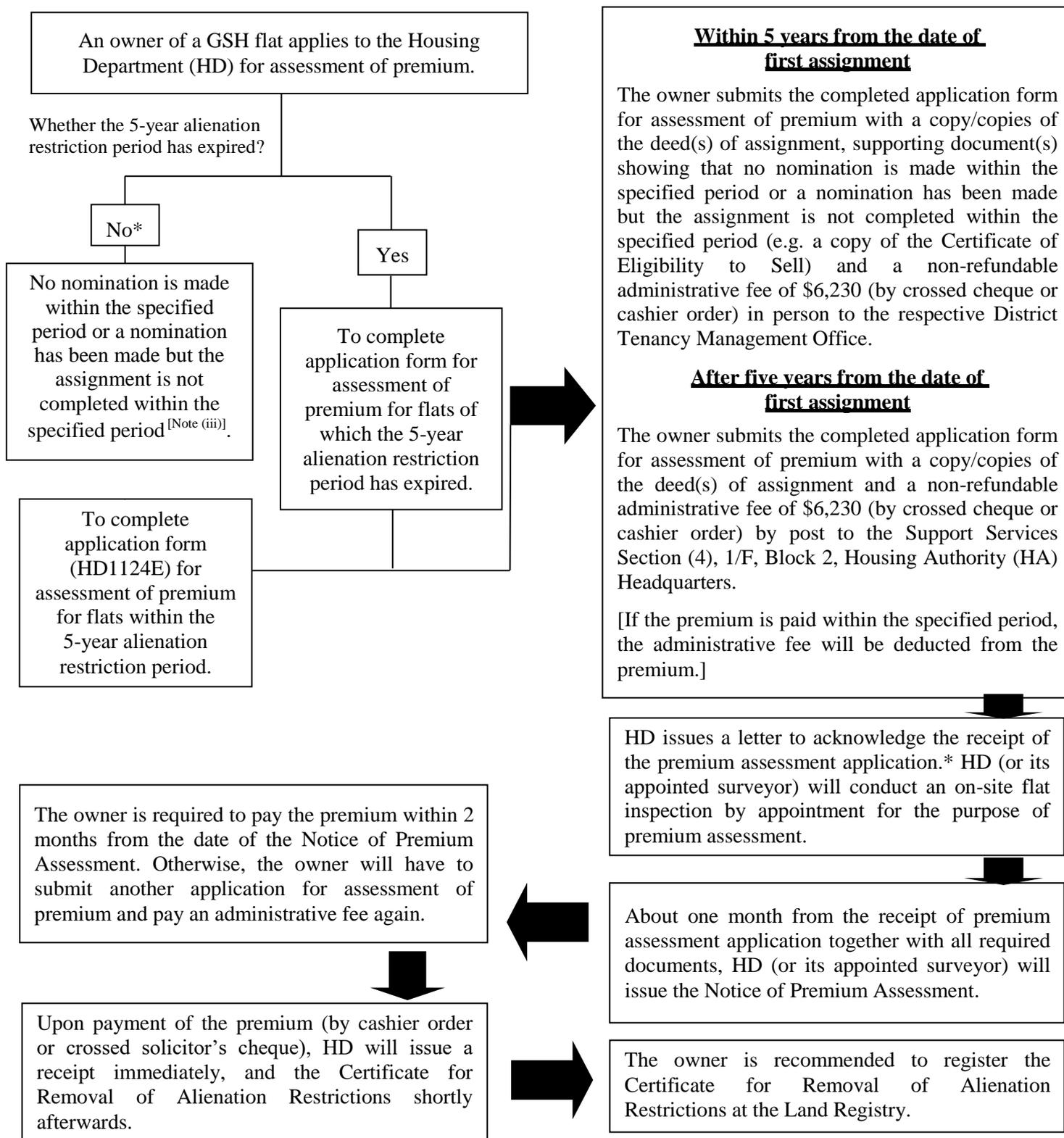


## Premium Payment Procedures for

### Green Form Subsidised Home Ownership Pilot Scheme (GSH) Flats – King Tai Court



- Notes:
- (i) This leaflet only serves as a brief introduction to the procedures and arrangements for assessment and payment of premium for HOS flats and does not itself carry any legal effect.
  - (ii) HA reserves the right to modify, alter or amend this leaflet without prior notice.
  - (iii) According to the alienation restrictions for GSH flats, if (a) no application for nomination is made to HA or if all submitted applications are unsuccessful with no Letter of Nomination being issued by HA within 6 months from the date of receipt of the offer to sell the flat to HA, or (b) after a Letter of Nomination has been issued by HA, the assignment of the flat is not completed within 4 months from the date of such nomination, whichever is the later, the flat owner may sell the flat in the open market after payment of premium.
  - (iv) Administrative fee is subject to annual review. Revised administrative fee, if any, will take effect on 1st April each year. For postal applications, the amount of administrative fee payable shall be determined by reference to the date of the postal stamp.

## Attention

- \* In accordance with the Schedule to the Housing Ordinance (Cap. 283), if flat owners wish to alienate their flats within the first 2-year alienation restriction period, they can only offer the flats for sale to HA or its nominee at the purchase price specified in the deed of assignment. For flats within the 3<sup>rd</sup> to 5<sup>th</sup> year alienation restriction period, owners can only offer the flats for sale to HA or its nominee at the price assessed by HA. Under existing policy, HA will not buy back the flat, but will exercise the power under the Housing Ordinance (Cap. 283) to nominate a buyer. As such, for flats within the first 5-year alienation restriction period, HD will accept an application for assessment of premium only if (i) no application for nomination is made to HA or if all submitted applications are unsuccessful with no Letter of Nomination being issued by HA within 6 months from the date of receipt of the offer to sell the flat to HA; or (ii) after a Letter of Nomination has been issued by HA, the assignment of the flat is not completed within 4 months from the date of such nomination, whichever is the later. An owner may only enter into agreement for sale and purchase (including provisional/ formal agreement) after receiving an acknowledgement of the premium application. Otherwise, he/ she will be in breach of section 27A of the Housing Ordinance. The agreement for sale and purchase entered into by him/ her will also be void. Any person who commits an offence under section 27A of the Housing Ordinance is liable to a fine of \$500,000 and to imprisonment for 1 year.

No matter the flat is within 5-year alienation restriction period or not, the owner can only enter into agreement for sale and purchase (including provisional/ formal agreement) provided that it is a condition of such agreement that the premium as assessed by the Director of Housing be paid prior to the assignment and within 28 days of the date of the agreement or within such period as may be otherwise stipulated by the Director of Housing. Any person who sells, lets or otherwise alienates the flat before payment of the assessed premium commits an offence under the Housing Ordinance and is liable to a fine of \$500,000 and to imprisonment for 1 year and such assignment or alienation will also be void.

# **Green Form Subsidised Home Ownership Pilot Scheme Flats – King Tai Court**

## **Alienation Restrictions and Premium Payment Arrangements**

### **Background**

The Green Form Subsidised Home Ownership Pilot Scheme (GSH) was introduced by the Housing Authority (HA) to provide subsidised sale flats at prices lower than those of the traditional Home Ownership Scheme (HOS) flats. This scheme will help Green Form applicants achieve home ownership while releasing more public rental housing (PRH) flats for applicants awaiting PRH allocation. To curb speculative activities, HA imposes alienation restrictions on GSH flats. The discount rate that GSH owners enjoyed when purchasing their flats will form the basis for premium assessment for removal of the alienation restrictions.

### **Alienation Restrictions (for King Tai Court only)**

All GSH flats offered for sale by HA or for alienation by eligible owners to eligible purchasers through nomination procedures are subject to alienation restrictions as stipulated in the Schedule to the Housing Ordinance (Cap. 283). The existing alienation restriction period is 5 years <sup>(Note 1)</sup>. Flats subject to alienation restrictions are not allowed to be sold, let or otherwise alienated in the open market.

A GSH owner has to abide by the following alienation restrictions when selling his/her flat in the future:

- (1) Within the first 2 years from the date of the first deed of assignment from HA to an owner (the date of first assignment):

The owner has to offer to sell the flat to HA. Under existing policy, HA will not buy back the flat, but will exercise the power under the Housing Ordinance (Cap. 283) to nominate a buyer. The flat is to be assigned to a nominee of HA at the original purchase price in accordance with the procedures and requirements as from time to time stipulated by HA. HA will issue a Certificate of Eligibility to Sell certifying the flat owner's eligibility to find an eligible purchaser (who needs to be a buyer holding a Green Form Certificate of Eligibility to Purchase (GF CEP holder)) and the flat owner has to identify at his/her own costs and expenses an eligible purchaser who will apply to HA for nomination. If (i) no application for nomination is made to HA or if all submitted applications are unsuccessful with no Letter of Nomination (LN) being issued by HA within 6 months from the date of receipt of the offer to sell the flat to HA; or (ii) after an LN has been issued by HA, the assignment of the flat is not completed within 4 months from the date of such nomination, whichever is the later, the flat owner may sell the flat in the open market after payment of premium. If the flat owner does not wish to sell the flat in the open market, he/she may make a new offer for sale of the flat to HA.

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<sup>(Note 1)</sup> Alienation restriction period is counted from the date of first assignment which refers to the date when HA first assigns a flat to a purchaser. For a GSH flat purchased by an eligible purchaser from an eligible owner through HA's nomination, the basis for identifying the date of first assignment shall remain the same and should not be interpreted as the date of the assignment when the eligible purchaser purchases the flat.

(2) Within the 3<sup>rd</sup> to 5<sup>th</sup> years from the date of first assignment:

The owner may either:

- sell the flat in the HOS Secondary Market <sup>(Note 2)</sup> to a GF CEP holder nominated by HA without payment of premium and at his/her own negotiated price; or
- offer to sell the flat to HA. Under existing policy, HA will not buy back the flat, but will exercise the power under the Housing Ordinance (Cap. 283) to nominate a buyer. The flat is to be assigned to a nominee of HA at the price assessed by the Director of Housing (which is the market price as assessed by the Director of Housing at the time when the offer to sell the flat to HA was made, less the original discount when the flat was purchased from HA) in accordance with the procedures and requirements as from time to time stipulated by HA. The flat owner will need to apply for assessment of the price of the flat and pay the required administrative fee. HA will issue a Certificate of Eligibility to Sell certifying the flat owner's eligibility to find an eligible purchaser (who needs to be a GF CEP holder), and the flat owner has to identify at his/her own costs and expenses an eligible purchaser who will apply to HA for nomination. If (i) no application for nomination is made to HA or if all submitted applications are unsuccessful with no LN being issued by HA within 6 months from the date of receipt of the offer to sell the flat to HA, or (ii) after an LN has been issued by HA, the assignment of the flat is not completed within 4 months from the date of such nomination, whichever is the later, the flat owner may sell the flat in the open market after payment of premium. If the flat owner does not wish to sell the flat in the open market, he/she may make a new offer for sale of the flat to HA.

(3) After 5 years from the date of first assignment:

The owner may either:

- sell the flat in the HOS Secondary Market <sup>(Note 2)</sup> to a person nominated by HA without payment of premium and at his/her own negotiated price; or
- sell the flat in the open market after payment of premium.

HA will not accept any offer to sell from a GSH owner after 5 years from the date of first assignment.

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<sup>(Note 2)</sup> For more information regarding the sale of flats in the HOS Secondary Market, please refer to the Application Guide for the HOS Secondary Market.

## **Entering into Agreement for Sell and Purchase, Sell/Let or Mortgage**

**For flats within the 5-year alienation restriction period, is it possible for the owner to enter into an agreement for sale and purchase (ASP) before making application for premium assessment?**

No. Pursuant to the Schedule to the Housing Ordinance (Cap. 283), an owner of a flat within the 5-year alienation restriction period may only apply for premium assessment and enter into ASP (including provisional/formal agreement) after his/her offer to assign his/her flat to HA is declined by HA <sup>(Note 3)</sup>. In other words, **an owner may enter into ASP only after his/her application for premium assessment and receipt of an acknowledgement letter on the application.** If the owner enters into ASP before HA's acceptance of his/her premium application, he/she will be in breach of section 27A of the Housing Ordinance (Cap. 283). The ASP entered into by him/her will also be void. Any person who commits an offence under section 27A of the Housing Ordinance is liable to a fine of \$500,000 and to imprisonment for 1 year. A flat owner may enter into ASP (including provisional/formal agreement) after HA has accepted his/her premium application, provided that it is a condition of such agreement that the premium as assessed by the Director of Housing be paid prior to the assignment and within 28 days of the date of the agreement or within such period as may be otherwise stipulated by the Director of Housing. Any person who sells, lets or otherwise alienates a flat in the open market before payment of the assessed premium will be in breach of the Housing Ordinance (Cap. 283) and is liable to a fine of \$500,000 and to imprisonment for 1 year. Such assignment or alienation will also be void.

**For flats of which the 5-year alienation restriction period has expired, is it possible for the owner to enter into an ASP before making an application for premium assessment?**

Yes. **For flats of which the 5-year alienation restriction period has expired, a flat owner may enter into ASP (including provisional/formal agreement) before making an application for premium assessment,** provided that it is a condition of such agreement that the premium as assessed by the Director of Housing be paid prior to the assignment and within 28 days of the date of the agreement or within such period as may be otherwise stipulated by the Director of Housing. Any person who sells, lets or otherwise alienates a flat in the open market before payment of the assessed premium will be in breach of the Housing Ordinance (Cap. 283) and is liable to a fine of \$500,000 and to imprisonment for 1 year. Such assignment or alienation will also be void.

**Is it possible for the owner to mortgage the flat for payment of the premium?**

As with the case of selling a flat, it is, generally speaking, not allowable to mortgage a flat before payment of the premium or without the prior approval of the Director of Housing. However, flat owners may make arrangements with their solicitors and banks to execute the mortgage deed on the day when the Certificate for Removal of Alienation Restrictions takes effect. Any person who mortgages his/her flat before payment of the premium or without the prior approval of the Director of Housing will be in breach of the Housing Ordinance (Cap. 283), and the said mortgage deed will also be void.

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<sup>(Note 3)</sup> Under existing policy, HA will not buy back a GSH flat, but will exercise the power under the Housing Ordinance (Cap. 283) to nominate a buyer. If (i) no application for nomination is made to HA or if all submitted applications are unsuccessful with no LN being issued by HA within 6 months from the date of receipt of the offer to sell the flat to HA; or (ii) after an LN has been issued by HA, the assignment of the flat is not completed within 4 months from the date of such nomination, whichever is the later, the flat owner may sell the flat in the open market after payment of premium.

## **Is it possible to pay the premium without selling the flat?**

Yes. Owners can pay the premium without selling their flats. Upon payment of the premium, the owners will be issued a Certificate for Removal of Alienation Restrictions, which enables them to sell, let or otherwise alienate their flats freely in the open market.

## **Calculation of Premium**

### **How is the premium assessed?**

The premium is assessed with reference to the prevailing market value of the flat without alienation restrictions, the initial market value and purchase price <sup>(Note 4)</sup> of the flat as specified in the first deed of assignment and calculated by using the following formula as stipulated in the Schedule to the Housing Ordinance (Cap. 283). In other words, the premium is calculated by applying the original discount of the purchase price to the current value:

$$\text{Premium} = \text{Prevailing Market Value} \times \frac{(\text{Initial Market Value} - \text{Purchase Price})}{\text{Initial Market Value}}$$

For example :

Prevailing Market Value	=	\$2,100,000
Initial Market Value	=	\$2,000,000
Purchase Price	=	\$1,200,000

$$\begin{aligned} \text{Premium} &= \$2,100,000 \times \frac{(\$2,000,000 - \$1,200,000)}{\$2,000,000} \\ &= \$2,100,000 \times 40\% \\ &= \$840,000 \end{aligned}$$

## **Application Procedures**

### **How to apply for assessment of the premium?**

In accordance with the Schedule to the Housing Ordinance (Cap. 283), if flat owners wish to alienate their flats within the 5-year alienation restriction period, the flat owners must first offer to assign the flats to HA and after HA has declined to accept the assignment <sup>(Note 3)</sup>, the owners can alienate the flat in the open market subject to payment of a premium to HA. The flat owner should submit an **application form for assessment of premium for flats within the 5-year alienation restriction period (Form HD1124E)**. Upon receipt of the said application from the owner, HA will process the application for assessment of premium in accordance with the Schedule to the Housing Ordinance (Cap. 283).

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<sup>(Note 4)</sup> The “initial market value” and “purchase price” in premium calculation are based on such value as specified in the first deed of assignment. It is also stipulated in the deed of assignment of a GSH flat purchased by an eligible purchaser from an eligible owner through HA’s nomination that premium calculation shall be based on such value in the first deed of assignment.

If the 5-year alienation restriction period from the date of first assignment has expired, owners should submit the completed **application form for assessment of premium for flats of which the 5-year alienation restriction period has expired** to the Housing Department (HD).

Application forms for assessment of premium are available free of charge at the District Tenancy Management Office of King Tai Court and the Support Services Section (4) of HD or can be downloaded from HA website. HD (or its appointed surveyor) will assess the prevailing market value of the flat and calculate the amount of premium payable.

**Will an administrative fee be charged?**

Yes. An administrative fee, currently at \$6,230, (Administrative fee is subject to annual review. Revised administrative fee, if any, will take effect on 1st April each year. For postal applications, the amount of administrative fee payable shall be determined by reference to the date of the postal stamp) payable to “Hong Kong Housing Authority” by crossed cheque/cashier order should be submitted. The address of the property concerned should be stated on the back of the cheque/cashier order. If the premium is settled within the specified period, the administrative fee will be deducted from the premium.

**Where should the application form be submitted?**

Flats within 5 years from the date of first assignment

The completed application form, together with the administrative fee, supporting documents showing that no nomination is made within the specified period or a nomination has been made but the assignment is not completed within the specified period and a copy/copies of the deed(s) of assignment, should be delivered to or sent by post to the District Tenancy Management Office of King Tai Court.

Flats exceeding 5 years from the date of first assignment

The completed application form, together with the administrative fee and a copy/copies of the deed(s) of assignment, should be delivered to or sent by post to the Support Services Section (4) at 1/F, Block 2, Housing Authority Headquarters or the District Tenancy Management Office of King Tai Court.

**Will the Certificate for Removal of Alienation Restrictions be issued after the payment of premium?**

Yes. Upon payment of premium (only cashier order or solicitor’s crossed cheque will be accepted) by a flat owner, HD will issue a Certificate for Removal of Alienation Restrictions certifying that the premium stipulated in the Schedule to the Housing Ordinance (Cap. 283) has been paid, and the alienation restrictions on the flat concerned have been removed. The flat owner is recommended to register the Certificate for Removal of Alienation Restrictions at the Land Registry.

**Premium Assessment**

**Who is responsible for the assessment of premium?**

Assessment of premium will be carried out by HD (or its appointed surveyor).

## **Validity Period of the Assessed Premium**

### **For how long will the assessed premium remain valid?**

Currently, the assessed premium is valid for 2 months. If the assessed premium is not settled within the validity period, the assessment shall lapse. Any subsequent request for premium assessment will have to be made by submitting a fresh application together with an administrative fee. Any future changes in the validity period will be set out in the Notice of Premium Assessment.

## **Channels for Lodging an Objection/Appeal**

### **What should I do if I disagree with the prevailing market value assessed by HD (or its appointed surveyor)?**

The flat owners who disagree with the prevailing market value assessed by HD (or its appointed surveyor) may lodge an objection in writing to the Support Services Section (4) of HD or its appointed surveyor within 28 days from the date of the Notice of Premium Assessment. Pursuant to the Housing Ordinance (Cap. 283), the flat owners may also lodge a formal appeal to the Lands Tribunal within 28 days from the date of the Notice of Premium Assessment. Late objections/appeals will not be accepted. The above procedure and objection/appeal period apply both to the initial premium assessment and subsequent review.

### **If the flat owners have already lodged an appeal with the Lands Tribunal, can HD (or its appointed surveyor) revise the assessed premium before the case is heard?**

Yes. HD (or its appointed surveyor) may revise the assessed premium at any time before the Lands Tribunal has made a determination.

### **Having lodged an objection with HD (or its appointed surveyor) or an appeal with the Lands Tribunal, can the flat be sold, let, alienated or mortgaged?**

Before concluding the objection/appeal, flat owners may sell, let, alienate or otherwise mortgage the flat after payment of the premium within the time limit specified in the Notice of Premium Assessment. However, upon concluding the objection/appeal, if the assessed premium is reduced, the reduced amount will be refunded to the owner. On the other hand, if the assessed premium is increased, the owner will be required to pay the increased amount to HA.

## **Enquiries**

For enquiries, please call HA hotline at 2712 2712 or visit HA website:

<http://www.housingauthority.gov.hk>

For further information or assistance, please contact the respective District Tenancy Management Offices, or the Support Services Section (4) at 1/F, Block 2, Housing Authority Headquarters, 33 Fat Kwong Street, Homantin, Kowloon.