

PROCEDURAL GUIDELINES OF THE SECONDARY MARKET SCHEME

1. Flat-owners who intend to dispose of their flats are required to apply to Housing Authority for a Certificate of Availability for the Sale ("CAS") after two years from the date of first assignment by Housing Authority (in case of HOS and TPS flats) or by the developer or Housing Authority (in case of PSPS flats).

Appendix 1 - Certificate of Availability for Sale

2. Once the owners obtain the CAS, they can put the flats on sale in the Secondary Market. This can be done through the estate agents or by private negotiation.
3. Persons interested to purchase the flats in the Secondary Market are required to apply to Housing Authority for a Certificate of Eligibility to Purchase ("CEP"). Certain categories of persons are eligible to apply, namely the existing tenants of the public rental housing (PRH) estate of the Housing Authority and Housing Society or resident of Interim Housing of Housing Authority; and Green Form Certificates holders who include persons on the waiting list, persons affected by clearance and natural disaster and junior civil servants. The CEP will be valid for six months from the date of its issuance. The eligible purchasers are required to enter into a Provisional Agreement for Sale and Purchase ("PASP") within the validity period.

Appendix 2 - Certificate of Eligibility to Purchase

4. The purchaser and the vendor either through the estate agent or by private negotiation will enter into a PASP which is in the prescribed form.

Appendix 3 - Provisional Agreement for Sale and Purchase

5. Under the PASP, the Purchaser is required to apply for a Letter of Nomination from the Housing Authority at least seven (7) working days (or otherwise as the Housing Authority shall specify) before the signing of the Formal Agreement for Sale and Purchase ("ASP") but in any event no later than one month from the date of signing of the PASP.
6. The solicitors acting for the purchaser is required to apply on behalf of the purchaser for a Letter of Nomination from the Secondary Market Unit of the Housing Authority. The solicitors are required to use a standard form of application letter accompanying by the originals of the CEP and CAS, a copy of the PASP, a Declaration signed by the purchaser and witnessed by the solicitor and a cashier order/solicitors' cheque for HK\$700 (subject to revision by the Housing Authority) being the application fee for the Letter of Nomination payable to Hong Kong Housing Authority.

Appendix 4 - Declaration by the purchaser

Appendix 5 - Application Letter for the Letter of Nomination

Appendix 6 - Letter of Nomination

7. Having checked the details, a Letter of Nomination will be issued to the requesting solicitors subject to the condition that the solicitors will undertake to inform the Secondary Market Unit of the progress of the sale and purchase, the date of signing of the ASP and the Assignment.

Appendix 7 - Letter accompanying the issue of the Letter of Nomination

8. The purchaser's solicitors are advised to register the Letter of Nomination in the relevant Land Registry.
9. The vendor and the purchaser will sign the ASP (also in the prescribed form) on a date agreed between the parties. The solicitors acting for the parties should advise the parties of the premium liability and for this purpose should check the title documents carefully to identify the relevant last assignment of the flat by the Housing Authority or by the developer (as the case may be) and provide in the ASP the appropriate Initial Market Value and Purchase Price as defined under paragraph 1 of the Schedule to the Housing Ordinance for such calculation.

Appendix 8 - Formal Agreement for Sale and Purchase

10. Housing Authority has arranged with a number of financial institutions who will provide mortgage financing to the purchasers. Guarantee similar to the ones presently adopted for HOS/PSPS will be provided by HA to the financial institutions provided (inter alia) that a standard mortgage form is used.
11. Upon completion, the purchaser and the vendor will execute an assignment which is also in the prescribed form. The solicitors acting for the purchaser shall notify the Secondary Market Unit of the Housing Authority the date of the ASP and the Assignment.

Appendix 9 - Assignment