

## HOS Secondary Market Scheme (Green Form Status) Application Guide

(Rev. 04/2025)

Before filling in the application form, applicants should read carefully this HOS Secondary Market Scheme (Green Form Status) Application Guide (Application Guide) to understand the eligibility criteria and regulations. Once the applicants submit the application form, it represents that they and the family member(s) listed in the application form understand the application requirements and agree to comply with the relevant regulations.

**The owner(s) applying for a “Certificate of Availability for Sale” should submit the copies of a water bill and an electricity bill of the flat issued by utility companies within the last six months from the date of the application form. Please refer to the paragraph 13 of this Application Guide.**

**Households of Public Rental Housing (PRH) and authorised residents of Interim Housing (IH) managed by the Hong Kong Housing Authority (HA) and households of Rental Estate of the Hong Kong Housing Society (HKHS) should not have owned domestic property in Hong Kong from 24 months preceding the date of the application form for “Certificate of Eligibility to Purchase” up to the date of signing the Provisional Agreement for Sale and Purchase for the purchase of a Subsidised Sale Flat (SSF). Please refer to the paragraph 4.4 of this Application Guide for details.**

### GENERAL INFORMATION

#### 1. Background

In an effort to increase the turnover of SSFs and provide more choices for households of PRH units and Green Form Certificate holders to own a home, and at the same time more PRH units can be recovered for allocation to families in need, the HA formally implemented the HOS Secondary Market Scheme (SMS) in June 1997.

#### 2. What is meant by the HOS SMS?

- 2.1 The SMS is introduced to enable owners of flats sold by HA under various subsidised sale schemes (including Home Ownership Scheme (HOS), Private Sector Participation Scheme (PSPS), Tenants Purchase Scheme (TPS) and Green Form Subsidised Home Ownership Pilot Scheme/ Green Form Subsidised Home Ownership Scheme (GSH), hereinafter collectively referred to as “SSF”) to sell their flats to persons nominated by HA without having to pay a premium.
- 2.2 HOS/GSH flats are sold subject to the terms of the Government lease and for TPS/PSPS and some HOS/GSH flats, subject also to the terms, covenants and conditions contained in the Schedule to the Housing Ordinance and any amendments thereto (hereinafter referred to as “the Schedule”). Flat owners should refer to the first assignment to ascertain whether their flats are subject to the Schedule<sup>(Note 1)</sup>.

**\*Note 1:** Owners may approach their respective Estate Office/ District Tenancy Management Office or HOS SMS Unit for enquiry.

- 2.3 Transactions in the HOS Secondary Market are done more or less the same way as in the open market. The purchaser and the seller may negotiate on their own or make the transaction

through an estate agent and sign the Provisional Agreement for Sale and Purchase. To comply with the requirements of SMS, both the purchaser and the seller shall apply to the HA for the requisite supporting documents (including a Certificate of Availability for Sale (CAS) for the seller, a Certificate of Eligibility to Purchase (CEP) and a Letter of Nomination (LN) for the purchaser). The Formal Agreement for Sale and Purchase and the Deed of Assignment shall be prepared by solicitors.

- 2.4 Not only does the SMS provide SSF flat owners with one more option, it also serves the purpose of improving the mobility of PRH households intending to own a home. PRH/IH households who have successfully bought a flat in the HOS Secondary Market are required to surrender the PRH/ IH unit they are currently residing in to the HA for re-allocation to families in greater need. Holders of Green Form Certificate will have their registration numbers cancelled and be disqualified from PRH allocation upon their successful purchase of a flat in the HOS Secondary Market. Please contact relevant Estate Offices/ District Tenancy Management Offices/ relevant organisations for details and refer to the mode of operation for purchase of flats in the HOS Secondary Market illustrated in the flow chart on the last page of this Application Guide.

### 3. Does the seller have to pay a premium first?

Flat owners who sell their flats in the HOS Secondary Market are not required to pay any premium to the HA. Purchasers of flats in the HOS Secondary Market, however, will be responsible for paying the premium when they sell, rent out or assign their flats in whatever manner in open market in the future. This should be clearly understood by both parties when they negotiate prices.

### 4. Who are eligible to apply?

4.1 The following persons may apply:

- (a) Households of PRH units under the HA (tenants under conditional tenancies, monthly licensees of HA Transitional Rental Housing units or fixed-term licensees are not allowed to submit application) as long as **their eligibility as PRH households has been verified by their respective Estate Offices**, on condition that their housing units be surrendered upon successful purchase of a flat in the HOS Secondary Market.

HA households occupying two or more PRH units may apply subject to the following rules:

- (i) Households consisting of one nuclear family<sup>(Note 2)</sup> are only allowed to buy only one flat under the subsidised housing schemes and will have to surrender all their PRH units upon successful purchase of a flat in the HOS Secondary Market;
- (ii) Households consisting of two or more nuclear families<sup>(Note 2)</sup> are allowed to split and submit separate applications on conditions that —
- (1) endorsement of their application forms has been given by their respective Estate Offices/ District Tenancy Management Offices; and
  - (2) at most only two flats under the subsidised housing schemes may be purchased (including flats bought with loans/ subsidies granted under the Home Purchase Loan Scheme (HPLS), Home Assistance Loan Scheme (HALS) or flats previously bought under the HOS, the PSPS, the Green Form Subsidised Home Ownership Pilot Scheme/ GSH, the HOS SMS, the Mortgage Subsidy Scheme (MSS), the TPS, the Buy or Rent Option (BRO) or other subsidised housing schemes administered by the HKHS and Urban Renewal Authority (URA). They have to

surrender one of their PRH units upon purchase of the first flat and all their remaining PRH units upon purchase of the second flat.

**\*Note 2:** Nuclear families refer to families comprising (i) husband and wife or (ii) parent(s) and child(ren) (including step child(ren) or adopted child(ren), but supporting documents should be submitted upon the request of the HA). Grandparent and grandchild(ren) are non-nuclear families, but they will be regarded as nuclear families if supporting documents can be provided to prove that the parents of the grandchild(ren) are deceased, or if both grandparents and grandchild(ren) are included in the application with either one of the grandparents as the applicant.

- (b) Households of Group A Rental Estates or Elderly Persons Flats under the HKHS<sup>(Note 3)</sup> (hereinafter abbreviated as Rental Estates) (households of Group B Rental Estates or Dedicated Rehousing Estates, monthly licensees of HS Transitional Rental Housing units or fixed-term licensees are not allowed to submit application). HKHS tenants occupying two rental units (including tenancy under Cross General Living Scheme), will be allowed to buy only one flat under the subsidised housing schemes.

**\*Note 3:** Rental estates households of the HKHS may approach their estate offices for details on how to apply and deliver vacant possession of their rental estates units upon successful purchase of SMS flat.

- (c) Authorised residents of IH managed by the HA.
- (d) Persons falling into one of the following categories may also apply provided that they are holders of a valid “Green Form Certificate – Applicable to HOS Secondary Market Scheme only” issued by the HA/ URA. Upon their successful purchase of a flat in the HOS Secondary Market, their registration numbers for PRH application will be cancelled and they will not be allocated any PRH unit.
- (i) PRH applicants who have passed the detailed vetting and whose eligibility for allocation of PRH has been established;
  - (ii) Persons under the Civil Service Public Housing Quota (CSPHQ) whose eligibility has been established;
  - (iii) Clearerees affected in clearance exercises initiated by the Government and victims of natural disasters whose PRH eligibility has been established;
  - (iv) Clearerees affected in urban renewal projects whose PRH eligibility has been established;
  - (v) PRH residents whose eligibility for allocation of PRH flat has been established due to divorce/ splitting; and
  - (vi) Former PRH tenants holding a valid “Letter of Assurance” (LA) issued by the HA whose eligibility for allocation of the PRH flat has been established.
- (e) Recipients of Rent Allowance for Elderly Scheme (RAES) administered by the HA. Applications should be submitted to HA’s Applications Sub-section for verification. The RAES allowance will be automatically ceased after 60 days upon the execution of the Deed of Assignment.

4.2 All family members listed in the PRH tenancy/ IH occupation licence/ Rental Estate tenancy/ GFC must be included in the same application form, except for the circumstance mentioned in paragraph 4.1(a)(ii).

4.3 All applicants have to meet the following eligibility criteria:

- (a) Single persons as well as families are eligible to apply. For families, the applicant and the family members must be of kin relationship. If the applicant and/ or family member(s) is/are married, his/her spouse(s) must be included in the same application form unless they are lawfully divorced<sup>(Note 4)</sup> or the spouses do not have the right to land in Hong Kong<sup>(Note 5)</sup> or deceased (provision of relevant supporting documents for application

of CEP is required). Failure to do so may render the HA to cancel the applications concerned, and the application fee paid will not be refunded.

**\*Note 4:** Lawfully divorced refers to divorcees have been granted the certificate of making Decree Nisi Absolute (Divorce), otherwise their spouses must be included in the same application form.

**\*Note 5:** The applicant and all family members must have the right to land in Hong Kong without being subject to any conditions of stay (except for conditions concerning the limit of stay). Family members who do not have the right to land in Hong Kong should not be included in the application.

- (b) Applicants must be at least 18 years old;
- (c) For divorcee/ legal guardian applying with child(ren) under the age of 18, a copy of the court order for the custody of children is required (for joint custody order, the physical care and control of the underaged member have to be granted). For unmarried applicants applying with child(ren) under the age of 18, mother is required to submit a declaration for the arrangement for the custody of children; father is required to submit a copy of the court order for the custody of children.
- (d) The applicant who is residing in PRH/ Rental Estate/ IH, he/she or any member of the family has not breached any condition of their current PRH/ Rental Estate Tenancy Agreement/ occupation licence, has not accrued 16 or more valid points under the Marking Scheme for Estate Management Enforcement in Public Housing Estates, and has not been issued Notice-to-Quit to terminate the tenancy/ occupation licence;
- (e) The recipient of Rent Allowance for Elderly Scheme (RAES) or any member of the family has not breached any condition of the Agreement of RAES;
- (f) The applicant or any member of the family has not received any of the housing subsidies mentioned in paragraph 5 below.

4.4 From the date of signing the application form for PRH up to the date when the Green Form Certificate holder<sup>(Note 6)</sup> enters into a Provisional Agreement for Sale and Purchase in respect of a flat under the SMS; and from 24 months preceding the date of the application form for CEP up to the date when PRH tenants/ IH licensee/ Rental Estate tenant and/or his/her family member enters into a Provisional Agreement for Sale and Purchase in respect of a flat under the SMS, neither the applicant nor any member of the family listed in the application form has:

- (a) owned or co-owned any domestic property in Hong Kong or any interest in such kind of property; or
- (b) entered into any agreement (including preliminary agreement) to purchase any domestic property in Hong Kong; or
- (c) owned more than 50% of the shares in a company which directly or through a subsidiary company owned any domestic property in Hong Kong; or
- (d) been a beneficiary of the estate of any deceased person which includes any domestic property or land in Hong Kong; or
- (e) assigned any domestic properties in Hong Kong or any interest in such properties in Hong Kong (the date of assignment means the date of execution of the Deed of Assignment); or
- (f) withdrawn from any company which owned any domestic property in Hong Kong in which the applicant/ family member owned more than 50% of the shares.

Domestic properties include any domestic property, uncompleted private domestic property, rooftop structure approved by the Building Authority, domestic building lots and small house grants approved by the Lands Department in Hong Kong.

**\*Note 6:** Green Form Certificate holders under CSPHQ must comply with the application regulations issued by Civil Services Bureau. Other Green Form Certificate holders are still subject to restrictions on ownership of domestic property, income and assets and of the relevant applications/ schemes.

## **5. Who are not eligible to apply?**

- 5.1 Those who have purchased a flat or have obtained a loan or subsidies under the following subsidised ownership schemes, as well as their spouses (including the spouses of purchasers and loan/subsidies receivers who were unmarried at that time). Even if the relevant owner/borrower has sold the flat or repaid the loan, he/ she, as well as his/ her spouse, are not eligible to apply:
- (a) Home Ownership Scheme (HOS);
  - (b) Private Sector Participation Scheme (PSPS);
  - (c) Green Form Subsidised Home Ownership Pilot Scheme/ the Green Form Subsidised Home Ownership Scheme (GSH);
  - (d) Middle Income Housing Scheme (MIHS) (Melody Garden);
  - (e) Mortgage Subsidy Scheme (MSS);
  - (f) Buy or Rent Option (BRO);
  - (g) HOS Secondary Market Scheme (SMS)/ Extending the Home Ownership Scheme Secondary Market to White Form Buyers (Interim Scheme 2013 & 2015)/ White Form Secondary Market Scheme (WSM);
  - (h) Home Purchase Loan Scheme (HPLS)/ Home Assistance Loan Scheme (HALS);
  - (i) Tenants Purchase Scheme (TPS);
  - (j) any subsidised housing schemes administered by the HKHS (including Dedicated Rehousing Estates Subsidised Sale Flats Projects, Subsidised Sale Flats Projects, Flat-for-Sale Scheme (FFSS), FFSS Secondary Market Scheme, Sandwich Class Housing Scheme and loan/ subsidies under any subsidised housing schemes, etc.); and
  - (k) any subsidised housing schemes administered by the URA.
- 5.2 Within two years after the date of execution of the Deed of Assignment for the purchase of a flat under paragraph 5.1, the crucial members of 2-person families are not eligible to apply (unless they get married or are permitted to receive the housing benefits provided by their employers). Other family members will not be bound by this restriction provided that they meet the eligibility criteria. A crucial member is a member, other than the owner, listed in an application to fulfill the eligibility criteria of the minimum number of two persons for family applicants.
- 5.3 Member of the Civil Servants' Co-operative Building Society or any housing scheme of a similar nature or a lessee under any Government Built Housing Scheme (PRH tenants are exempted from this requirement).
- 5.4 Kowloon Walled City clearerees who have received the Government compensation set at HOS price level and who have opted to make self-arrangement for accommodation and their spouses listed on the clearance register (including the spouses of clearerees who were unmarried at the time of receiving the compensation).
- 5.5 Clearerees who had opted to receive cash allowance/ ex-gratia payment granted by the Housing Department (HD)/ HKHS/URA /Lands Department in lieu of any form of PRH/IH, are not allowed to apply within two years after the date of receipt of the allowance/ex-gratia payment.
- 5.6 Qualified households affected by land resumption and clearance required under the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link project and the Liantang/ Heung Yuen Wai Boundary Control Point and Associated Works, who had chosen the "ex-gratia cash allowance-only" option shall not apply within three years after the receipt of the allowance.
- 5.7 Households of HKHS's Group B Rental Estates or Dedicated Rehousing Estates or fixed-term licensees of the HKHS.

- 5.8 Monthly licensees of HA's or HKHS's Transitional Rental Housing Units.
- 5.9 Tenants under conditional tenancies or fixed-term licensees of the HA.
- 5.10 The HA reserves the right to reject applications after scrutiny, and the application fees will not be refunded.

**6. What are the requirements and conditions for issue of CAS for the sale of flats in the HOS Secondary Market?**

- 6.1 Owners of SSF sold subject to the Schedule may, from the third year onwards from the date of the first assignment, apply to the HA for a CAS for the purpose of selling their flats. Owners of other SSF which are not subject to the Schedule may apply for a CAS after completion of the purchase of the flats. If SSF owners have paid the premium with the alienation restriction removed, their flats cannot be sold under SMS.
- 6.2 According to the agreement for sale and purchase for the purchase of the flat from the HA and the application form for the purchase of the flat, the owner shall use the flat for residential purposes only, and shall ensure that the flat shall be occupied by the owner and all the family members listed in the application form for the purchase of the flat. If a flat owner is found to have breached the live-in requirement concerned, the HA will not approve the application for a CAS. Further, the HA has the right to revoke the CAS issued. The owner(s) concerned will not be able to sell the flat in the HOS Secondary Market.

**7. May an SSF owner apply for other housing subsidies after having sold his subsidised flat?**

No. An SSF owner and his/her spouse having sold his/her SSF may not apply for any other housing subsidies.

**8. How are prices negotiated?**

Transactions in the HOS Secondary Market are done more or less the same way as in the open market. The purchaser and the seller may negotiate on their own or conduct the transaction through an estate agent. Flats which are subject to the Schedule can be sold under SMS 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 HA from 2019 to 2021, (i) within the first two years from the date of the first assignment, the flat can be sold under SMS 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 under SMS at freely negotiated price. For HOS and GSH flats which are first offered for sale by the HA from 2022 and thereafter, (i) within the first five years from the date of the first assignment, the flat can be sold under SMS 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 under SMS at freely negotiated price. On the basis of the information provided in the CAS produced by the seller, and using the formula set out below, the purchaser can work out the discount rate for calculation of the premium payable when the flat is sold, rented out or assigned in any other way in open market in the future. The purchaser can then roughly assess the market value of the flat by reference to the transaction prices of other properties in the same district in the open market and make a deduction based on the discount rate to allow for his/her responsibility for premium payment in the future.

Example:

If an SSF has a current market value of about \$2,500,000 and a discount rate of 45%, the value of the flat would be about \$1,375,000, i.e. 55% of the market value.

## 9. How is the discount rate calculated?

$$\text{Discount rate for calculation of premium} = \frac{\text{Initial Market Value} - \text{Purchase Price}}{\text{Initial Market Value}} \times 100\% \quad (\text{Note 7})$$

The Initial Market Value and the Purchase Price in the above formula are recorded in the assignment deed for the first assignment or, for resale flats, the assignment deed for the last assignment from HA to a purchaser.

Example:

Initial Market Value : \$2,000,000  
Purchase Price : \$1,100,000

$$\text{Discount rate for calculation of premium} = \frac{\$(2,000,000 - 1,100,000)}{\$2,000,000} \times 100\% = 45\%$$

If an SSF owner applies to the HA for the payment of premium, the amount of premium payable will be assessed according to the following formula:

$$\text{Premium} = \text{market value at the time of the payment of premium} \times \text{discount rate}$$

**\*Note 7:** For flats purchased by means of “immediate mortgage” in HOS Phases 13B to 16B and flats purchased under the TPS, the purchase price refers to the list price stated in the Deed of Assignment and not the actual sale price.

## ***APPLICATION PROCEDURES FOR THE PURCHASE/SALE OF FLATS IN THE HOS SECONDARY MARKET***

### 10. How can application forms be submitted?

Both the purchaser and the seller are required to apply to the HA for the requisite documents, such as a CEP for the purchaser and a CAS for the seller. Applicants may choose either one of the following ways to submit application:

#### **10.1 Where can application forms be obtained and submitted?**

Application forms are obtainable at all Estate Offices of PRH estates, the HA’s District Tenancy Management Offices and the HOS SMS Unit at Room 202, 2/F, Lung Cheung Office Block, 138 Lung Cheung Road, Kowloon, or downloaded from the HA website (<https://www.housingauthority.gov.hk>). Applicants are required to submit the original copy of the completed application form to their respective Estate Offices/ District Tenancy Management Office/ Management Offices/ Rental Estate Office according to the instruction of paragraph 12 or paragraph 13 below.

#### **10.2 Online Application**

The online application is only applicable to the applicants or relevant party(ies) who hold an activated “iAM Smart+” account with digital signing function or a valid personal digital certificate (including applicants and all family members aged 18 or above for applying CEP and owner/ owner’s agent for applying CAS). Applicants may complete and submit the online application through the HA website (<https://www.housingauthority.gov.hk>), GovHK (<https://www.gov.hk/en/residents/>) or “iAM Smart” website(<https://www.iamsmart.gov.hk/en/>). Staff of the respective offices will contact the applicants upon receipt of their online application to verify their eligibility, including arrangement of the collection of the requisite documents and the application fee by a crossed cheque or cashier’s order, etc. Furthermore, the applicants may also choose to pay the application fee via the Faster Payment System (FPS)

during online application.

(a) Households of PRH units/ Authorised residents of IH under the HA or Households of Group A Rental Estates under the HKHS and Owner/ Owner's Agent of HOS courts/GSH courts/TPS estates, upon completion of online application:

(i) Application fee paid by a crossed cheque or cashier's order

Staff of the respective Estate Offices/ District Tenancy Management Office/ Management Offices/ Rental Estate Office will contact the applicants to arrange the collection of the application fee; or

(ii) Application fee paid via FPS

SMS Unit will issue a payment notification letter with a QR code via email to the applicants for paying the application fee after the respective Estate Offices/ District Tenancy Management Office/ Management Offices/ Rental Estate Office completed the vetting of the application.

(b) Holders of a valid "Green Form Certificate (GFC) - Applicable to HOS Secondary Market Scheme only" issued by the HA/ URA

Staff of SMS Unit will contact the applicants for arranging the collection of photocopies of Identity Document of the applicant and all family members, the original copy of the "GFCs (applicable to HOS SMS Only)" and a photocopy of their latest salary statement (applicable to the GFC holders under Civil Service Public Housing Quota only), etc., to verify their eligibility, and arrange the collection of the application fee. To avoid delay and allow sufficient processing time, for CEP applicants holding GFC the expiry date must be more than one calendar month from the date of online application. If not, a paper application should be submitted.

## 11. Is it necessary to pay any fees for the applications?

Applicants are required to pay an application fee. The application fee shall be paid in the form of a crossed cheque or a cashier order payable to the "Hong Kong Housing Authority" which should be submitted together with the application form (Please note that if applicants submit online application, they may choose to pay the application fee via FPS or by a crossed cheque or cashier's order as mentioned in the preceding paragraph 10.2). After screening and vetting, the HA may reject any application that fails to meet the eligibility criteria. The application fee for online/paper application is non-refundable and non-transferrable under any circumstances.

11.1 Application fee for a CEP for the purchaser: HK\$900

11.2 Application fee for a CAS for the seller: HK\$930

The HA reserves the right to revise the above application fees at any time.

## 12. How to submit the application forms for CEP?

Applicants who are residing in PRH or IH units	<b><u>They are required to submit the completed application forms to their respective Estate Offices/ District Tenancy Management Offices during office hours for verification of eligibility.</u></b> The Estate Offices/ District Tenancy Management Offices will forward the verified and endorsed application forms, together with crossed cheque/ cashier's order for payment of the application fee, to the SMS Unit. Please note that households should not submit the unverified application form by their respective Estate Offices in person or by mail to HOS SMS Unit, otherwise, all applications will not be entertained and will be returned to households.
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Applicants who are residing in Rental Estates of the HKHS	They are required to submit the completed application forms to their respective Rental Estate Offices during office hours for verification of eligibility. Within 14 days after Estate Office's endorsement on the application form, applicants are required to submit the application forms, together with crossed cheque/ cashier's order for payment of the application fee, photocopies of Identity Document of the applicant and all family members, and a copy of the Tenancy Agreement by hand to the SMS Unit at Room 202, 2/F., Lung Cheung Office Block, 138 Lung Cheung Road, Wong Tai Sin, Kowloon. Please note that households should not submit the unverified application form by their respective Rental Estate Offices in person or by mail to HOS SMS Unit, otherwise, all applications will not be entertained and will be returned to households.
Applicants holding valid GFCs (applicable to HOS SMS Only)	The completed application forms, crossed cheque/ cashier's order for payment of the application fee, photocopies of Identity Document of the applicant and all family members, <b><u>together with the original copy of the GFCs (applicable to HOS SMS Only)</u></b> should be submitted by hand to the SMS Unit at Room 202, 2/F., Lung Cheung Office Block, 138 Lung Cheung Road, Wong Tai Sin, Kowloon. Holders of GFC that is issued in the Civil Service Public Housing Quota should submit their application form with the above documents and a photocopy of their latest salary statement to the SMS Unit.
RAES recipients	The completed application forms, together with crossed cheque/ cashier's order for payment of the application fee, should be submitted during office hours to the Rent Allowance for the Elderly Scheme dedicated team at Applications Sub-section, Podium Level 2, Hong Kong Housing Authority Customer Service Centre, 3 Wang Tau Hom South Road, Kowloon.

### 13. How to submit the application forms for CAS?

The owner(s) applying for a CAS should submit their application form to their respective District Tenancy Management Offices/ Management Offices/ Estate Offices together with the following:-

- (a) Crossed cheque/ cashier's order for payment of the application fee;
- (b) A copy of the Deed of Assignment, and should there be any change of ownership since the first Deed of Assignment from the HA or the developer (in case of PSPS flats), copies of **ALL** the relevant Deed of Assignment from the first to the latest must be submitted. Enquiries on obtaining copies of Deed of Assignment may be made to the relevant mortgagee bank or to the Land Registry. Other relevant document, such as Deed Poll, etc., if any, must also be submitted; and
- (c) Copies of a water bill and an electricity bill of the flat issued by utility companies within the last six months from the date of the CAS application form.

### 14. Is it necessary for applicants who did not succeed in making a transaction to apply again?

- 14.1 The CEP is valid from the date of issuance to the expiry date on the certificate (twelve months in general). **No extension of the period of validity for the certificate will be granted under any circumstances.** Applicants, issued with a CEP, who are unable to sign a Provisional Agreement for Sale and Purchase for the purchase of a flat in the HOS Secondary Market within the validity period of the Certificate but still wish to purchase a flat under the SMS provided that they still meet the eligibility criteria, must re-apply and pay the necessary fee again. There is no time limit on the validity of the CAS, but if there is any change of ownership, the respective owners must re-apply and pay the necessary fee again.

- 14.2 If a transaction is rescinded after the signing of the Provisional Agreement for Sale and Purchase or upon the issue of LN but both parties still wish to make a transaction in the HOS Secondary Market, if eligible, they must re-apply and pay the necessary fee again. **Please note that under normal circumstances, the GFC holders cannot resume the eligibility for allocation of PRH, including Green Form status and relevant CEP if they have used the relevant GFC to enter into any Provisional / Formal Agreement for Sale and Purchase for domestic property no matter the said transaction will be completed or not.**

## **15. How to complete a transaction?**

- 15.1 The purchaser and the seller are required to produce to each other and/or the estate agent valid supporting documents, such as a valid CEP on the part of the purchaser and a CAS on the part of the seller, before the Provisional Agreement for Sale and Purchase is signed. The purchaser and the seller shall refer to the CAS for the price at which the flat can be sold and the categories of persons who are eligible to be nominated for the purchase. The Provisional Agreement for Sale and Purchase must be in the prescribed form specified by the HA.
- 15.2 The solicitor representing the purchaser(s) will apply to the HA on behalf of the purchaser for a LN within one month from the date of the Provisional Agreement for Sale and Purchase but in any event no later than five (5) working days (or otherwise as HA may specify) before the signing of the Formal Agreement for Sale and Purchase for confirmation of the eligibility of the purchaser(s), and that the purchaser(s) shall sign the Formal Agreement for Sale and Purchase and the Deed of Assignment to complete the transaction only after the issue of the LN.
- 15.3 **If prior to the issue of a LN there should be any change of status as to render the purchaser ineligible for applying or if the purchaser should receive any subsidies provided by the HA or HKHS, the purchaser will not be issued a LN.**
- 15.4 Other legal procedures for the execution of the Formal Agreement for Sale and Purchase and Deed of Assignment are largely similar to those required for property transactions in the open market. Both parties may appoint their own solicitors to represent them in completing the transaction.
- 15.5 Upon completion of the transaction, the solicitor representing the purchaser should notify the HOS SMS Unit within 10 days, so that the HA can arrange to recover the PRH unit concerned or cancel the GFC holder's registration number and eligibility for PRH.
- 15.6 The purchaser(s) including the applicant and the joint owner (if any) should have the mental capacity (if necessary, the HA may require the concerned person(s) to provide a recent medical proof) to understand the nature and effect of all application/ declaration documents relating to this scheme and the legal documents, such as the Provisional Agreement for Sale and Purchase / Formal Agreement for Sale and Purchase/ Deed of Assignment of a flat and so on, which he/ she signs.
- 15.7 The purchaser shall not assign or sell any interest in the property or in the Provisional/Formal Agreement for Sale and Purchase to a third party before the transaction is completed.

## **16. How to apply for a LN?**

- 16.1 Application for a LN should be made to HA by the solicitor representing the purchaser, enclosing the following documents to the HOS SMS Unit:
- (a) The original of the seller's CAS;
  - (b) The original of the purchaser's valid CEP (Green Form Status);
  - (c) A copy of the Provisional Agreement for Sale and Purchase (in the prescribed form);

- (d) A Declaration in support of the Application for LN (in the prescribed form) made by the purchaser(s) before a solicitor;
- (e) Requisite application fee HK\$1,070 (to be paid by cashier order or solicitors' cheque);
- (f) Undertaking by Solicitors for Application for LN.

16.2 Up to the date of signing the Provisional Agreement for Sale and Purchase, the purchaser and the family members listed in the application must still meet all the eligibility criteria.

16.3 **If the HA/HKHS has served a notice of termination of tenancy/ licence on the household of PRH/ Rental Estate or the licence concerned or if any person is found to have contravened Section 26(2) of the Housing Ordinance (Cap. 283) in his/her application for a CEP before the signing of the Provisional Agreement for Sale and Purchase, the HA will not issue a LN.**

16.4 Before signing the Provisional Agreement for Sale and Purchase, the tenant of PRH/ Rental Estate or the licensee is not permitted to serve a Notice-to-Quit to the HA/HKHS for terminating the tenancy agreement or occupation licence and deliver vacant possession of the said unit to HA/HKHS, otherwise the HA will not issue a LN.

16.5 The HA will revoke the LN issued to any person if he/she is found to have contravened Section 26(2) of the Housing Ordinance (Cap. 283) after the LN is issued.

## **17. May an applicant apply at the same time for the purchase of SSF flats offered by the HA and for other subsidised housing?**

Yes, so long as the applicant meets the eligibility criteria of the schemes concerned. If more than one of his/her applications under various subsidised housing schemes are approved, he/she may only opt for one of them and must cancel the others.

## ***FINANCIAL AND CONVEYANCING ARRANGEMENTS***

### **18. Is joint ownership allowed?**

Yes, the applicant must become the owner of the flat purchased, but may choose to share the ownership with one of the adult family members listed in the application provided that the ownership is in the form of joint tenancy not inheritable by a third party.

### **19. How do purchasers obtain legal title to their flats?**

When making a transaction in the HOS Secondary Market, the intending purchaser is strongly advised to verify the identity of the seller. The purchaser and the seller have to produce valid supporting documents and a LN issued by the HA. Moreover, the estate agent concerned and the solicitors representing the two parties are required to use prescribed forms specified by the HA, including a Provisional Agreement for Sale and Purchase, a Formal Agreement for Sale and Purchase and a Deed of Assignment. Legal documents other than these will be considered null and void, and the purchaser's title will consequently be affected. Any amendments to the clauses of the prescribed forms shall require the HA's prior written approval.

### **20. How to arrange for a mortgage?**

20.1 Purchasers should assess their own financial capability and eligibility for mortgage (if applicable) before entering into purchasing formalities. A purchaser requiring a mortgage loan to pay the balance of the purchase price should apply to a bank or financial institution on the approved list (participating bank or financial institution), which is available from the HOS Secondary Market Scheme Unit, for a mortgage loan on special concessionary terms specified by the HA. The mortgage conditions are subject to final approval by the participating bank

or financial institution concerned. For details of mortgage loans, please contact the relevant individual participating bank or financial institution directly. The participating banks or financial institutions have entered into a Deed of Guarantee (DoG)<sup>(Note 8)</sup> with the HA in respect of the SMS. Some of the mortgage terms are as follows:

- (a) Loan amount: not exceeding 95% of the purchase price or the assessed value, whichever is the less<sup>(Note 8)</sup>;
- (b) Repayment period: not exceeding 30 years<sup>(Note 8)</sup>; and
- (c) Interest rate<sup>(Note 9)</sup>: not higher than 0.5% per annum below the Best Lending Rate quoted by the participating bank or financial institution concerned.

**\*Note 8:** As provided in the applicable DoG, the maximum mortgage default guarantee period for SSFs sold by the HA is counted from the date of first assignment of individual flats. The HA Subsidised Housing Committee endorsed on 17 November 2023 the relaxation of the mortgage arrangements for SSFs. In respect of the mortgage arrangements for the SMS, the maximum mortgage default guarantee period is extended from 30 years to 50 years for HOS#/GSH flats; and from 25 years to 50 years for TPS flats. For the first 40 years, the HA will provide a mortgage default guarantee to participating banks or financial institutions for a mortgage loan up to 95% of the assessed value or purchase price of the flat (whichever is the lower) for Green Form (GF) applicants. From 40 years onwards to 50 years, the mortgage default guarantee provided to participating banks or financial institutions for mortgage loans is up to 80% of the assessed value or purchase price of the flat (whichever is the lower). In case the loan-to-value (LTV) ratio required is above 80%, the purchaser of an SSF could check with the participating banks or financial institutions whether he/ she needs to apply for a mortgage loan under the Mortgage Insurance Programme (MIP) of the HKMC Insurance Limited (HKMCI). To this end, the HA has reached an agreement with the HKMCI that the latter will allow SSF purchasers in the SMS to apply for a mortgage loan under the MIP to obtain mortgage loans up to an LTV ratio of 95% for GF applicants. Moreover, the maximum mortgage repayment period for HOS#/GSH/TPS flats sold under the SMS has been extended from 25 years to 30 years. For queries, please contact any participating banks or financial institutions or call the HKMCI at 2536 0136, or browse the HKMCI website: ([https://www.hkmc.com.hk/eng/our\\_business/mortgage\\_insurance\\_programme.html](https://www.hkmc.com.hk/eng/our_business/mortgage_insurance_programme.html)). (#including PSPS and BRO Scheme)

**\*Note 9:** Participating banks or financial institutions may offer a mortgage plan that makes reference to the Hong Kong Interbank Offered Rate to their existing mortgagors, present owners and new purchasers of Subsidised Sale Flat Scheme flats in the primary market and under the Secondary Market Scheme, in addition to mortgage plan that makes reference to the Best Lending Rate. Please contact the participating banks or financial institutions for details.

20.2 The HA does not warrant that the purchaser can obtain the maximum mortgage loan (i.e. 95% of the purchase price or the assessed value, whichever is the lower), or any mortgage loan from any participating banks or financial institutions. Under the DoG entered between the participating banks or financial institutions with the HA, the guarantee period for the mortgage loan counts from the date of First Assignment of the flat. When processing the purchaser's mortgage applications, the participating banks or financial institutions will consider various reference factors including the purchasers' repayment capability, past payback records, the special concessionary terms as specified in the DoG and etc. In these circumstances, the purchasers must contact the participating banks or financial institutions concerned as early as possible for details of mortgage arrangements before effecting the purchase.

20.3 If the purchaser wishes to mortgage with other bank/financial institution, which is not the participating banks or financial institutions on the approval list, the purchaser is required to obtain prior approval from the Director of Housing for such mortgage arrangement. The purchaser is reminded to allow sufficient time to apply to the HD for processing of the relevant approval in order to avoid any possible delay in the mortgage arrangement and an administrative fee is required for the concerned application.

20.4 The list of participating banks or financial institutions is subject to change without prior notice.

20.5 Before mortgage is arranged, the purchaser must obtain prior approval from the HA if he/she has accepted Home Mortgage Loan Scheme offered by his/her employer to pay for the balance of the purchase price.

## 21. What fees are incurred when completing the conveyance formalities?

Apart from the application fees paid to the HA for issue of the supporting documents and the LN mentioned above, the purchaser and seller, just as in the execution of any assignment in the open market, are required to pay their respective fees as follows:

21.1 Stamp duty<sup>(Note 10)</sup>, which is calculated on the basis of the market value assessed by the Rating and Valuation Department for the purpose of collecting stamp duty. It is not based on the purchase price of the flat;

**\*Note 10 :** The HA is not responsible for stamp duties related matters. The stamp duty for a flat is collected by the Stamp Office under the Inland Revenue Department basing on the market value of the flat for stamp duty purpose assessed by the Rating and Valuation Department. Stamp duty is not assessed basing on the initial market value or purchase price of the flat. Purchasers may consult their appointed solicitors for matters related to stamp duty of the flat and may call the Stamp Office of Inland Revenue Department at 2594 3202 or browse its website ([www.ird.gov.hk/eng/faq/index.htm](http://www.ird.gov.hk/eng/faq/index.htm)) for details and information related to stamp duty measures.

21.2 Registration fees for registration of the deeds in the Land Registry;

21.3 Legal fees charged by the solicitors with respect to the flat; and

21.4 The estate agent's commission (if the transaction is negotiated through an estate agent).

If the purchaser requires a mortgage loan to finance the purchase of the flat, he/she is also required to pay:

21.5 The fee for registration of the mortgage deed in the Land Registry; and

21.6 Legal costs of the solicitors acting for the bank or the financial institution offering the loan for the mortgage arrangements.

## 22. Are purchasers bound by any special provisions?

Flats purchased in the HOS Secondary Market shall be used, assigned or let in accordance with the terms and conditions of the Housing Ordinance / the Government lease and the relevant application criteria. The main conditions are:

22.1 Use — The flat shall be used only for residential purposes and for occupation by the purchaser and the family members listed in the application form. Only the spouse and child(ren) aged under 18 of the owner or joint-owner are allowed to add to the household register of the flat in future.

22.2 Assigning or letting —

(a) For flats sold subject to the Schedule<sup>(Note 1)</sup>, an owner may offer to sell the flat back to the HA. If the HA declines the offer, the owner is free to assign or let the flat in the open market after payment of a premium calculated in accordance with sub-paragraph (d) below. **Please note that the HA has since 2007 ceased to accept any offer to sell the SSFs to the HA.**

(b) The owner may without being required to pay a premium sell the flat in the HOS Secondary Market to the eligible applicants confirmed by the HA (from the third year from the date of the first assignment for flats sold subject to the Schedule; and from the date of the first assignment for other flats).

(c) After a specified period (5 years for flats sold subject to the Schedule, 10 years for flats first offered for sale by the HA from 2019 to 2021, and 15 years for flats first offered for sale by the HA from 2022 and thereafter) from the date of the first assignment, the owner

may assign or let the flat in the open market after payment of a premium calculated in accordance with sub-paragraph (d) below.

- (d) The premium which the owner must pay prior to assigning or letting his/her flat in the open market as referred to in sub-paragraphs (a) and (c) above is assessed on the basis of the prevailing unrestricted full market value of the flat and the Initial Market Value and the Purchase Price<sup>(Note 11)</sup> of the flat stated in the first assignment or, for resale flats, in the last assignment from HA to a purchaser by applying the following formula. In other words, the premium payable is calculated by converting the discount in the original purchase price into its current value:

$$\text{Premium} = \text{Prevailing Market Value} \times \left[ \frac{(\text{Initial Market Value} - \text{Purchase Price})}{\text{Initial Market Value}} \times 100\% \right]$$

**\*Note 11:** For flats purchased by means of an “immediate mortgage” in HOS Phases 13B to 16B and flats purchased under the TPS, the purchase price refers to the list price stated in the Deed of Assignment but not the actual.

- (e) Any unlawful alienation or letting or parting with possession of the flat purchased under HOS Secondary Market Scheme or any agreement for such alienation letting or purported letting or parting with possession shall be void. Any person having committed such act(s) has committed an offence and is liable to a fine of HK\$500,000 and to imprisonment for one year.

22.3 Mortgage — The purchaser may secure a first mortgage to cover the balance of the purchase price of the flat in accordance with conditions mentioned in paragraph 20 above. Except with the approval of the Director of Housing, the purchaser prior to payment of premium as mentioned in the preceding paragraph 22.2(d) shall not secure any other form of mortgage financing or refinancing, including increasing the amount of the mortgage loan.

After purchase of a flat under the SMS, should the purchaser(s) mortgage the flat to the participating bank or financial institution which entered into the DoG with the HA and if default on mortgage payments before paying off the mortgage loan, the participating bank or financial institution concerned will sell the flat. Should the sale proceeds of the flat fail to cover the full outstanding balance of the mortgage and all the interest, legal costs, administration fees, etc. payable under the mortgage, the participating bank or financial institution will, pursuant to the DoG, make a claim against the HA for the payment of all the above arrears that the purchaser(s) owe. The HA shall under the DoG pay the same to the participating bank or financial institution. In relation to the payments made by the HA to the participating bank or financial institution, the HA will then recover such payments and the interest from the purchaser.

## 23. Warning

- 23.1 If any application form submitted contains false or incorrect information/ statement or representation, the application will be cancelled. The eligibility of such application previously established on the basis of the false or misleading information will be revoked and fees paid will not be refunded. The decision of the HA and the HD on such false or incorrect information/ statement or representation shall be final.
- 23.2 Under Section 26(2) of the Housing Ordinance (Cap. 283), any person who makes any statement to the HA in respect of any matter relating to the purchase of an SSF flat (which shall include a flat in the HOS Secondary Market) or in providing any information to HA in respect of such matter, which he knows to be false or misleading as to a material particular shall be guilty of an offence and liable on conviction to a fine of HK\$500,000 and imprisonment for 1 year. According to Section 26A of the Housing Ordinance (Cap. 283), where a court convicts a person of an offence under Section 26 (2) of the Housing Ordinance (Cap. 283) in relation to the purchase of such flat by him, the Court shall order either (a) that the flat purchased by the

offender, be transferred to the HA or the HA's nominee; or (b) the offender forfeit to the HA a sum equivalent to the difference between the purchase price and the market value of the flat without any restriction as to alienation as at the date of the conviction.

23.3 If the court convicts another person under Section 26(2) of the Housing Ordinance (Cap. 283) in connection with the purchase of an SSF flat (which shall include a flat in HOS Secondary Market) by the purchaser, the Court may, according to Section 26B of the Housing Ordinance (Cap. 283), order either (a) that the flat be transferred to the HA or the HA's nominee; or (b) the purchaser to forfeit to the HA a sum equivalent to the difference between the purchase price and the market value of the flat without any restriction as to alienation as at the date of the order.

23.4 According to Section 22 of the Housing Ordinance (Cap.283), staff of HD are empowered to enter and inspect the flat. Pursuant to Section 29 of the Housing Ordinance (Cap.283), any person who obstructs staff of HD in the exercise of any power or the performance of any duty conferred or imposed under the Housing Ordinance shall be guilty of an offence and liable on conviction to a fine at level 3<sup>(Note 12)</sup> as specified in Schedule 8 of the Criminal Procedure Ordinance (Cap.221) and to imprisonment for 6 months. According to Section 25 of the Housing Ordinance (Cap.283), staff of HD are empowered to require the owner or occupier of the flat to provide specified particulars. Any owner or occupier who refuses to provide the particulars required shall be guilty of an offence and liable on conviction to a fine at Level 4<sup>(Note 12)</sup> as specified in the same Schedule and to imprisonment for 3 months; any owner or occupier who knowingly makes a false statement furnishing the particulars required shall also be guilty of an offence and liable to a fine at Level 5<sup>(Note 12)</sup> as specified in the same Schedule and to imprisonment for 6 months.

**\*Note 12:** As at the date of compilation of this Application Guide, the maximum fines at Level 3, Level 4 and Level 5 are HK\$10,000, HK\$25,000 and HK\$50,000 respectively.

23.5 Applicants should note that the only payment required by the HA for processing an application under the SMS is the application fee. If applicants are approached by any person who offers to assist in their application in return for remuneration, whether monetary or otherwise, they should report immediately to the Police, the ICAC or the HA. Furthermore, it is an offence for any person to offer any bribe or inducement to a civil servant. Any such attempt will result in the application concerned being cancelled, and legal action may be taken by the ICAC or the Police.

## **24. Enquiries**

For enquiries or requests for information by fax, please call the HA hotline at 2712 2712. For further information or assistance, please contact the Estate Offices/ Court Offices, District Tenancy Management Offices, or the HOS SMS Unit at 3162 0680.

The HA provides information about the transactions, names of courts/estates, names of banks and discount rates in the HOS SMS on the Internet. (HA Website: <https://www.housingauthority.gov.hk>)

## **25. Notes concerning the Collection of Personal Data**

25.1 The personal data collected in the application form are used for processing applications under SMS and other matters pertaining to the enforcement of the Housing Ordinance (Cap. 283) or land lease related issues. The information provided may also be used by the HA, the HD, the HKHS and relevant Government bureaux/ departments for conducting statistical surveys and researches and to contact the applicants for such purposes. The personal data in the application form, including the declaration by the applicant and his/ her family members authorising the collection and comparison/ checking of their personal data, are provided by the applicant and his/ her family members on a voluntary basis. However, if insufficient information is provided, the HA, the HD and the HKHS may not be able to process the application. In that case, the application fee paid will not be refunded.

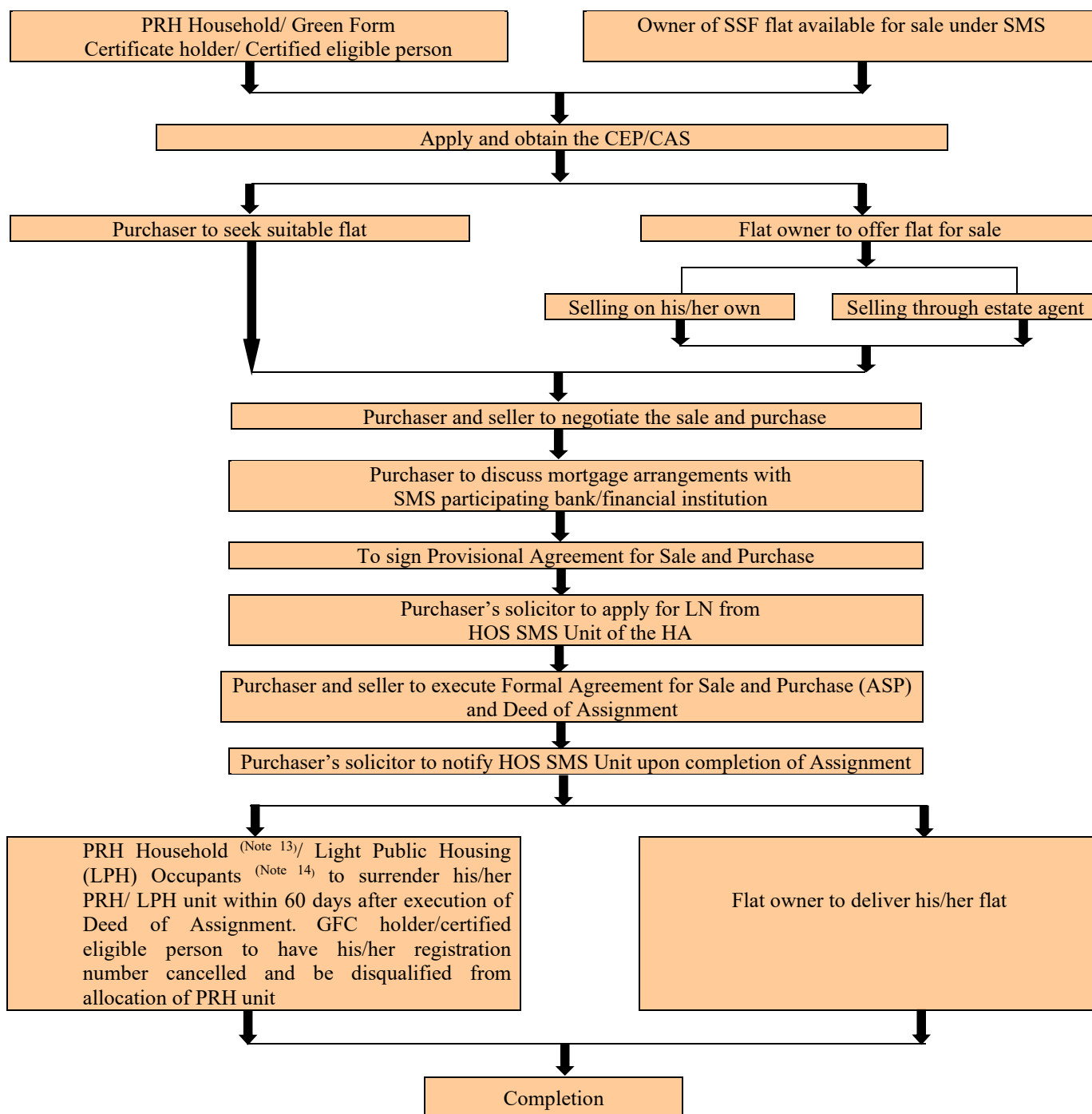
- 25.2 The personal data provided by the applicant and his/ her family members in the application form will be used by the HA, the HD and the HKHS for the processing of the application under SMS and for the purposes of carrying out the checking/ verification and matching procedures. Such procedures include: (a) vetting the application and determining the eligibility of the applicant; (b) checking whether the applicant and his/ her family member(s) have applied for other subsidised housing schemes; (c) giving approval to the application under SMS and handling any subsequent changes in family circumstances, property ownership, mortgage arrangements, sale of property, etc.; (d) the data are also used to prevent the purchaser and his/ her spouse from participating in any other subsidised housing schemes administered by the HA/ HKHS/ URA in future; and (e) preventing applicant and his/ her family members from enjoying double housing benefits.
- 25.3 When assessing the eligibility to apply and purchase of the applicant and his/ her family member(s), the HA, the HD and the HKHS may compare and match the personal data provided in the application form with the relevant personal data collected (manually or otherwise) for other purposes in order to ascertain whether such information is false or misleading, and may take appropriate action against the person(s) concerned on the basis of the result of the data comparison and matching. The applicant and his/ her family member(s) should also authorise the HA, the HD and HKHS to disclose, verify and match the information concerned with other government departments, public/ private organisations/ companies (including but not limited to the URA, the Mandatory Provident Fund Schemes Authority (MPFA), banks and financial institutions), or the employers concerned. Furthermore, the applicant and his/ her family member(s) should agree that any government departments, public/ private organisations/ companies (including but not limited to the URA, the MPFA, banks and financial institutions), or the employers concerned may disclose the applicant's and his/ her family members' personal data (including but not limited to marital status and MPF contribution records) in their possession to the HA, the HD and the HKHS for the purpose of comparing and matching the information provided in the application form. The personal data provided may also be used by the HA, the HD, and the HKHS and relevant Government bureaux/ departments for conducting statistical surveys and researches. The applicant and his/ her family member(s) should also agree that the information provided will be passed to the HA Hotline/ 1823 for answering his/ her enquiries.
- 25.4 For the purposes stated above, the HA, the HD and the HKHS may disclose the personal data provided by the applicant and his/ her family member(s) in the application form to other government departments, and to the employers concerned or relevant public/ private organisations/ companies (including but not limited to the URA, the MPFA, banks and financial institutions) or check such data with these parties.
- 25.5 The personal data provided in the application form are for application under SMS. Pursuant to the Personal Data (Privacy) Ordinance (Cap. 486), the applicant and his/ her family member(s) are entitled to request access to or correction of the personal data stated in the application form. Where necessary, such requests should be made in writing and directed by post or fax (fax no. 2761 6363) to the Departmental Data Protection Officer of the HA Headquarters, 33 Fat Kwong Street, Kowloon. A fee may be charged for the request for access to personal data.

## **26. Points to Note:**

- 26.1 This Application Guide is solely for explaining the sale and purchase mechanism of the HOS SMS and has no legal effect in itself.
- 26.2 The HA reserves the right to amend, correct or revise this Guide without prior notification.



## Mode of Operation of the HOS Secondary Market Scheme (SMS)



**\*Note 13:** Upon execution of Deed of Assignment of the flats purchased under HOS Secondary Market Scheme, tenants of PRH or licensees of IH are required to tender Notice-to-Quit (NTQ) to terminate the original tenancies/ licences provided a 14-day advance notice is given and surrender the existing PRH/ IH unit to the HA **within 60 days** (or before the redevelopment/ clearance date of the flat, whichever is the earlier, if affected by redevelopment/ clearance). In case of need, households concerned may apply for an extended stay for a maximum period of 30 days. If approved, during the occupation period, they are required to pay an occupation fee equivalent to triple net rent/ licence fee plus rates; or if they are market rent/ licence fee payers before the deadline for vacating the PRH/ IH unit, the occupation fee payable should be equivalent to the market rent/ licence fee or triple net rent/ licence fee plus rates, whichever is the higher. Occupation fee is required to be paid in advance.

**\*Note 14:** For LPH occupant(s) who successfully purchased a flat under HOS Secondary Market Scheme, he/ she/ they shall have his/ her/ their name(s) deleted from the respective household register or record and shall move out from such unit within 60 days from the date of signing the ASP. If the LPH occupant(s) who successfully purchased a flat under HOS Secondary Market Scheme are the whole household of sitting LPH occupant(s), the Licensee(s) of the concerned LPH unit(s) shall submit a NTQ to the Housing Bureau (HB) to terminate the Occupation Licence Agreement of his/ her/ their unit(s) within 60 days upon execution of the Deed of Assignment of the flats purchased under HOS Secondary Market Scheme and shall return his/ her/ their LPH unit(s) in vacant possession to the HB on or before the day the licence is terminated.