



**The EAA issues practice circular to estate agents
to explain the new arrangement on premium payment
regarding the Home Ownership Scheme and the Tenants
Purchase Scheme endorsed by the HA**

(14 September 2005) In order to enhance practitioners' understanding of the new arrangement on premium payment regarding the Home Ownership Scheme (HOS)¹ and the Tenants Purchase Scheme (TPS) endorsed by the Hong Kong Housing Authority (HA), the Estate Agents Authority (EAA) will issue a practice circular to all practitioners tomorrow (15 September).

Under the above mentioned new arrangement endorsed by the HA, owners of HOS and TPS flats within the third to fifth year of the alienation restriction period (3rd to 5th-year flat) may apply to the HA for payment of the premium for the uplifting of the restriction on alienation so that they can sell, let or otherwise alienate their flats in the open market.

For practitioners' ease of reference, the EAA gives a brief summary of the current arrangements under which HOS/TPS flats owners may alienate their flats in the Appendix of the practice circular. For flats within the first two years from the date of first assignment, HOS/TPS flat owners may alienate their flats by selling them back to HA at the original purchase price (for HOS flats) or at the list price specified in the deed of assignment (for TPS flats)². For flats within the third to fifth years from the date of first assignment, HOS/TPS flat owners may alienate their flats by selling back to HA at market value assessed by the Director of Housing at the time of the owner's offer to assign less the original purchase discount²; or upon HA's declination of the owners' offer to assign their flats to the HA, owners can sell, let or assign their flats in the open market after payment of a premium to the HA³; or by selling to eligible purchasers under the HOS Secondary Market Scheme³ at a freely

¹ Include flats sold under Private Sector Participation Scheme (PSPS), Buy or Rent Options (BRO) and Mortgage Subsidy Scheme (MSS).

² The actual amount of the special credit granted at the time of purchase must also be returned to the HA.



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negotiated price without payment of a premium. For flats upon expiry of 5 years from the date of first assignment, HOS/TPS owners may alienate their flats by selling, letting or assigning their flats in the open market after payment of a premium to the HA³; or selling to eligible purchasers under the HOS Secondary Market Scheme⁴ at a freely negotiated price without payment of a premium.

The practice circular is attached for reference. The premium assessment procedures for 3rd to 5th-year flats and the application form are available at the HA's website www.housingauthority.gov.hk

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³. Where an agreement for sale and purchase (including provisional and formal agreement) is to be entered into before the premium as assessed by the Director of Housing (the Director) is paid to the HA, such agreement must contain a condition providing for the premium as assessed by the Director to be paid to the HA 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.

4. Under this Scheme, the purchaser and the vendor are required to produce to each other or the estate agent a valid "Certificate of Eligibility to Purchase" and a "Certificate of Availability for Sale" respectively from the HA before entering into a Provisional Agreement for Sale and Purchase in the prescribed form. The purchaser will assume the liability to pay the premium to HA upon future alienation of the flat in the open market.