

CIRCULAR

1 November 2010

To:

SISV members
Valuation and General Practice Division

Dear Sir/Madam

The Launch of the Council for Estate Agencies (CEA) and the release of new codes to regulate the conduct of estate agency work

The Council for Estate Agencies (CEA) a new statutory board established under the Estate Agents Act 2010, commenced its operations on 22 October 2010. Its role is to raise professionalism in the real estate agency industry and protect consumer interest.

The new regulatory framework set up is poised to implement its enhanced licensing conditions for estate agents, registration of salespersons, regulation on the conduct of estate agency practice and mechanisms for discipline and dispute resolution. We are pleased to inform you that SISV Mediation Centre will be one of the recommended mediation/arbitration centres to be referred to for dispute resolution alongside CASE, SMC and SI Arb.

The immediate focus for CEA is to prepare the estate agents and salespersons to meet the higher standards of the enhanced licensing and new registration framework. The CEA released its new rules via a press release on Friday, 29 October 2010 that will set standards and regulate the conduct of estate agency work. The Estate Agents (Estate Agency Work) Regulations 2010 comprises two Codes in its schedules: (i) the Code of Ethics and Professional Client Care (applicable to both estate agents and salespersons) and (ii) the Code of Practice (applicable to estate agents only).

The following provisions shall apply under the Estate Agents (Estate Agency Work) Regulations 2010 with effect from 15 November 2010:

1. Salespersons are prohibited from acting for both buyer and seller in any property transaction;
2. Estate agents and salespersons are prohibited from handling cash in certain transactions or referring their clients to any moneylender;
3. Estate agents are required to adhere to prescribed advertisement guidelines; and
4. Estate agents are required to subscribe to their systems and processes for the management and supervision of their businesses and salespersons.

With effect from 1 January 2011, the following provisions will be enforced:

1. For the sale, purchase or lease of residential property in Singapore, only prescribed estate agency agreements shall be used by estate agents;
2. Persons involved in estate agency work shall be required to have professional indemnity insurance coverage; and
3. Every individual undertaking estate agency work are required to participate in continuing professional development programmes for a minimum of six hours per year from 2011.

To allow the industry sufficient time to comply with the estate agent's card requirement, the requirement for salespersons to display their estate agent's card when performing estate agency work will take effect from 1 March 2011.

With effect from today, 1 November 2010, the Estate Agents (Licensing and Registration) Regulations 2010 and the Estate Agents (Fees) Regulations 2010 take effect simultaneously. Applications for estate agent's licence and salesperson's registration have commenced and forms of which can be downloaded from the CEA's website at www.cea.gov.sg. Please note that all applications must be submitted through the respective estate agents by 30 November 2010.

Those whose names have been successfully registered with the CEA will be published on its website from 1 January 2011. All persons performing estate agency work must be registered with CEA as salespersons via their estate agents. It will be compulsory for those who operate to be registered and have written agreements with estate agents before they commence their practice.

The CEA had stressed its seriousness to uphold and improve the professionalism and ethics of estate agents and salespersons. It will not hesitate to take firm action against estate agents and salespersons for non-compliance under the provisions of the comprehensive framework which include warnings, fines, suspension or revocation, and where necessary, court prosecution.

We look forward to working with you in the transition process. Please do not hesitate to contact the Secretariat if you have questions relating to the above.

Thank you

Yours faithfully



Evelyn Chang
Executive Director, SISV