

## **PROCEDURAL GUIDELINES OF THE SECONDARY MARKET SCHEME**

1. Flat owners who intend to dispose of their flats under the Hong Kong Housing Authority's Home Ownership Scheme Secondary Market Scheme ("Secondary Market") are required to apply to the Hong Kong Housing Authority ("Housing Authority") for a Certificate of Availability for Sale ("CAS").
2. The CAS contains information on whether the flat can be sold at the owner's own negotiated price or there is any restriction on the price at which the flat can be sold. Once an owner obtains the CAS, he/she can put the flat for 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 the Housing Authority for a Certificate of Eligibility to Purchase ("CEP"). The following persons are eligible to apply for the CEP:-
  - (a) Certain Green Form categories of persons, namely the existing tenants of the public rental housing (PRH) estates of the Housing Authority and Hong Kong Housing Society; authorised residents of Interim Housing managed by the Housing Authority; and Green Form Certificates holders (including persons in the public rental housing applications, persons affected by clearance and natural disaster, junior civil servants, and public rental housing residents of the Housing Authority who are issued with a Green Form Certificate due to divorce/splitting/Letter of Assurance) ("Green Form CEP Holder").
  - (b) Households living in private housing; family member(s) of households living in PRH or any subsidised housing scheme units of the Housing Authority or the Hong Kong Housing Society; and flat owners (and all their authorised family member(s) of Tenants Purchase Scheme ("TPS") flats) who obtained ownership of the TPS flats by virtue of their previous status as sitting tenants of the relevant TPS flats within 10 years from the date of Assignment for the purchase of their TPS flats from the Housing Authority ("White Form CEP Holder").

The CEP, in general, will be valid for 12 months from the date of its issuance. The holder of the CEP can enter into a Provisional Agreement for Sale and Purchase ("PASP") for the purchase of a flat under the Secondary Market within the validity period.

4. The vendor (holder of CAS) and the purchaser (holder of CEP) either through the estate agent or by private negotiation will enter into a PASP which is in the prescribed form (or such other form as approved by the Housing Authority).
  - (a) For flats in King Tai Court, within 5 years from the date of the first assignment, the vendor shall only enter into a PASP with a Green Form CEP Holder, and thereafter with either a Green Form CEP Holder or a White Form CEP Holder;
  - (b) For Green Form Subsidised Home Ownership Scheme ("GSH") flats other than King Tai Court, the vendor shall only enter into a PASP with a Green Form CEP Holder;
  - (c) For Home Ownership Scheme ("HOS")/TPS/Private Sector Participation Scheme ("PSPS") flats, the vendor can enter into a PASP with either a Green Form CEP holder or a White Form CEP Holder;

5. For HOS/GSH flats which are first offered for sale by the Housing Authority from 2019 onwards, the alienation restrictions are described in the respective Government Lease. For TPS/PSPS flats and those HOS/GSH flats which are first offered for sale by the Housing Authority before 2019, the alienation restrictions are mentioned in the terms, covenants and conditions contained in the Schedule to the Housing Ordinance and any amendments thereto (hereinafter referred to as “the Schedule”). One should refer to the first assignment to ascertain whether the flat is subject to the Schedule.
6. Flats which are subject to the Schedule can only be sold in the Secondary Market from the third year from the date of the first assignment, at freely negotiated price. For HOS and GSH flats which are first offered for sale by the Housing Authority from 2019 to 2021, (i) within the first two years of the date of the first assignment, the flat can be sold in the Secondary Market at a price not more than the original purchase price under the first assignment; and (ii) from the third year onwards, the flat can be sold in the Secondary Market at freely negotiated price.
7. For HOS and GSH flats which are first offered for sale by the Housing Authority from 2022 and thereafter, (i) within the first five years of the date of the first assignment, the flat can be sold in the Secondary Market at a price not more than the original purchase price under the first assignment; and (ii) from the sixth year onwards, the flat can be sold in the Secondary Market at freely negotiated price.

The holder of a CEP can refer to the information contained in the CAS to ascertain whether he/she is eligible to be nominated to purchase the relevant flat.

*Appendix 1a — Provisional Agreement for Sale and Purchase (For flats other than flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court)<sup>Note 1</sup>*

*Appendix 1b — Provisional Agreement for Sale and Purchase (For flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court)<sup>Note 2</sup>*

8. Under the PASP, the purchaser is required to apply for a Letter of Nomination from the Housing Authority within one month from the date of the PASP but in any event no later than five (5) working days (or otherwise as the Housing Authority shall specify) before the signing of the Formal Agreement for Sale and Purchase ("ASP").
9. The solicitors acting for the purchaser is required to apply on behalf of the purchaser for a Letter of Nomination from the HOS Secondary Market Scheme Unit (for Green Form CEP holder) or White Form Secondary Market Unit (for White Form CEP holder) of the Housing Authority respectively. 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, original Declaration in Support of the Application for a Letter of Nomination (for all purchasers) signed by the purchaser and witnessed by the solicitor and original Undertaking on Alienation Restrictions on White Form Status (for White Form CEP Holders only) and a cashier order/solicitors' cheque payable to “Hong Kong Housing Authority” for the application fee for the Letter of Nomination. Letter of Nomination will only be issued at least 5 working days after all correct documents are submitted to HOS Secondary Market Scheme Unit or White Form Secondary Market Unit respectively.

*Appendix 2 — Declaration in Support of the Application for a Letter of Nomination*

*Appendix 3 — Undertaking on Alienation Restrictions on White Form Status (for CEP Holders under White Form Secondary Market Scheme only)*

*Appendix 4 — Application Letter for Letter of Nomination*

*Appendix 5 — Undertaking by Solicitors for Application of Letter of Nomination*

10. Having checked the details and if the application is approved, a Letter of Nomination will be issued to the purchaser's solicitors subject to the condition that the solicitors will undertake to inform the HOS Secondary Market Scheme Unit or White Form Secondary Market Unit of the Housing Authority respectively the progress of the sale and purchase, the date of signing of the ASP and the Assignment.

*Appendix 6 — Letter accompanying the issue of the Letter of Nomination*

*Appendix 7 — Letter of Nomination*

11. The purchaser's solicitors are advised to register the Letter of Nomination in the Land Registry.
12. The vendor and the purchaser will sign the ASP in the prescribed form (or such other form as approved by the Housing Authority) 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 assignment and provide in the ASP the appropriate Initial Market Value and Purchase Price for the calculation of premium.

*Appendix 8a — Formal Agreement for Sale and Purchase (For flats other than flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court)<sup>Note 1</sup>*

*Appendix 8b — Formal Agreement for Sale and Purchase (For flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court)<sup>Note 2</sup>*

13. The 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/SPSPS/TPS/GSH will be provided by the Housing Authority to the financial institutions provided (inter alia) that an authorised mortgage form is used.
14. Upon completion, the vendor and the purchaser will execute an Assignment in the prescribed form (or such other form as approved by the Housing Authority). The solicitors acting for the purchaser shall notify the HOS Secondary Market Scheme Unit or White Form Secondary Market Unit of the Housing Authority respectively the date of the ASP and the Assignment within 10 days after completion by completing and returning the standard Reply Slip which will be attached to the letter issued by the Housing Authority enclosing the Letter of Nomination; and to notify the Housing Authority in the event the sale and purchase is cancelled or not processed for whatever reason as soon as possible.

*Appendix 9a — Assignment (For flats other than flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court)<sup>Note 1</sup>*

*Appendix 9b — Assignment (For flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court)<sup>Note 2</sup>*

*Note 1: For King Tai Court, there are previously specified forms for use within 5 years from the date of the first assignment. As 5 years have elapsed from the date of the first assignment, the previous specified forms within 5 years from the date of the first assignment are no longer required. After the expiry of 5 years from the date of the first assignment, the specified forms for flats other than flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court can be used. However, the Housing Authority will not have objection if the previous specified forms for King Tai Court within 5 years from the date of the first assignment are used.*

*Note 2: The specified forms for Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court must be adopted under the Secondary Market within 5 years from the date of the first assignment. After the expiry of 5 years from the date of the first assignment, either the specified forms for Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court or the specified forms for flats other than flats in Hoi Lok Court, Kai Long Court, Yu Tai Court and Lai Tsui Court can be used.*