner (“**Owner**”) of a 3-room Housing and Development Board (“**HDB**”) flat (the “**Flat**”) to help him rent out both bedrooms in the Flat. The Flat had yet to fulfil the requisite 5-year Minimum Occupation Period. The Respondent then advertised online the 2 bedrooms in the Flat for rental.

Sometime in early January 2020, the Respondent conducted a viewing of the Flat for a prospective tenant (“**Mr C**”). At the time of the viewing, none of the rooms in the Flat were rented out. Mr C chose to rent the bedroom near the kitchen (“**1st Bedroom**”), and the Respondent told Mr C that he would find another tenant to rent the remaining bedroom near the corridor (“**2nd Bedroom**”). A tenancy agreement (prepared by the Respondent) was entered into between the Owner, Mr C and Mr C’s wife, for the period 14 January 2020 to 13 January 2021, at the monthly rent of \$780. The Respondent received half a month’s rent in commission (i.e. approximately \$390) from the Owner for facilitating this transaction. When the tenancy was about to expire, the Owner let Mr C continue with the tenancy until around 15 August 2021.

Sometime in March 2021, while Mr C and his wife were still tenants in the Flat, the Respondent conducted a viewing for another prospective tenant (“**Ms J**”) and her husband, who decided to rent the 2nd Bedroom. A tenancy agreement (prepared by the Respondent) was entered into between the Owner and Ms J, for the period 1 April 2021 to 31 March 2022, at the monthly rent of \$780.

At all material times when facilitating the room rental of the 2nd Bedroom to Ms J, the Respondent was aware that Mr C and his wife were still renting the 1st Bedroom. The Respondent received half a month’s rent in commission (i.e. approximately \$390) from the Owner for facilitating the room rental to Ms J.

Sometime in August 2021, after Mr C and his wife moved out but while Ms J was still a tenant in the Flat, the Respondent facilitated a viewing for another set of prospective tenants, Ms T and her husband, Mr P. After the viewing, Ms T and Mr P decided to rent the 1st Bedroom. A tenancy agreement (prepared by the Respondent) was entered into between the Owner, Ms T and Mr P, for the period 30 September 2021 to 29 September 2022, at the monthly rent of \$800. Notwithstanding the tenancy agreement indicating that the lease was to commence on 30 September 2021, Ms T and Mr P moved into the Flat earlier on 30 August 2021.

At all material times when facilitating the room rental of the 1st Bedroom to Ms T and Mr P, the Respondent was aware that Ms J was still renting the 2nd Bedroom. The Respondent received half a month’s rent in commission (i.e. approximately \$400) from the Owner for facilitating the room rental to Ms T and Mr P.

Sometime in April 2022, HDB officers conducted an inspection of the Flat. During the inspection, only Ms J and her husband, and Ms T and Mr P, were in the Flat.

Section A, Clause 2 of HDB’s Terms and Condition for the Renting out of Bedroom(s) (“**T&Cs**”) provides that for a HDB 3-room flat, the maximum number of bedroom(s) allowed to be rented out is 1 bedroom.

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HDB subsequently imposed a financial penalty of \$16,250 on the Owner in lieu of compulsory acquisition of the Flat.

Charges

The Respondent faced the following 2 charges:

Charge 1

Undertaking estate agency work without being fully conversant and without complying with the applicable laws, regulations, rules and procedures that apply to transactions involving HDB flats, when he facilitated the room rental of a 2nd bedroom of a HDB 3-room flat (i.e. the Flat) to Ms J for the period 1 April 2021 to 31 March 2022, when he was aware that the other bedroom in the Flat was also rented out at the material time, and the Owner could only rent out a maximum of 1 bedroom under HDB's T&Cs, in breach of paragraph 4(1) read with paragraph 4(2)(e) of the Code of Ethics and Professional Client Care (the "**Code**").

Charge 2 (Proceeded)

Undertaking estate agency work without being fully conversant and without complying with the applicable laws, regulations, rules and procedures that apply to transactions involving HDB flats, when he facilitated the room rental of a 2nd bedroom of a HDB 3-room flat (i.e. the Flat) to Ms T and Mr P for the period 30 September 2021 to 29 September 2022, when he was aware that the other bedroom in the Flat was also rented out at the material time, and the Owner could only rent out a maximum of 1 bedroom under HDB's T&Cs, in breach of paragraph 4(1) read with paragraph 4(2)(e) of the Code.

Outcome

Pursuant to a plea bargain, the Respondent pleaded guilty to Charge 2, with Charge 1 taken into consideration for sentencing.

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

Charge 2: A financial penalty of \$5,000 and a suspension of 5 months

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