

## LEGISLATION PASSED TO SET UP NEW STATUTORY BOARD TO REGULATE THE REAL ESTATE AGENCY INDUSTRY

Parliament passed the Estate Agents Bill 2010<sup>1</sup> today, under which a new statutory board to regulate the real estate agency industry will be set up. To be called the Council for Estate Agencies (CEA), this statutory board will be under the Ministry of National Development (MND) and is targeted to start operations on 22 October 2010.

### Formation of CEA

2 CEA will take over the Inland Revenue Authority of Singapore's (IRAS') current role in licensing estate agents, and implement a new regulatory framework for the real estate agency industry. Key elements of this framework include enhanced licensing conditions for estate agents, registration of salespersons, regulation on the conduct of estate agency work, mechanisms for discipline and dispute resolution, and public education (see *Annex A*).

### Arrangements for Existing Estate Agents

3 CEA will accept applications for a licence to operate an estate agent from 1 November 2010. (IRAS will cease to accept applications for House Agent's Licence on 30 September 2010.) Existing estate agents with a valid House Agent's Licence issued by IRAS will be deemed licensed by CEA until 31 December 2010. They can apply to CEA for a new licence from 1 November, before their current licence expires on 31 December.

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<sup>1</sup> The Estate Agents Bill sets out to licence the estate agents and to register their salespersons. Businesses doing estate agency work are commonly referred to by the public as property or estate agencies. However, the term "estate agent" is used in the Bill. The individual doing estate agency work and commonly referred to by the public as the property or estate agent is called the "salesperson" in the Bill.

## **Arrangements for Existing Salespersons**

4 Salespersons are not regulated today. From 1 January 2011, they will need to be registered with CEA through their agents before they can do estate agency work. As part of the registration criteria, they will need to have minimum 4 GCE "O" Level passes or equivalent, pass a mandatory CEA examination for salespersons, and fulfill fit and proper criteria, which include not being an undischarged bankrupt and not having criminal records involving fraud or dishonesty. They will also need to attend a compulsory examination preparatory course before they can take the new CEA examination. The course, which will be available from November 2010, will be conducted by CEA-approved course providers.

5 To help existing salespersons transit to the new registration framework, existing salespersons who have passed an industry examination such as the Common Examination for House Agents, the Common Examination for Salespersons and the Certified Estate Agent Examination will not be required to take the new CEA examination for salespersons. Those who have not passed an industry examination will be given till 31 December 2010 to pass an industry examination or till 31 December 2011 to pass the new CEA examination; provided they have completed at least 3 property transactions over the last 2 years prior to the formation of CEA. They will be allowed to work as salespersons in the interim. Estate agents are required to submit to CEA a list of their existing salespersons satisfying these conditions by 22 October 2010. The arrangements to help existing salespersons transit to the new regime are summarised at *Annex B*. The timeline for transition is presented at *Annex C*.

## **Licensing and Registration Fees**

6 The licensing fees for estate agents will range from \$300 to \$3,000 per annum and are tiered according to the size of the agents. The annual registration fee for each salesperson is \$230 (see *Annex D for details*).

7 MND has briefed industry players on the key changes and prepared them for the transition. We will continue to work closely with them to ensure a smooth transition to the new regulatory framework for the real estate agency industry.

Issued by:

**MINISTRY OF NATIONAL DEVELOPMENT**

**15 September 2010**

**KEY ELEMENTS OF NEW REGULATORY FRAMEWORK**

- \* **New Statutory Board – Council for Estate Agencies – to strengthen regulation of real estate agency industry**
- \* **Enhanced Licensing for Estate Agents**

Appointed Key Executive Officer (KEO)

- ✓ Must be at least 21 years old
- ✓ Have at least 3 years of working experience as a salesperson
- ✓ Have completed at least 30 property transactions in past 3 years, of which at least 10 must be private properties and at least 10 must be HDB transactions
- ✓ Must not be registered as a salesperson or be an existing KEO of another estate agent
- ✓ Passed CEA examination for licensees or possessed equivalent qualifications (*refer to Appendix I*)
- ✓ Have minimum 4 GCE 'O' Level passes or equivalent
- ✓ Undertake mandatory continuing professional development
- ✓ Fulfill fit and proper criteria such as
  - (i) Must not be an un-discharged bankrupt;
  - (ii) Must not possess criminal records involving fraud or dishonesty;
  - (iii) Must not have previous track record of complaints or convictions
- ✓ Must not be a licensed moneylender or an employee, a director or a partner of a licensed moneylender

Business Entity

- ✓ Registered its business with ACRA
- ✓ Not to register a name which is similar to existing estate agents
- ✓ Put in place systems and processes to ensure proper management of business and salespersons
- ✓ Covered under a valid Professional Indemnity Insurance for both business entity and salespersons
- ✓ Must not be a licensed moneylender

\* **Registration of Salespersons through their Agents**

- ✓ Must be at least 21 years old
- ✓ Must not be registered with another estate agent or be an existing KEO of another agent
- ✓ Have minimum 4 GCE 'O' Level passes or equivalent
- ✓ Passed CEA examination for salespersons or possessed equivalent qualifications (*see Appendix I*)
- ✓ Undertake mandatory continuing professional development
- ✓ Fulfill fit and proper criteria such as
  - (i) Must not be an un-discharged bankrupt;
  - (ii) Must not possess criminal records involving fraud or dishonesty;
  - (iii) Must not have previous track record of complaints or convictions;
- ✓ Must not be a licensed moneylender or an employee, a director or a partner of a licensed moneylender

\* **Regulation on Conduct of Estate Agency Work**

- ✓ Code of Practice, Ethics and Professional Conduct
- ✓ Standard prescribed estate agency agreements
- ✓ No dual representation by same salesperson

\* **Mechanisms for Discipline and Dispute Resolution**

- ✓ Disciplinary actions such as warnings, fines, suspension and revocation
- ✓ Dedicated dispute resolution mechanism covering both mediation and arbitration

\* **Public Education**

- ✓ Estate Agent Card
- ✓ Online Public Register of agents and salespersons
- ✓ Seminars, Forums and consumer guides for the public

## APPENDIX I

### LIST OF RECOGNISED AND EQUIVALENT QUALIFICATIONS

#### I. Recognised Industry Examinations

- Common Examination for House Agents (CEHA)\*
- Real Estate Agency Course (up to Batch 12/95)\*
- Association of Singapore Realtors' Course (up to Batch 28/1995)\*
- Common Examination for Salespersons
- Certified Estate Agent Examination
- Real Estate Agency Course (from Batch 1/96 onwards)
- National Skills Recognition System (NSRS)
- Pre-CEHA Examination

Note: Industry examinations with\* are recognised for licensees and salespersons.  
Industry examinations without\* are recognised for salespersons only.

#### II. Qualifications Equivalent to CEA Examination for Licensees and Salespersons

Name of Qualifications	Issuing Body
Bachelor of Science (Real Estate)	National University of Singapore
Bachelor of Science (Estate Management)	
Bachelor of Real Estate (Property Management)	
Bachelor of Real Estate (Valuation)	
Diploma In Building Management	Ngee Ann Polytechnic
Diploma In Building & Real Estate Management	
Diploma in Real Estate Business	
Diploma In Property Development & Facilities Management	Singapore Polytechnic
Diploma In Building & Property Management	

Note:

1. Holders of any diploma or higher academic qualification which has real estate as a major are advised to check with CEA whether they are required to take the new CEA examination.
2. Professional qualifications such as the membership of the Royal Institution of Chartered Surveyors (General Practice) will be considered as equivalent to CEA examination.
3. Holders of qualifications in non-real estate related fields such as business administration, economics, marketing, law etc will be required to take the new CEA examination.

## ARRANGEMENTS TO HELP EXISTING SALESPERSONS TRANSIT

Existing salespersons who	Treatment
<p><u>Have already passed</u> an industry examination when new regime is implemented on 22 October 2010</p>	<ul style="list-style-type: none"> <li>• Not required to take new CEA examination for salespersons</li> <li>• Not required to have at least 4 GCE 'O' Level passes or equivalent</li> </ul>
<p><u>Have not passed</u> an industry examination but have completed at least 3 property transactions over last 2 years prior to formation of CEA</p>	<ul style="list-style-type: none"> <li>• Need to pass either an industry examination, which will be available until December 2010, or the new CEA examination for salespersons before 31 December 2011</li> <li>• Can conduct estate agency work in the interim</li> <li>• Not required to have at least 4 GCE 'O' Level passes or equivalent</li> </ul>
When new regime is implemented on 22 October 2010	Treatment
<p>Without an industry examination pass and did not fulfill the minimum 3 property transactions over last 2 years</p>	<ul style="list-style-type: none"> <li>• Considered as a new salesperson</li> <li>• Required to meet full registration criteria</li> <li>• Required to take a course available from November 2010 before taking the new CEA examination</li> </ul>

## ANNEX C

### KEY TIMELINES TO TRANSIT TO THE NEW REGULATORY FRAMEWORK

Date	Event
30 September 2010	<ul style="list-style-type: none"> <li>• IRAS to cease accepting applications for House Agent's Licence</li> </ul>
22 October 2010 (Target Date)	<ul style="list-style-type: none"> <li>• CEA is operational and new regime is implemented</li> <li>• Existing agents licensed under IRAS will be deemed as licensed by CEA till 31 December 2010</li> <li>• Existing salespersons have to pass an industry examination or have completed at least 3 property transactions over last 2 years to qualify for transitional arrangement</li> <li>• Existing agents to submit their list of salespersons who satisfy above conditions to CEA by 22 October 2010</li> </ul>
1 November 2010	<ul style="list-style-type: none"> <li>• CEA starts to accept applications for new licence to operate an estate agent</li> <li>• Existing agents can apply to CEA for a new licence and registration for their existing salespersons by 30 November 2010</li> <li>• New CEA examination courses to commence in November 2010</li> </ul>
31 December 2010	<ul style="list-style-type: none"> <li>• Industry examinations to cease</li> <li>• Existing agents' licences will expire</li> </ul>
1 January 2011	<ul style="list-style-type: none"> <li>• All persons doing estate agency work must be registered as a salespersons before they can practise</li> <li>• New CEA's examination to commence in January 2011</li> </ul>
31 December 2011	<ul style="list-style-type: none"> <li>• Existing salespersons who have not passed an industry examination must pass the CEA examination by this date</li> <li>• Those who do not will have to apply as a new salesperson and satisfy the full registration criteria</li> </ul>



## LICENSING AND REGISTRATION FEES

<b>Size of Agents</b>	<b>Annual Fee</b>
<b><u>Small Agent</u></b>	
Licensing (1 to 10 salespersons)	\$300
Licensing (11 to 30 salespersons)	\$600
Licensing (31 to 50 salespersons)	\$1,000
<b><u>Medium Agent</u></b>	
Licensing (51 to 500 salespersons)	\$2,000
<b><u>Large Agent</u></b>	
Licensing (more than 500 salespersons)	\$3,000
<b>Registration Fee Per Salesperson</b>	\$230

Note: For partnerships and limited partnerships, an additional licensing fee of \$230 will be imposed for each practising partner.

