

Circular No : URA/COH/Circular-2020-03

Our Ref : URA/COH/Circular

Date : 28 September 2020

CIRCULAR TO PROFESSIONAL INSTITUTES

Who Should Know:

Developers and solicitors

Effective Date:

28 September 2020

RESTRICTION ON RE-ISSUE OF OPTION TO PURCHASE FOR THE SAME UNIT TO SAME PURCHASER(S)

1. Under the terms of the standard Option to Purchase (OTP), the OTP will expire three weeks after the Sale and Purchase Agreement (S&PA) and copies of the title deeds are delivered to the intending purchaser. The intending purchaser will have to exercise the OTP before it expires by signing the S&PA and returning it to the developer. If the purchaser fails to exercise the OTP, 25% of the booking fee may be forfeited by the developer.
2. The three-week validity period for the OTP is put in place to encourage purchasers to exercise financial prudence and commit to purchasing a property only when they have the financial means to do so. Purchasers will be exposed to the risk of forfeiting 25% of their booking fees if they commit to new property purchases without securing the necessary finances upfront.
3. However, we have observed that there have been instances where the OTP is re-issued multiple times to the same purchaser(s) for the same unit, which lengthens the option period significantly.

Restriction on Re-Issue of OTPs

4. The need for greater financial discipline in making property purchase decisions is especially pertinent given the current economic situation, where workers are facing uncertainties in the labour market. Purchasers should only commit to a property purchase when they are ready to exercise the OTP within the validity period. Therefore, the Controller of Housing will impose new conditions in the sale licences (see [Annex A](#)) issued to housing developers with effect from 28 September 2020 to:
 - i. restrict developers from providing upfront agreement to purchaser(s) to re-issue OTP; and

- ii. restrict developers from re-issuing OTP to the same purchaser(s) for the same unit within 12 months after the expiry of the earlier OTP; and to inform purchaser(s) of this condition upfront.

Extension of OTP Validity Period

5. While the current validity period in the standard OTP is generally sufficient for most purchasers to exercise the OTP, the Controller recognises that there may be some purchasers who require more time to finalise the necessary arrangements before exercising the OTP. For example, purchasers may require more time to complete the sale of their existing property before exercising the OTP.
6. Upon application by such purchasers or the developers, the Controller is prepared to extend the validity period of the OTP up to 12 weeks from the OTP date, provided that both parties (i.e. the purchaser and the developer) are agreeable. Purchasers or developers who wish to apply for an extension of the OTP validity period may submit their application to ura_coh_registry@ura.gov.sg, with the following information:
 - a. a copy of the OTP;
 - b. expiry date of the OTP; and
 - c. reasons for requiring more time to exercise the OTP.
7. Please refer to [Annex B](#) for a set of frequently asked questions relating to the restriction on re-issue of OTP to the same purchaser(s) for the same unit.
8. We would appreciate it if you could convey the contents of this circular to the relevant members of your organisation. If you or your members have any feedback or query relating to this circular, you can email to ura_coh_registry@ura.gov.sg.
9. Thank you.

LING HUI LIN (MS)
CONTROLLER OF HOUSING
URBAN REDEVELOPMENT AUTHORITY

New licence conditions on the restriction on re-issue of Option to Purchase to the same purchaser(s) for the same unit

<p>(1) Not to, on or after (<i>DD MMM YYYY, "the effective date of the condition"</i>), enter into any agreement or arrangement not being an option to purchase prescribed under the Housing Developers Rules, and whether with or without the receipt of consideration, that gives or has the effect of giving any person (including an intending purchaser) a right or entitlement to be given an option to purchase any unit(s) in the housing project.</p>
<p>(2) Not to, <i>without the prior written consent of the Controller of Housing</i>, give an option to purchase for the sale of a unit in the housing project to an intending purchaser ("the Intended Option Holder"), whether with or without other intending purchaser(s), <i>within 12 months</i> after the expiry of an earlier option to purchase for the same unit given to the Intended Option Holder, whether with or without other intending purchaser(s) and whether for the same or different purchase price. This condition shall not apply if the Intended Option Holder had been given an option to purchase the same unit before (<i>DD MMM YYYY, "the effective date of the condition"</i>).</p>
<p>(3) Where Condition (2) applies, to notify any intending purchaser of Condition (2) and obtain the written acknowledgment of the intending purchaser that notice of Condition (2) was given before giving the intending purchaser an option to purchase for the sale of any unit in the housing project.</p>

FREQUENTLY ASKED QUESTIONS

Q1 Why is the Controller restricting the repeated re-issue of Option to Purchase (OTP)?

The repeated re-issuance of the OTP to the same purchaser(s) for the same unit lengthens the option period significantly. The three-week validity period for the standard OTP is put in place to encourage purchasers to exercise financial prudence and commit to purchasing a property only when they have the financial means to do so. Purchasers will be exposed to the risk of forfeiting 25% of their booking fees if they commit to new property purchases without securing the necessary finances. The need for greater financial discipline in making property purchase decisions is especially pertinent given the current economic situation, where workers are facing uncertainties in the labour market.

Q2 I have committed to my purchaser to grant him a longer time to secure his finances by re-issuing the OTPs. Can I honour my commitment to my purchaser to allow him to secure his finances and exercise the OTP?

For OTPs that have already been issued prior to the effective date of the licence conditions and where the developers have an existing agreement with purchaser(s) to re-issue the OTP for the same property up to a specific period, the developers may continue to honour their commitment to the purchasers.

For OTPs issued from the effective date of the licence conditions, developers are not allowed to re-issue the OTP to the same purchaser(s) for the same unit nor commit to any OTP re-issue. Developers should explain to these purchasers that no re-issue of the OTP for the same unit will be allowed within 12 months after the expiry of the earlier OTP.

Q3 What are the existing agreements by developers that can be considered as their commitment?

A developer who had earlier committed to a purchaser on the duration or number of OTP re-issues should have on their records, whether in writing or otherwise, this commitment.