

**SPEECH BY MR TAN CHUAN JIN, ACTING MINISTER FOR
MANPOWER AND SENIOR MINISTER OF STATE FOR NATIONAL
DEVELOPMENT AT THE CEA-CASE CONSUMER SEMINAR 2013
ON SATURDAY, 27 APRIL 2013 AT 10.00AM, NTUC AUDITORIUM,
LEVEL 7, NTUC CENTRE**

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President, Consumers Association of Singapore

Mr Seah Seng Choon
Executive Director, Consumers Association of Singapore

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Distinguished guests
Ladies and gentlemen

I am happy to be here at the first Consumer Seminar, jointly organised by the Council for Estate Agencies (CEA) and the Consumers Association of Singapore (CASE). The theme of today's seminar "Safeguarding Consumer Interests in Property Transactions" is timely. Amid the current flurry of activities in the property market, it is important for consumers to have accurate information and good advice so as to make informed decisions in their property investments.

New consumer education initiatives

Purchasing a property is a huge financial decision. Invariably, there will be a number of people who overstretched, things changed, and they could not keep up with their mortgage payments. The situation spiraled downwards. Consumer education is hence central to developing a trusted and professional real estate agency industry. To advance consumer knowledge and promote responsible consumer behavior, CEA has initiated a range of public outreach initiatives, which include a consumer guide on engaging salespersons, a mobile app for the Public Register of Estate Agents and Salespersons, an online consumer resource centre and consumer seminars.


Likewise, CASE has also been championing consumer interests through information and education. Both organisations hence share a common goal in safeguarding consumer interests, and have been working closely with each other to achieve this goal. For example, CASE is one of the mediation centres appointed under the CEA Dispute Resolution Scheme, which provides cost effective means to resolve disputes between consumers and real estate agents. Since January 2011, CASE has helped to resolve over 10 cases of disputes.

In addition, CEA and CASE have further integrated their consumer outreach efforts and embarked on two new initiatives. The first is a series of quarterly consumer seminars to educate members of the public on engaging real estate salespersons,

consumer responsibilities and dispute resolution. These seminars will provide essential information for consumers to make informed decisions about their property transactions. The series is scheduled to start in the third quarter of this year, and industry associations will also be participating as well.

The second initiative is the launch of a new consumer guide today. Jointly produced by CASE and CEA, the “Guide on Sale, Purchase and Rental of Properties” highlights important considerations in the transaction process, what salespersons can do for consumers, how to resolve complaints or disputes, and tips for financing and renovation. There is also a section on the things to look out for when purchasing foreign properties, because buying a property overseas is not as simple as buying one locally. This is important, especially if you read the papers about how many of us are looking for better prospects overseas. It’s not always that straightforward. There is no free lunch, and with great returns come great risks. So if you are looking at properties overseas, I would urge you to think carefully, carry out your sums, and do your homework before making any commitment. I understand that everyone here has already received a copy of this consumer guide. If you have not, please make sure you get one, and I would like to urge you to read it and share it with your family and friends.

Launch of Professional Service Manual

Today, real estate salespersons are professionally qualified and have to be registered with CEA before they can practise. They have to meet the requirements stated in the Code of Ethics & Professional Client Care, the Estate Agents Regulations and the estate agency agreements. However, more can be done to instill a stronger sense of professionalism and ethics in the industry and to better safeguard consumer interests. This is why the CEA is launching the Professional Service Manual or PSM in short today. I think the onus is on those who are in the industry to understand the landscape better – what it means to invest, how much loan and so on, in order to really advise the consumers.

The PSM has three objectives. First, it aims to promote professionalism and ethical service in the real estate agency practice. Second, the Manual spells out the standards and guidelines that will guide estate agents and salespersons when they perform estate agency work. Third, it provides clarity on salespersons’ duties and responsibilities, which will in turn help consumers better understand what salespersons can do for them. This is the first time that the work of the estate agent and salesperson has been documented through the different stages of the property transaction cycle. Allow me to highlight some important issues that are covered in the PSM. Before that, I would also like to add that as we seek the help of real estate agents, it is also important for the consumers to understand what can or cannot be done. All of us are involved in the transaction. Property agents are also people, and we know some consumers can be unreasonable, hence we ought to think about how we treat one another.

One, the PSM will guide the salesperson on conducting due diligence checks for the consumers. It will also spell out the duties for the salespersons when they check property details for the consumers. For example, if the salesperson is acting for a seller or landlord, he will have to confirm that his client is the owner of the

property. Similarly, the salesperson acting for the buyer or tenant will have to verify that the persons that their client is dealing with are the owners of the property. The PSM also requires salespersons to exercise a higher duty of care and diligence when they deal with potentially vulnerable consumers. As estate agents, it is important to understand the background of your customers. Some of them may be stretched. Some consumers may require greater attention and considerate treatment as they face physical, mental, or even emotional challenges. Persons who are illiterate or face financial problems may also be unable to make well informed decisions on their property transactions. Thus, salespersons must not unethically exert undue pressure, influence or induce such clients to buy, sell, let or rent a property.

Separately, in offering professional advice to consumers on property prices, the PSM requires salespersons to provide data that are current and accurate. The properties quoted must be comparable, the range and amount of data, if available, must be reasonably comprehensive, so that the consumers are not misled on the value of the properties.

The PSM also seeks to provide safeguards for consumers in relation to some industry practices. For instance, prospective buyers are sometimes asked by salespersons to issue blank cheques to register for or reserve a unit at property launches. To protect the interests of buyers, the PSM has set guidelines on the collection and proper use of blank cheques, such that salespersons are not allowed to collect cheques unless there is a request in writing initiated by the developer direct to the estate agent. If a cheque is issued, an authorisation letter will be required and the letter must state clearly the terms, such as the particulars of the housing project, the specific unit number which the buyer is interested in and the maximum amount for which the cheque can be drawn.

Finally, the PSM clarifies salespersons' duties in the disclosure of material facts about the properties, and in facilitating the signing of agreements by their clients. If a buyer asks about information on matters such as loan shark harassment, recent unnatural deaths in the property, the bankruptcy status of the seller, and material defects of the property, the salesperson is required to check and provide.

All in all, the PSM will help to promote transparent, fair and honest practices in the industry, and in turn better safeguard consumer interests. This is where feedback from the members of the public and estate agents can be useful in our future review.

Conclusion

At this point, I would like to thank the Working Group led by CEA and comprising representatives from the industry associations, estate agents and government bodies such as URA and HDB. Thank you for taking time to participate in the year-long discussions, and for making invaluable contributions to address the many practical situations faced by salespersons when conducting estate agency work.

The PSM, together with the ramping up of consumer education efforts by CEA and CASE, not only help raise the professionalism of estate agents and salespersons, they also enhance consumer knowledge and trust in the real estate agency industry.

Whether as agents or consumers, we all have a part to play. There are many of us out there who are not sufficiently aware, so the onus is also on the agents to support the buyers. On the part of individuals, we also bear responsibility to find out more, to understand, and to moderate our expectations. At the end of it, while we want to make our lives better, it is also important to be prudent.

In closing, I hope all of you will gain more insights and know-how at today's session. I wish you all an enjoyable and fruitful seminar.