

Our Ref: PC 02-16

Date: 20 Jan 2016

Key Executive Officers

Dear Sir / Madam

Effective Date: 1 February 2016

PRACTICE CIRCULAR (PC) 02-16: BANKRUPT'S APPLICATION TO PURCHASE HDB FLAT – INTRODUCTION OF PRICE CRITERION IN ADDITION TO FLAT TYPE

1. We refer to the Practice Circular (PC) No. 1 of 2016 issued by the Official Assignee (OA) on the introduction of an addition criterion for the purchase of HDB flat which requires the OA's consent. A copy of the PC is enclosed below.
2. To ensure that bankrupts live within their means and have sufficient disposable income to repay their creditors, the Insolvency Office will be introducing an additional price criterion which requires the OA's consent to be sought for purchases of all HDB flats (regardless of size) with a net purchase price of \$500,000 and above, after taking into account any HDB subsidies or levy.
3. With effect from 1 February 2016, bankrupts must seek the OA's approval before purchasing a HDB flat that (a) is bigger than a 5-room flat or a 3 Gen-flat, or (b) has a net purchase price of \$500,000 and above.
4. Please disseminate the above information to your salespersons. If you or your salespersons require further clarification, please contact the Insolvency Office's hotline at 1800-CALL-LAW (1800 2255 529).

Yours sincerely,

Chan Kwok Cheong
Deputy Director (Policy and Planning)
Council for Estate Agencies

THE OFFICIAL ASSIGNEE

PRACTICE CIRCULAR NO. 1 of 2016

BANKRUPT'S APPLICATION TO PURCHASE HDB FLAT - INTRODUCTION OF PRICE CRITERION IN ADDITION TO FLAT TYPE

1. This Practice Circular sets out the circumstances under which a bankrupt must seek the Official Assignee's ("OA") approval before purchasing a HDB flat.
2. Currently, the Insolvency Office requires bankrupts to seek the OA's consent before purchasing HDB flats that are bigger than 5-room flats or 3-Gen flats. The rationale for this is to ensure that bankrupts live within their means and have sufficient disposable income to repay their creditors. Bankrupt applicants are required to submit an online application using the Ministry of Law's e-services¹ for the OA's consideration. If the application is approved by the OA, the OA will issue a letter consenting to the purchase, which must be submitted to HDB in order to complete the purchase.
3. In assessing each application, the OA considers the following:
 - a. Bankrupt's share of the purchase;
 - b. Bankrupt's ability to finance the purchase;
 - c. Bankrupt's conduct in bankruptcy and;
 - d. Bankrupt's family's needs.
4. The OA has reviewed the current size criteria set out in paragraph 2 above, and will introduce an additional price criterion. The OA's consent must thus be sought for purchases of all HDB flats (regardless of size) with a net purchase price of \$500,000 and above, after taking into account any HDB subsidies or levy. The price criterion is based on the resale price of an HDB executive flat, and is subject to the OA's periodic review.
5. In summary, bankrupts must seek the OA's approval before purchasing a HDB flat that (i) is bigger than a 5-room flat or a 3Gen-flat, or (ii) has a net purchase price of \$500,000 and above.
6. This new criteria will come into effect on 1 February 2016.

Dated this 4 January 2016



JIN Tan

Official Assignee

Singapore

¹ <https://www.mlaw.gov.sg/eservices/io/#>