

## PRACTICE CIRCULAR 1 OF 2006

To All Law Firms/Law Organisations

I am pleased to announce the following changes in our practices and procedures arising from the recent Residential Property Act (RPA) amendments and policy review. These changes, which took effect from **31 March 2006**, should reduce compliance costs for your clients.

### **(A) Clearance certificate to be issued to a Singapore entity<sup>1</sup>**

#### **1 Removal of requirement to amend and submit a Singapore company's memorandum and articles of association or a Singapore society's constitution or rules when it applies for a clearance certificate**

A Singapore company or Singapore society can now apply for a clearance certificate under a simplified procedure:

- A Singapore company applying for a clearance certificate under the new section 10 shall submit the new Form B, stating particulars of its members and directors. It is no longer required to amend and submit a copy of its memorandum and articles of association.
- A Singapore society applying for a clearance certificate under the new section 16 shall submit the new Form C, stating particulars of its trustees and members. It is no longer required to amend and submit a copy of its constitution or rules.

The new Form B and Form C can be downloaded from our website at the following URL: <http://www.sla.gov.sg/htm/ser/ser0307.htm#d>. The application fees remain the same.

#### **2 Removal of requirement to file yearly statutory declarations by a Singapore entity holding a clearance certificate**

The RPA amendments have also removed the requirement for a Singapore entity holding a clearance certificate to file yearly statutory declarations. This means that Singapore companies will no longer have to file yearly statutory declarations of their members and directors, Singapore limited liability partnerships of their partners, and Singapore societies of their members and trustees.

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<sup>1</sup> "Singapore entity" in this circular means a Singapore company, Singapore limited liability partnership or Singapore society.

If the cleared Singapore entity wishes to admit a foreign member/director/partner/trustee (as the case may be), it must apply for prior approval. Approval is required whether or not it owns any restricted residential property. Failure to obtain such approval is an offence under the RPA.

### **3 Consequential amendments to practice circulars**

- The procedures stipulated in paragraphs 11.3 and 11.4 of the Consolidated Practice Circulars 2003 shall also apply to Singapore limited liability partnerships.
- The first sentence in paragraph 11.4(a) of Consolidated Practice Circulars 2003 is deleted and substituted with “In the case of a “Singapore company” whose members and directors are Singapore citizens.”.
- The first sentence in paragraph 11.4(b) of Consolidated Practice Circulars 2003, as amended by Part (C) of Practice Circular 1 of 2005, is deleted and substituted with “In the case of a “Singapore company” whose members are citizens of Singapore and/or Singapore Companies within the meaning of the Residential Property Act, the statutory declaration to be made by the Director/secretary of the Singapore Company is as follows:”.

#### **(B) Approval (qualifying certificate) to be granted to a housing developer**

##### **1 Controller of Residential Property is now authority for granting approval (qualifying certificate) to a housing developer**

Under the new section 31, the authority for granting approval [qualifying certificate (QC)] to a housing developer, who intends to purchase or acquire residential property, has been transferred from the Controller of Housing to the Controller of Residential Property (CRP).

Any new application for approval (QC) shall be made using Form QC, which can be downloaded from our website at the following URL: <http://www.sla.gov.sg/htm/ser/ser0307.htm#d>.

##### **2 Reduction of Banker’s Guarantee from 50% to 10% of land price**

Under the new regime, a housing developer is still required to provide a Banker's Guarantee (BG) as security for his compliance of the conditions imposed by the CRP. However, the BG has been lowered to 10% of the land price (down from 50% previously). The BG of 10% of the land price is a flat rate. Hence, unlike in the past, it will not be progressively reduced as each stage of the development is completed.

Existing QC holders (who have provided a BG of 50% of the land price) will be allowed to opt into the new scheme where the BG is 10%. Any housing developer who wishes to opt into the new scheme may do so by writing to the Land Dealings (Approval) Unit.

### **3 Insertion of notice in the land-register**

Upon registration of the transfer in favour of a housing developer, the Registrar will insert a notice in the land-register to alert potential buyers that the vacant or undeveloped land cannot be sold, or any interest therein disposed of, without the written consent of the CRP. This notice will be cancelled if the Registrar receives satisfactory evidence from the developer that the Temporary Occupation Permit or the Certificate of Statutory Completion for the whole of the development has been issued.

### **4 Form of statutory declaration for registration of a transfer in favour of a housing developer**

The form of statutory declaration to be endorsed on the transfer in favour of a housing developer is shown in **Annex 1**.

### **5 Consequential amendments to Practice Circular 3 of 2005**

As a result of the changes to the RPA relating to approvals (QC) to be granted to housing developers, Practice Circular 3 of 2005 is amended as follows:

- Any reference to “qualifying certificate” in the said Practice Circular shall be substituted with “approval letter (qualifying certificate)”.
- The reference to “clearance/qualifying certificate” and “clearance or qualifying certificate” in paragraph 1(a) shall be deleted and substituted with “clearance certificate/approval letter (qualifying certificate)” and “clearance certificate or approval letter (qualifying certificate)” respectively.
- Paragraph 2 shall be deleted and substituted with:

#### **2 Requirements of the Residential Property Act for transfers pursuant to collective sale made in favour of a company**

Currently, every transfer in favour of a company acquiring residential property by way of collective sale is required to be lodged together with the following documents:

- (a) Where the purchaser is a Singapore company with a clearance certificate, a photocopy of its clearance certificate and a statutory declaration by a director/secretary; or

- (b) Where the purchaser is a housing developer with an approval letter (qualifying certificate), a photocopy of its approval letter (qualifying certificate) and a statutory declaration by a director/secretary.
- The last sentence of paragraph 3(b) is deleted and substituted with “Please refer to Annex A, Annex B and Annex C for examples of how the statutory declarations may be varied.”
- The contents of **Annex 2** herein shall be inserted as “Annex C”.

Note: Where the housing developer has been issued with a qualifying certificate by the Controller of Housing prior to 31 March 2006, solicitors will have to use the form of statutory declaration at Annex B of Practice Circular 3 of 2005.

**(C) Form of certificate for property that is not a residential property or that is not a landed dwelling house as defined in the RPA**

Previously, a different form of certificate was used for each of the following types of properties:

- (a) property approved on a permanent basis for a specific use that clearly falls within the category of commercial/industrial use;
- (b) property declared to be a “non-residential property” under the Residential Property Notification 1999 dated 22 January 1999; or
- (c) property that is not a landed dwelling house and not within an approved condominium development.

When lodging a transfer for any of these types of properties, the solicitor acting for the transferee (except for a transferee who is a Singapore citizen in which case the certificate below is not required) shall now use the same form of certificate (as shown below) which states that the subject property is not a residential property or landed dwelling house. As a result of this improvement, the practice circulars are amended as follows:

- The forms of certificates at paragraphs 11.8(b) and 11.10 of the Consolidated Practice Circulars 2003 are deleted and substituted with:
  - 11.8(b) **Purchase or acquisition of a property that is NOT a residential property or landed dwelling house (as defined in the Residential Property Act)**

“I, the solicitor acting for the.....hereby certify that the within \*land/premises is NOT a \*residential property/landed dwelling house (as defined in the Residential Property Act), and that approval under the said Act is not required for the purchase, acquisition or retention of the within \*land/premises.

\_\_\_\_\_  
NAME AND SIGNATURE OF SOLICITOR”

*\*Please delete what is not applicable*

Note: In case of doubt as to whether a property is a residential property under the RPA, solicitors may write to the CRP, enclosing a copy of the Chief Planner’s reply to the legal requisitions made for that property.

- Paragraph 3 of Practice Circular 6 of 2005 shall be deleted.

The Registrar will continue to accept forms of certificates in the previous formats until 30 June 2006, as there may be cases where the certificates in the previous formats have already been endorsed but the transfers have not yet been lodged.

Date: 4 April 2006

VINCENT HOONG  
REGISTRAR OF TITLES / CONTROLLER OF RESIDENTIAL PROPERTY

**Form of statutory declaration for registration of a transfer in favour of a housing developer**

"I,....., (name), residing at.....(address), Director of.....(name of company) for and on behalf of the aforesaid company ("the Company") do solemnly and sincerely declare that –

- (a) the Company has been granted approval (qualifying certificate) by the Controller of Residential Property under section 31 of the Residential Property Act (Cap 274) for the purchase/acquisition by the Company of the residential property hereby being transferred to the Company; and
- (b) the Company will develop the residential property hereby being transferred to the Company and that after such development of the said residential property the Company will sell all the dwelling houses or flats, as the case may be, to Singapore citizens and persons permitted to purchase these said dwelling houses or flats under the Residential Property Act (Cap 274).

And I make this solemn declaration by virtue of the provisions of the Oaths and Declarations Act (Cap. 211), and subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

Declared at Singapore by ]  
the abovenamed..... ]  
this.....day of..... ]  
] ]  
Before me, ]  
] ]  
Commissioner for Oaths" ]

**Note: Where the developer is a limited liability partnership, the form of the statutory declaration is to be suitably amended.**

**Form of statutory declaration for registration of a transfer in favour of a housing developer pursuant to a collective sale**

“I,..... (name), residing at.....(address), Director of.....(name of company) for and on behalf of the aforesaid company (“the Company”) do solemnly and sincerely declare that –

- (c) the Company has been granted approval (qualifying certificate) by the Controller of Residential Property under section 31 of the Residential Property Act (Cap 274) for the purchase/acquisition by the Company of **\*Lots ..... to ..... MK/TS .....**, the residential property hereby being transferred to the Company; and
- (d) the Company will develop the residential property hereby being transferred to the Company and that after such development of the said residential property the Company will sell all the dwelling houses or flats, as the case may be, to Singapore citizens and persons permitted to purchase these said dwelling houses or flats under the Residential Property Act (Cap 274).

And I make this solemn declaration by virtue of the provisions of the Oaths and Declarations Act (Cap. 211), and subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

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the abovenamed.....            ]  
this.....day of.....            ]  
  ]  
Before me,                                ]  
  ]  
Commissioner for Oaths            ]

*\*To state lot numbers in range*

**Note: Where the developer is a limited liability partnership, the form of the statutory declaration is to be suitably amended.**