

Changes to the en bloc sale legislation

S/N	Current situation	Proposed Amendment	Rationale
<i>Additional consent requirement</i>			
1	Application for en bloc sale can be made if there is consent from the owners holding at least 80% of <u>share value</u> if the development is more than 10 years old and 90% if the development is less than 10 years.	Add a second condition of requiring consent from the owners of units forming at least 80% of <u>area</u> if the development is more than 10 years and 90% if the development is less than 10 years.	The existing requirement of consent by share value will remain. However, as share value in a mixed development is generally 1:4:5 for residential, office and shop units respectively, the second consent requirement based on area will mitigate the biasness of consent by share value against residential owners in a mixed development; but not to the extent of biasing against the commercial owners, especially those owning units with much larger areas.
<i>Formation of sale committee / Governance of sale committee proceedings</i>			
2	Formation of en bloc sale committee is not regulated. There are also no rules to govern the proceedings of the sale committee.	A Second Schedule and a Third Schedule have been added to provide for rules to regulate the formation of the sale committee and the sale committee proceedings. (Examples of the rules that will be included are at #3 - #14.)	Enhance procedural clarity, transparency and accountability.

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3	Formation of en bloc sale committee is not regulated. A group of pro-sale owners can start an en bloc sale attempt anytime by forming an adhoc sale committee.	Decision on whether to form an en bloc sale committee and, if so, election of members into the sale committee must be at a general meeting of the Management Corporation (MC).	With the amendment, an en bloc sale attempt can only start if the owners have discussed the matter at a general meeting, and agreed to proceed to explore possibilities of an en bloc sale with the formation of an en bloc sale committee. The owners will also elect the members of the sale committee.
4	Formation of en bloc sale committee is not regulated. A group of pro-sale owners can start an en bloc sale attempt anytime by forming an adhoc sale committee.	The period of notice for a general meeting to decide on and appoint an en bloc sale committee will be specified. There will be a rule for each type of property that can attempt an en bloc sale, including s84D and s84E properties ¹ .	Ensure that all owners will be given sufficient notification of the meeting convened to decide on the formation of an en bloc sale committee.
5	Formation of en bloc sale committee is not regulated. There are no rules on who can be in the sale committee.	A person standing for election to the sale committee must be an owner or a nominee of an owner of a unit in the development, i.e. he must be an individual who: <ul style="list-style-type: none"> a) Owns a unit in the development b) Has been nominated for election by an owner of a unit which is a company 	Ensure that any attempt of en bloc sale is driven by the owners.

¹ S84D and S84E cater to applications for en bloc sale of developments that are registered under the Registration of Deeds Act or Land Titles Act, rather than under the LT(S)A. S84D caters to applications for en bloc sale of a non-LT(S)A development that is made by the majority of owners who own both the flats and the land in the development. S84E caters to applications for en bloc sale of a non-LT(S)A development that is made by the owners who own leasehold estate of at least 850 years in the flats but do not own the land in the development.

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		c) Is a member of the immediate family of an owner and has been nominated by that owner.	
6	Formation of en bloc sale committee is not regulated. There are no rules on who can be in the sale committee.	A person standing for election to the sale committee must be subject to the same criteria as that for persons standing for election to the Management Corporation Council. For example, he must be at least 21 years old. And if he is an undischarged bankrupt, then he must declare his status as an undischarged bankrupt.	Ensure that the persons in charge of an en bloc sale attempt are responsible persons.
7	Formation of en bloc sale committee is not regulated. There are no rules on the procedure to elect the sale committee.	A person standing for election to the sale committee must declare his interest or relationship, if any, with a property developer, property consultant or law firm.	Allow owners to make informed decisions on whether to elect a person who may have vested interests.
8	Formation of en bloc sale committee is not regulated. There are no rules on the procedure to elect the sale committee.	Decision on whether to form an en bloc sale committee will be by ordinary resolution (i.e. by simple majority of owners present at the meeting) passed at a general meeting. Members of the sale committee will then be elected at the meeting. (Similarly, a sale committee may also be dissolved by an ordinary resolution at a general meeting of the MC.)	A simple majority of the owners who are present at the meeting should be a sufficient reflection of the interest level in exploring possibilities of an en bloc sale, and to form a sale committee to explore these possibilities.

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9	Formation of en bloc sale committee is not regulated. There are no rules on the number of sale committee that can exist concurrently.	There should only be one sale committee per development at any instance.	Ensure that there is no confusion caused by having multiple sale committees..
10	Formation of en bloc sale committee is not regulated. There are no restrictions on the lifespan of the sale committee.	Tenure of sale committee will lapse when the Collective Sale Agreement (CSA) lapses or if sale committee is dissolved by ordinary resolution at a general meeting of the MC.	Ensure a limit to the lifespan of a sale committee so that it would not persist in making en bloc sale attempts even though majority of owners may no longer interested in attempting an en bloc sale.
11	Proceedings of the sale committee are not regulated. There is uncertainty over whether the sale committee can use the funds of the MC.	Sale committee is not allowed to use the funds of the MC for its activities except to convene general meetings as provided in the Act.	Make clear that the sale committee cannot use the funds of the MC unless as specifically provided.
12	Proceedings of the sale committee are not regulated. There is uncertainty over whether the sale committee has the mandate to appoint the property consultant and the lawyer. The sale committee typically chooses the property consultant and the lawyer without consulting or informing the owners, and owners are deemed to have signified their agreement to the sale committee's choices when they sign the CSA.	Unless otherwise decided at the general meeting, a sale committee, as the authorised representatives of the owners, can decide on the appointment of the property consultant and the lawyer. However, before it makes its decision, the appointments of the property consultant and lawyer must be considered at a general meeting.	Clarify the process by which the sale committee can decide on selection of the property consultant and the lawyer.
13	Proceedings of the sale committee are	Sale committee must either (a) display	Ensure that owners are kept informed of

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	not regulated. No requirement for minutes of sale committee meetings to be displayed or sent to owners.	minutes of sale committee meetings on the notice board within 7 days after each meeting and for a period of not less than 14 days; or (b) pass the minutes to all owners within 7 days after each meeting.	the deliberations of the sale committee.
14	Proceedings of the sale committee are not regulated. No requirement for sale committee to hold meetings with the owners to discuss the apportionment formula, appointment and fees of lawyers and property consultants, and terms and conditions of CSA and S&P.	Sale committee is required to discuss apportionment formula, appointment and fees of lawyers and property consultants, and terms and conditions of CSA and S&P at a general meeting.	Ensure owners are given the opportunity to discuss key issues, and have taken these issues into consideration before consenting to the en bloc sale .
<i>Signing of Collective Sale Agreement (CSA) / Updates on consent level</i>			
15	No requirement for lawyer to witness the signing of the CSA. Signing is typically witnessed by the property consultant.	The lawyer should be present to witness the signing of the CSA, if signed in Singapore, and to explain the legal terms and liabilities and address any doubts that the owner may have.	Address issue of owners being forced to sign the CSA under duress or misrepresentation. Also give each owner an opportunity to clarify the terms of the CSA before he signs it. Such checks and balances will ensure that the serious decision to undergo an en bloc sale, which will be binding even on minority owners, is one that is entered into by the majority owners fully aware of the implications.
16	No regulations on the format of the	Require the en bloc sale committee to	Ensure owners have taken note of

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	CSA.	provide a preface to the CSA listing the clause numbers and page numbers in which the following information are found: reserve price; apportionment method; fees payable to lawyers, marketing agent, etc.; amount of compensation fund; treatment of interest derived from moneys held by stakeholder; date of delivery of vacant possession.	these important parameters before they sign the CSA.
17	Owner's consent to the sale takes effect immediately after he signs the CSA.	An owner can change his mind at any time within a 5-day cooling-off period after signing the CSA. However, he will only be allowed to make use of the cooling-off period once for the same CSA.	Address issue of owners being forced to sign the CSA under duress or misrepresentation. Such 'cooling-off period' has been used in property transactions in other jurisdictions such as the Australian states of New South Wales and Queensland. In Singapore, such a practice already applies for time share and direct sales under the Consumer Protection (Fair Trading) Act.
18	No requirement for lawyer to certify the updates on the consent level. The consent level is typically reported by the property consultant.	The lawyer is to certify the updates on the consent level.	Ensure accuracy of the updates on the consent level.
19	Sale committee to give updates of the	Sale committee to give monthly updates	More frequent updates will help owners

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	consent level every 8 weeks.	of the consent level.	to make more informed decisions on whether to sign the CSA.
<i>Attaining statutory consent level / Sale of development / Preparations for application to STB</i>			
20	Application for en bloc sale by majority consent may be made for developments registered under the Registration of Deeds Act or Land Titles Act where there are subsisting registered leases of at least 850 years. However, there is no provision to allow application for en bloc sale by majority consent for developments registered under the LT(S)A where there are subsisting registered leases of at least 850 years in all or some of the lots comprised in the strata title plan.	Application for en bloc sale by majority consent may also be made for developments registered under the LT(S)A where there are subsisting registered leases of at least 850 years in all or some of the lots comprised in the strata title plan. These are developments where subsidiary strata certificates of title have been issued and the owners of all or some of the units gave leases of those units for at least 850 years.	Make clear that the few developments under this category may also attempt an en bloc sale by majority consent.
21	The age of a development that is applying for en bloc sale shall be determined with reference to the date of issue of the latest Temporary Occupation Permit (TOP) or, if no TOP was issued, the date of issue of the latest Certificate of Statutory Completion (CSC), whichever is the later.	In determining the age of a privatised HUDC estate that is applying for en bloc sale under the LT(S)A, reference can, in addition to TOP or CSC dates, also be taken from the date of completion of construction of the building as certified by the relevant authority (eg. HDB).	Make clear how the age of privatised HUDC estates, where neither a TOP nor a CSC was issued at the point the development was completed, will be determined.
22	Mode of sale is not regulated.	Every launch for sale must be by public tender/auction. However, the sale committee can engage in follow-up	Enhance transparency of the sale process.

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		negotiations with any bidder, especially if the public tender/auction fails to achieve the price acceptable to the sale committee, to get the best deal for the owners. A sale by private treaty which must be concluded within 10 weeks of the close of the tender/auction.	
23	Application for en bloc sale must include a valuation report which is not more than 3 months old.	There should be a valuation report, from an independent valuer, on the worth of the en bloc sale site as at the date of the close of tender. The report should be submitted on the date the tender closes.	Report will assist the sale committee in the evaluation of the bids. It also gives greater assurance to owners that the sale committee will not sell the development at a price that is below market value. In a rapidly rising/falling market, a valuation report 3 months ago may not reflect value of the development at the time the bids are submitted by interested purchasers.
24	Majority owners are required to advertise the particulars of the en bloc sale application before making the application to STB. The advertisement must include: <ul style="list-style-type: none"> a) information on the development; b) names of the owners, their addresses, and unit numbers and strata lot numbers, if any, of their flats; c) names of the mortgagees, 	In taking out an advertisement on the en bloc sale application, majority owners will <u>no</u> longer be required to include: <ul style="list-style-type: none"> a) the names of the owners, their addresses, and unit numbers and strata lot numbers, if any, of their flats; and b) the names of mortgagees, chargees and other persons with an estate and interest in the lots, flats and land. 	Reduce costs, and also accord a certain degree of privacy to the owners of the affected units.

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	chargees and other persons with an estate and interest in the lots, flats and land; d) brief details on the en bloc sale application; and e) place at which the affected parties can inspect documents for the en bloc sale application		
25	Sale committee must serve notice of en bloc sale application on all the owners of the units and common property in the development by registered post <u>and</u> by placing a copy of the proposed application under the main door of every unit. The notice must be accompanied by the relevant documents ² .	In lieu of the requirement to place a copy of the notice (and documents) under the main door of every unit, the sale committee will henceforth be required to only place a notice (without the documents) in the mail boxes of all the owners of all the units and common property. The notice will inform the owners of the proposed en bloc sale application and that the relevant documents can be obtained from the marketing agent or the sale committee.	Reduce costs while ensuring that residents will still be kept informed of the proposed en bloc sale application.
26	Sale committee must serve a copy of the notice of en bloc sale application on the mortgagee and chargee of each unit. This means if there are 50 units in the development that are mortgaged to a particular bank, then that particular	Sale committee needs to serve only one copy of the notice of en bloc sale application on the same bank regardless of the number of units mortgaged to the bank, and on the CPF Board regardless of the number of units	Reduce costs while ensuring that mortgagees and chargees will still be kept informed of the proposed en bloc sale application.

² Documents include the collective sale agreement, the sale and purchase agreement, statutory declaration, minutes of EOGM, valuation report and a report on the distribution method of the sale proceeds.

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	bank will receive 50 copies of the notice.	charged to the Board. The notice will contain details of all the affected units and their respective owners.	
<i>Hearing of application by STB</i>			
27	STB can comprise up to 30 members of which 3 can be Deputy Presidents.	Increase the number of Deputy Presidents and members in STB.	Increase the pool of STB Deputy Presidents and members to shorten time needed by STB to consider applications for en bloc sale.
28	All applications pertaining to en bloc sale must be heard by a 5-member strata title board.	The Presiding member of a board or the Registrar of the STB can hear the 's84C applications, which are 'less complex' applications for the appointment of persons to represent owners who are unable to effect the sale.	Expedite ancillary applications for en bloc sale.
29	Only minority owners can apply to STB to settle any compensation disputes with tenant.	All owners can apply to STB to settle any compensation disputes with their tenants.	Allow both majority and minority owners to apply to STB to settle any compensation disputes with their tenants.
30	LT(S)A provides that an owner shall be taken to have incurred a financial loss if the proceeds of sale for his lot, after any deduction allowed by STB, as less than the price he paid for his lot. However, there is no clear definition of what are the deductions that STB will allow.	The deductions that STB will allow when evaluating financial loss claims are set out in the 4 th Schedule. The list is not exhaustive.	Provide more certainty to owners who intend to make financial loss claims.
31	No explicit provision to prohibit a person	Make clear that the purchase price of a	Make clear that such transactions will

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	from claiming financial loss if the unit was sold after an en bloc sale has been awarded to a buyer.	unit will not be considered for financial loss claims if the unit was sold after an en bloc sale has been awarded to a buyer.	not qualify for financial loss claims.
32	STB will allow en bloc sale application if no objecting owners suffer financial loss and STB does not find any aspect of bad faith in the process.	<p>STB will be given power to increase sale proceeds for minority owners who have filed valid objections if STB is of the view that it would be fair and equitable to do so. STB will authorise the en bloc sale only if the majority owners agree to the increase.</p> <p>The increase in sale proceeds to the eligible minority owners will be funded from a pool which will be constituted from contributions made by all owners in the development. The contribution required from each owner will be either 0.25% of the sale proceeds of his unit or \$2,000, whichever is higher.</p>	Cater to instances where there is no financial loss and STB does not find any aspect of bad faith in the process to justify a dismissal of the en bloc sale application, but yet STB finds that certain minority owners may not have been treated fairly or equitably in the distribution of the sale proceeds.
33	STB must dismiss any applications that fail to comply with the procedural requirements, even if they are just cases of technical non-compliance.	STB will be empowered to disregard any technical/procedural irregularity if it is satisfied that the irregularity will not prejudice any owner's interest.	Need not require the majority owners to repeat the application process just because of technical non-compliance which does not prejudice any owner.
<i>Return of sinking fund & management fund to owners</i>			
34	Under the law, the buyer-developer is entitled to the moneys in both the	Upon the legal completion of an en bloc sale, the moneys in the sinking fund and	Ensure that the monies in the sinking fund and the management fund are

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	sinking fund and the management fund upon the termination of the strata scheme following a successful en bloc sale. In practice, the owners-sellers will negotiate with the buyer-developer, as part of the sale and purchase process, on the return of the moneys in the funds to the owners-sellers.	the management fund shall be returned as soon as practicable to the owners of the lots in the development, in shares proportional to the contributions levied on the owners by the management corporation .	returned to the owners.