

## **MND INTRODUCES ESTATE AGENTS BILL IN PARLIAMENT ON 16 AUGUST 2010**

The Ministry of National Development (MND) introduced the Estate Agents Bill for a First Reading at the Parliamentary Session on 16 August 2010. The proposed Estate Agents Bill seeks to establish the Council for Estate Agencies (CEA) as a new statutory board under MND to regulate the real estate agency industry.

### **Key Features of the Estate Agents Bill**

#### *Coverage of Framework and Establishment of CEA*

2 The proposed Estate Agents Bill will apply to all estate agency work for Singapore and foreign properties marketed, sold or leased in Singapore. CEA will be established to administer the new regulatory framework.

#### *Licensing of Estate Agencies and Registration of Salespersons*

3 Estate agencies will continue to be licensed, but with enhanced conditions. Each agency will have to appoint a key executive officer (KEO) to be responsible for the proper administration and overall management of the business and supervision of all its salespersons. The KEO, all partners and directors in each agency will have to satisfy enhanced licensing conditions, such as fulfilling fit and proper criteria and prohibition to simultaneously hold a moneylender's license, or be an employee, director or partner of a licensed moneylender.

4 Estate agencies will be required to exercise effective supervision of their salespersons and take responsibility for their actions. To enable agencies to do so, the Bill will require a salesperson to contract with only one agency and to operate under a written agreement with the agency. Salespersons will need to be registered with CEA through and with the support of their agencies, before they are allowed to do estate agency work.

5 Estate agencies will have to ensure that all their registered salespersons are professionally competent and meet the fit and proper criteria. Salespersons also need to have the necessary qualifications, pass the CEA's salesperson examination and undertake continuing professional development relating to estate agency work. Information on all registered salespersons will be available on a public register, including the agency they are working for and any disciplinary action taken against them.

#### *Duties and Liability of Estate Agencies and Salespersons*

6 The Bill will empower CEA to prescribe codes of practice, ethics and professional conduct to regulate the practices of estate agencies and salespersons. Failure to comply with the codes may render the estate agency and/or salesperson liable to disciplinary action.

7 The CEA will also prescribe standard estate agency agreements between estate agencies and their clients, to ensure that the agreements do not contain unfair clauses. An estate agency that performs estate agency work without the required agreement will not be able to recover any fees or seek any remedy in legal proceedings.

#### *Investigative and Disciplinary Powers*

8 The Bill will provide CEA with powers of investigation to enable CEA to investigate breaches and enforce regulatory requirements. Under these provisions, CEA investigators will be able to summon agencies' KEOs and salespersons, and seize relevant materials and documents.

9 The Bill will allow CEA to set up a Disciplinary Committee to hear and consider disciplinary cases. The Disciplinary Committee can mete out penalties including revocation, suspension, fines, admonishment and other conditions on estate agencies and salespersons if it finds the agencies and/or salespersons responsible.

10 The Bill will allow any person who is aggrieved by the decisions of CEA to lodge an appeal to an independent Appeals Boards. The decision of the Appeals Board shall be final.

#### *Dispute Resolution*

11 Estate agencies and salespersons will be required to participate in CEA's prescribed dispute resolution process covering mediation and arbitration, once this has been initiated by the consumer.

#### *Transition Arrangement*

12 The Bill includes transition provisions for existing agencies to be deemed as licensed by CEA for the remainder of the duration of the licence previously issued by the Inland Revenue Authority of Singapore (IRAS) until 31 December 2010. Other transitional arrangements will be provided for in the regulations to be published in the Gazette after the Bill is passed.

#### **Second Reading**

13 The Bill will be tabled for a Second Reading at the following available Parliament sitting.

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