



CONSUMER TIPS

for engaging a real estate salesperson



Estate Agents and Salespersons play an important role in helping consumers to get the best possible prices or rents in their property transactions. They are required to act in the interest of their clients in property transactions. This brochure provides key points on the responsibilities of Salespersons and how you can play a part to achieve a smooth transaction.

Council for Estate Agencies

The Council for Estate Agencies (CEA) is a statutory board set up under the Estate Agents Act to administer the regulatory framework for the real estate agency industry. Its principal functions are to license Estate Agents and register Salespersons, promote the integrity and competence of Estate Agents and Salespersons, and enable consumers to be well informed when engaging Salespersons in property transactions.

Definitions

Under the Act, “Estate Agents” refer to estate agency businesses (sole-proprietors, partnerships and companies) while “Salespersons” refer to individuals who perform estate agency work.

Knowing Your Salesperson’s Responsibilities

Your Salesperson is responsible for promoting and safeguarding your interest in a property transaction.

- Offer you professional advice in the transaction process. Your Salesperson should not make unsubstantiated promises and claims.
- Represent you in negotiations with any prospective party according to your instructions.
- Promptly forward to you all offers, proposals or expressions of interest from potential parties or their Salespersons/Estate Agents.
- Assist you to enter into a binding agreement, according to your instructions, with the other party and reasonably explain to you all relevant forms and documents. If the Salesperson is in doubt on any matter, he/she should inform you to seek advice from appropriate professionals and/or government agencies.
- Comply with all reasonable instructions and requests from you in relation to the transaction.

- Explain clearly to you about co-broking so that you can make an informed decision. You should discuss this option with your Estate Agent or Salesperson.
- Declare to you immediately any conflicts of interest and any other sums that will be received from any source with respect to the transaction.
- Your Salesperson is deemed to have completed his/her service after discharging the responsibilities as stated in the agreement with you.

In the case of HDB property transactions, the Salesperson is also required to:

- Advise you on your eligibility to buy, sell or lease the flat, especially on eligibility of housing loan.
- Explain and go through with you the resale checklist (where applicable for sales and purchases only) and check with you on whether the renovations made were duly authorised by the relevant government agencies.
- Assist you to submit forms, documents and/or information required by HDB to process the transaction.

Important Information to Note

Identifying a Salesperson

All licensed Estate Agents and Salespersons registered with CEA can be found at www.cea.gov.sg.

You should not respond to publicity flyers on properties with only a name and contact number of a Salesperson but without licence/registration number, as he/she is not likely to be registered with CEA. It is an offence for a person to perform estate agency work without registration with CEA.

In the course of his/her work, each Salesperson must display an Estate Agent Card issued by his/her Estate Agent, which states the Salesperson’s name, registration number, photograph and expiry date. The name and licence number of the Estate Agent should also be indicated clearly on the Card.



Dual Representation is Prohibited

A Salesperson shall only be engaged to represent the buyer/tenant OR to represent the seller/landlord. It is an offence for the same Salesperson to represent BOTH the seller AND the buyer, or landlord AND tenant and collect commission from both parties even with the consent of the parties.

The buyer's/tenant's Salesperson and seller's/landlord's Salesperson can be from the same Estate Agent.

Duty to Avoid Conflicts of Interests

Your Estate Agent and Salesperson must make every attempt to avoid any conflicts of interests that may not be in your best interest. In such situations, they have to declare in writing to you as soon as practicable. For example, if the Salesperson of the other party to a property transaction is working with the same Estate Agent as your Salesperson, they should disclose all relationships and positions openly, fairly and immediately when they arise. Only if you are informed and provide a written consent can the Estate Agent and Salesperson continue to act for you in the property transaction.

No Referrals to Moneylenders

It is an offence for Estate Agents and Salespersons to introduce, refer or recommend you to any moneylender.

No Holding of Transaction Monies

Estate Agents and Salespersons are prohibited from handling money for or on behalf of any party in the sale or purchase of any property situated in Singapore and lease of HDB properties.

Option fee, downpayment, stamp duties, deposits and sales proceeds are examples of transaction monies. Valuation fees and commissions are not regarded as transaction monies.

Prescribed Estate Agency Agreements

An Estate Agency Agreement is a contract between you and the Estate Agent for the performance of estate agency work. You may negotiate the terms and conditions of the agreement with your Salesperson.

There are prescribed Estate Agency Agreements used for the sale, purchase or lease of residential properties in Singapore. These agreements seek to protect the interests of both the consumer and the Estate Agent/Salesperson. The agreements can be found at www cea gov sg.

Your Estate Agent or Salesperson must explain to you and give you sufficient time to read the agreement before signing it. You should not sign the agreement if essential information like property address, price, dates, names and commission payable have been omitted. They must also give you a copy of the agreement you signed immediately or as soon as possible after signing.

There are two types of Estate Agency Agreements: non-exclusive and exclusive. In an exclusive appointment, you agree not to appoint any other agent during the validity period. If you have entered into an exclusive agreement, you will be liable to pay commission to the Estate Agent even if you buy or sell the property yourself directly or through another agent.

Paying the Estate Agent

Salespersons earn commissions from successful transactions and only receive payment after the transaction is completed. These commissions are usually a percentage of the total sale price or monthly rent. You can negotiate with your Salesperson to agree on the commission. CEA does not prescribe commission rates but allows it to be determined by market forces. This allows Salespersons to price their services competitively. Commissions should be paid to your Estate Agent and not to your Salesperson directly.

Payment of Goods and Services Tax (GST)

If your Estate Agent is a GST-registered company, it is allowed to charge and collect GST. You should clarify with your Estate Agent or Salesperson whether the GST payable is factored into the commission amount stated in the agreement.

Doing Your Part

If you are considering to buy, sell or lease a property, it is in your best interest to be aware of all the parties involved and their responsibilities.

- Understand the transaction process before you embark on your property transaction.
- Engage only licensed Estate Agents and registered Salespersons. Visit the Public Register at www.cea.gov.sg for the list of licensed Estate Agents and Salespersons registered with CEA.
- Decide if you wish to appoint an exclusive Salesperson or multiple Salespersons under an open listing to market your property. If you have appointed a few Salespersons, inform them in advance so that their efforts do not overlap but serve your best interest. The appointed Salespersons should seek your prior consent before they advertise your property.
- Ask your Salesperson about the condition of the property you wish to buy or rent.
- State your terms and requirements clearly to your Salesperson, and provide accurate information for the Salesperson to advise on your eligibility to transact properties.
- If your Salesperson is assisting you in the loan calculation, provide him/her with accurate financial information. You should ensure that the purchase or rental of the property is within your means.
- Understand the documents before signing them. If you are not sure of any terms in the contracts or other documents, seek clarifications from your Salesperson or other appropriate persons.
- Ensure all the instructions to Salespersons are in accordance with the law.
- Your Salesperson can only advise you but you make the final decision.
- You can access information on the processing of resale and rental of Housing & Development Board (HDB) flats at www.hdb.gov.sg. If you are buying a private residential property, visit the Urban Redevelopment Authority's (URA) website at www.ura.gov.sg for information such as transacted prices, rentals, and supply of new private housing units from developers. The *Home Buyers' Guide* at URA's website also provides the key steps to look out for when buying an uncompleted residential property.

Dispute Resolution

You should first discuss your concerns with your Salesperson. If the matter is not resolved, discuss your concerns with the Estate Agent.

If you are unable to get a satisfactory resolution from the Estate Agent to resolve contractual disputes like commission payable, you can make use of CEA's Dispute Resolution Scheme if you have signed one of the prescribed Estate Agency Agreements. The Scheme offers a choice of mediation or arbitration for dispute resolution.

The approved mediation centres are Consumers Association of Singapore, Singapore Institute of Surveyors & Valuers, and Singapore Mediation Centre. The approved arbitration centres are Singapore Institute of Arbitrators and Singapore Institute of Surveyors & Valuers.

You can also raise a formal complaint to CEA about Estate Agents and/or Salespersons for misconduct, misrepresentations, etc through phone, fax, email or walk-in consultation. You may download a copy of the Complaint Form from www.cea.gov.sg and send the completed form together with relevant supporting documents to CEA.

Council for Estate Agencies
Licensing & Investigations Department
490 Lorong 6 Toa Payoh
#05-10 HDB Hub Biz 3 (Lift Lobby 1)
Singapore 310490

Opening hours: Monday to Friday 8.30am to 5pm
Closed Saturdays, Sundays and public holidays
Hotline: 1800 643 2555 (toll free)
Fax: (65) 6643 2575
Email: feedback@cea.gov.sg

Do-It-Yourself (DIY)

If you wish to Do-It-Yourself (DIY) in a property transaction, you should be conversant with the property transaction process as you will not have the benefit of the services of a Salesperson.

In any property transaction, you can choose not to be represented by any Estate Agent or Salesperson. The Estate Agent or Salesperson should not insist that you engage them or another Estate Agent or Salesperson.

It is not a requirement by HDB that resale transactions must be facilitated by Estate Agents or Salespersons. Visit www.hdb.gov.sg for more information under the topics of *Buying a Resale Flat and Selling Your Flat*. Information on *Renting Out Your Flat/Room* can also be found at the same website.



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