

THE OFFICIAL ASSIGNEE

PRACTICE CIRCULAR NO. 1 of 2016

BANKRUPT'S APPLICATION TO PURCHASE HDB FLAT - INTRODUCTION OF PRICE CRITERION IN ADDITION TO FLAT TYPE

1. This Practice Circular sets out the circumstances under which a bankrupt must seek the Official Assignee's ("OA") approval before purchasing a HDB flat.
2. Currently, the Insolvency Office requires bankrupts to seek the OA's consent before purchasing HDB flats that are bigger than 5-room flats or 3-Gen flats. The rationale for this is to ensure that bankrupts live within their means and have sufficient disposable income to repay their creditors. Bankrupt applicants are required to submit an online application using the Ministry of Law's e-services¹ for the OA's consideration. If the application is approved by the OA, the OA will issue a letter consenting to the purchase, which must be submitted to HDB in order to complete the purchase.
3. In assessing each application, the OA considers the following:
 - a. Bankrupt's share of the purchase;
 - b. Bankrupt's ability to finance the purchase;
 - c. Bankrupt's conduct in bankruptcy and;
 - d. Bankrupt's family's needs.
4. The OA has reviewed the current size criteria set out in paragraph 2 above, and will introduce an additional price criterion. The OA's consent must thus be sought for purchases of all HDB flats (regardless of size) with a net purchase price of **\$500,000 and above**, after taking into account any HDB subsidies or levy. The price criterion is based on the resale price of an HDB executive flat, and is subject to the OA's periodic review.
5. In summary, bankrupts must seek the OA's approval before purchasing a HDB flat that (i) is bigger than a 5-room flat or a 3Gen-flat, or (ii) has a net purchase price of \$500,000 and above.
6. This new criteria will come into effect on 1 February 2016.

Dated this 4 January 2016



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¹ <https://www.mlaw.gov.sg/eservices/io/#>