

Our Ref: PC 09-13

Date: 11 December 2013

Key Executive Officers

Effective Date: With immediate effect

REFINING THE EXECUTIVE CONDOMINIUM (EC) HOUSING SCHEME

On 9 Dec 2013, the Government announced 3 measures to refine the Executive Condominium (EC) Housing Scheme to bring the terms for ECs closer to that for public housing, and help support a stable and sustainable EC market. Ministry of National Development in its review took into account feedback from the Our Singapore Conversation on Housing. MND's Press Release issued on 9 December 2013 is at **Annex A**.

2. Estate agents and salespersons are reminded to ensure that they do not assist clients to infringe or circumvent the new changes to law and policy by assisting in the backdating of documents, especially the Option to Purchase. If estate agents and salespersons are found to be involved in such acts, they would have breached one or more of paragraphs 4(1), 4(2)(e), 5(1) and 6(1) of the Code of Ethics and Professional Client Care ('Code of Ethics').

3. Paragraph 4(1) of the Code of Ethics of the Estate Agents (Estate Agency Work) Regulations 2010 states that estate agents and salespersons must perform their work in accordance with applicable laws and must not perform estate agency work unless they have the relevant knowledge to perform the work that they are engaged to perform. Further, paragraph 4(2)(e) of the Code of Ethics states that estate agents and salespersons must not undertake estate agency work in respect of Housing and Development Board flats unless they are fully conversant and comply with the applicable laws, regulations, rules and procedures that apply to transactions involving such flats.

4. Under paragraph 5(1) of the Code of Ethics, estate agents and salespersons shall conduct their business and work with due diligence, despatch and care, and in compliance with all laws including statutory and regulatory requirements, and practice circulars and guidelines.

5. In addition, paragraph 6(1) of the Code of Ethics states that estate agents and salespersons shall render professional and conscientious service to their clients and shall act with honesty, fidelity and integrity.

6. Estate agents and salespersons who infringe this Circular and/or provisions of the Code of Ethics may be subject to disciplinary action before a Disciplinary Committee under section 52(3) of the Estate Agents Act (Cap 95A). If found guilty, the estate agent or salesperson may be subject to a financial penalty of a specified amount not exceeding \$75,000, and/or suspension or revocation of his licence or registration.

7. Estate agents and salespersons are required to comply with this Circular. Estate Agents should also manage and supervise their salespersons to ensure their compliance with this Circular.

8. If you require any clarification, please call us at [1800-643-2555](tel:1800-643-2555), or e-mail us at feedback@cea.gov.sg.

Yours sincerely

YEAP SOON TECK
DEPUTY DIRECTOR (LICENSING)
FOR EXECUTIVE DIRECTOR
COUNCIL FOR ESTATE AGENCIES

Refining the Executive Condominium Housing Scheme

The Government will implement three measures for Executive Condominium (EC) developments to bring the terms for ECs closer to that for public housing, and help support a stable and sustainable EC market. This follows a review by Ministry of National Development (MND) on the EC Housing Scheme, taking into account feedback from the Our Singapore Conversation on Housing.

a) Reduce EC Cancellation Fees

2 First, we will reduce the cancellation fees for ECs from 20% to 5% of the purchase price. This will relieve the financial burden of buyers who have to cancel their EC bookings after signing the Sale & Purchase Agreement. The new cancellation fee will be applied to EC land sales which are launched on or after 9 Dec 2013, including those where the tenders have not closed.

3 The cancellation fee for ECs is currently set at 20% of the purchase price, similar to those for private housing. However, unlike buyers of private housing, buyers of EC units cannot sub-sell their units if they cannot complete their purchase, and have to pay the cancellation fee. This has especially imposed significant financial burden on young couples who subsequently are not able to proceed with their marriage and hence the EC purchase.

4 We will therefore align the cancellation fees for EC units with that for Housing Development Board (HDB) Build-to-Order (BTO) flats, and reduce them from 20% to 5% of the purchase price.

b) Resale Levy for Second-Timer Applicants

5 Second, we will now require second-timer applicants who buy EC units directly from property developers to pay a resale levy, similar to second-timer applicants who buy BTO flats. The new requirement will be applied to EC land sales which are launched on or after 9 Dec 2013, including those where the tenders have not closed.

6 Currently, second-timer applicants who buy EC units directly from property developers benefit from the lower EC prices arising from the initial eligibility and ownership restrictions imposed on EC purchases. However, they do not need to pay a resale levy. The alignment of treatment with second-timer applicants who buy BTO flats will ensure greater parity.

c) Revision of Mortgage Loan Terms

7 Third, the Monetary Authority of Singapore (MAS) will cap the Mortgage Servicing Ratio (MSR) for housing loans granted by financial institutions for EC units bought directly from property developers at 30% of a borrower's gross monthly income. This is in line with earlier measures introduced by the HDB and MAS to encourage financial prudence among buyers of public housing. It discourages EC

buyers from over-stretching their finances and supports an affordable and sustainable EC market.

8 The 30% MSR cap will apply to EC purchases where the Option to Purchase is granted on or after 10 Dec 2013.

Enquiries

9 For further enquiries on any of the above measures, the public can contact the HDB Sales Customer Service Line: 1800-866-3066.

Press Release Issued by: Ministry of National Development

Date: 9 Dec 2013 (Monday)