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MND PRESS RELEASE

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.

(I) 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.

(II) 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.

(III) 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.

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