

MEDIA RELEASE

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PRACTICE GUIDELINES TO RAISE PROFESSIONALISM OF ESTATE AGENTS & SALESPERSONS

The Council for Estate Agencies (CEA) launched the Practice Guidelines on the Professional Service Manual (PSM) today, which sets out the professional service standards and responsibilities required of all estate agents and salespersons when they perform estate agency work in property transactions.

Practice Guidelines on Professional Service Manual

2. The Practice Guidelines on the PSM aims to promote professionalism and ethical service in the real estate agency industry. It sets out the dos and don'ts to guide real estate salespersons in their work, and the professional practices expected of them. When the PSM is adopted by the industry, consumers will benefit as salespersons are expected to serve their clients in the latter's interest.

3. A Work Group, led by CEA, was formed in November 2011 to develop the PSM. The Work Group comprised representatives from the industry associations – The Institute of Estate Agents, Singapore (IEA), the Singapore Accredited Estate Agencies (SAEA) and the Singapore Institute of Surveyors and Valuers (SISV), estate agencies, the Consumers Association of Singapore (CASE) and relevant government agencies such as the Urban Redevelopment Authority (URA) and the Housing & Development Board (HDB). The Work

Group completed an initial draft of the PSM in September 2012. Further consultations with a wider group of industry stakeholders were carried out subsequently to finalise the PSM.

4. The PSM covers the sale and leasing of property transactions. It spells out what estate agents and salespersons are expected to do when they are engaged by clients and when carrying out estate agency work such as marketing properties, receiving offers, and conducting viewings.

Topics Covered in the PSM

5. Some of the topics covered in the PSM are outlined below:

A) Conducting Due Diligence Checks for Consumers

6. The PSM guides salespersons on conducting due diligence checks for consumers. The Manual spells out the duties for the salesperson when they check property details for consumers. If the salesperson is acting for a seller or landlord, he would have to confirm that his client is the owner of the property. He could ask his client to visit the My HDB Page at HDB's website and print out the flat and ownership information. Evidence of private property ownership can also be procured through a Title search under the Singapore Land Authority's (SLA) Integrated Land Information Service (INLIS). The duties also apply to salespersons acting for the buyer or tenant. In such cases, the salespersons would have to verify that the persons their clients are dealing with are the owners of the property.

B) Higher Duty of Care towards Vulnerable Consumers

7. The PSM also places a higher duty of care and diligence on salespersons when they deal with vulnerable customers. Vulnerable consumers are those who face physical, mental, or emotional challenges, or who for any other reason are unable or less likely to make rational decisions on property transaction-related matters. They also include persons who are

illiterate, under financial distress, and persons who have no means of sustenance or family support. When dealing with vulnerable customers, salespersons must not unethically exert undue pressure, influence or induce the customers to buy, sell, let or rent a property.

C) Offering Professional Advice to the Consumer

8. The PSM provides guidance to estate agents and salespersons in offering professional advice to consumers. When salespersons advise consumers on property prices or rents of similar properties, the data provided on the prices and rentals must be current and accurate. The properties quoted must be comparable. The range and amount of data, if available, must be reasonably comprehensive so that consumers are not misled on the value of the property. Salespersons should also draw data from reliable sources such as from caveats lodged and HDB's resale transaction records.

D) Providing Safeguards for Industry Practices

9. Prospective buyers were sometimes asked by salespersons to issue "blank" cheques, with the amount of money to be drawn left unfilled, to register for or reserve units at property launches. The cheques were returned if they decided not to proceed with the purchase. There could also be instances where prospective buyers made similar arrangements with salespersons for convenience, for example, when the buyers were unable to attend the official launch of a project.

10. To protect buyers from such industry practices, the PSM sets guidelines on the collection and proper use of blank cheques. Examples include disallowing salespersons from collecting cheques unless there is a request in writing initiated by the developer direct to the estate agent. If a cheque is issued, it must be crossed and made out in the name of the payee such as a developer for non-residential properties, or the project account for residential properties. An Authorisation Letter is also required and this letter must state clear terms to safeguard the interests of buyers. Examples of the terms

required in the Authorisation Letter include whether the housing project is approved or pending approval by all the relevant authorities for sale, the specific unit number(s) which the buyer is interested in and the maximum allowable amount for which the cheque can be drawn. The safeguard measures on such authorised cheques will come into effect on 1 June 2013 via a Practice Circular issued to the industry.

E) Duty to Ascertain Material Facts and Important Information with Sellers

11. Before commencing to market properties, salespersons must ascertain the material facts and important information relevant to the properties with the sellers. This is to ensure that correct factual information is communicated to prospective buyers to aid in their decision-making process.

12. The material facts and important information which shall be disclosed to clients or prospective buyers/tenants include the approved use of the property, the land or strata floor area and the land tenure. When asked by a buyer or through his salesperson, the seller's salesperson must find out from the seller and convey to the buyer or the buyer's salesperson information on the property, such as loan shark harassment, bankruptcy issues, recent deaths from unnatural causes, and defects such as spalling concrete and water leakages.

13. Mr Chan Mun Kit, Director (Regulatory Control) of CEA and Chairperson of the Work Group on CEA's PSM said, "The PSM seeks to set clear standards and guidelines to ensure salespersons render their services competently, professionally and ethically, thus promoting open, fair and honest property transactions. The PSM is the result of a collective effort and active contributions from the real estate agency industry, industry and consumer associations and relevant Government agencies. It reflects the stakeholders' commitment in raising the professionalism of the real estate agency industry."

Implementation of Practice Guidelines on PSM

14. The Practice Guidelines on the PSM will take effect on 1 January 2014. The Practice Guidelines are to be read with reference to the Estate Agents Act and the relevant subsidiary legislation including the Code of Ethics and Professional Client Care issued by CEA. Non-compliance of the Guidelines may result in disciplinary action. The PSM and the Guidelines are available on CEA website www.cea.gov.sg.

About Council for Estate Agencies

The Council for Estate Agencies (CEA) is a statutory board established under the Estate Agents Act to regulate and promote the development of a professional and trusted real estate agency industry. The key responsibilities of CEA are to license estate agents and register salespersons, promote the integrity and competence of estate agents and salespersons, and equip consumers with the necessary knowledge to make informed decisions in property transactions. For more information, please visit: www.cea.gov.sg.