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URA seeks feedback on proposed changes to Sale of Commercial Properties Act and Rules, and new anti-money laundering and counter financing of terrorism requirements on developers

In a move to better protect buyers' interest in their purchase of uncompleted non-residential properties, the Urban Redevelopment Authority ("URA") is seeking public feedback on proposed changes to the Sale of Commercial Properties Act ("SCPA") and Sale of Commercial Properties Rules ("SCPR"). These changes will enhance transparency and raise industry standards to help buyers make informed decisions.

URA is also seeking feedback on proposed anti-money laundering ("AML") and counter financing of terrorism ("CFT") requirements to be imposed on all developers of residential and non-residential properties.

The consultation closes on 12 March 2018. Feedback can be provided online at www.ura.sg/scpafeedback.

Proposed changes to SCPA and SCPR

The following is a summary of some of the proposed changes to the SCPA and SCPR:

- **Requirement to obtain sale licence before they can sell the units:** Developers of non-residential property ("**non-residential developers**") will be required to apply for a licence if they are developing and selling units in uncompleted non-residential projects with more than four strata units. They must meet the [proposed qualifying conditions for a sale licence](#) before they may sell uncompleted units. The proposed qualifying conditions include a minimum paid-up capital requirement which will vary depending on the project size.
- **Non-residential developers to open and maintain project account:** To ensure purchasers' progress payments are used only for purposes related to the project, developers who are selling uncompleted non-residential properties will be required to open and maintain a project account. Instalments of the purchase price received from purchasers up to the issue of temporary occupation permit and construction loans for the project must be deposited into the project account. Withdrawals are only allowed for purposes related to the development of the project.
- **New rules on advertisements:** Non-residential developers will be required to provide basic and accurate information on the project (e.g. tenure, expected date of vacant possession) in advertisements, including in their project website and sales brochures. Advertisements must be in accordance with the plans approved by the authorities, and must not contain any false or misleading information.

- **Provide additional information on non-residential projects:** Currently, developers have to provide basic information on the schedule of strata units in a project showing the share values, and a plan or description of the limited common property designated on the strata plan for the exclusive use of the designated strata lots. URA proposes to require non-residential developers to provide additional key information on a project before accepting a booking fee from a prospective purchaser, such as a drawn-to-scale floor plan that should depict all floor spaces in the strata unit, as well as the developer's track record.
- **Show units to depict actual approved units accurately:** To ensure that show units accurately depict the actual approved units, there will be new show unit rules which non-residential developers must meet, such as the requirement that the show unit must be built exactly in accordance to the approved building plan for the actual unit.
- **Obtain purchasers' consent for changes to the project:** Non-residential developers will be required to obtain purchasers' consent for any changes to the unit or substantive changes to the common property if the changes made are not due to new requirements introduced by the authorities. For changes made due to new requirements of the authorities, developers only need to inform the purchasers since these are mandatory requirements which developers have to comply with.
- **Amount set aside for defects rectification:** The payment schedule will be amended to set aside 4% of the purchase price for defects rectification, so that purchasers can claim the cost of rectification works if the non-residential developer fails to carry out the works.

New AML and CFT requirements for all developers

Singapore is a member of the Financial Action Task Force ("**FATF**"). The recommendations of the FATF apply to the financial sector as well as designated non-financial businesses and professions, including developers involved in direct sale transactions of properties.

Developers will be required to implement measures to meet Singapore's obligations, as a FATF member, to combat money laundering and terrorist financing. There will be new rules imposing the AML/CFT requirements on all residential and non-residential developers, e.g. conducting customer due diligence ("**CDD**") checks to verify a customer's identity, maintaining transaction documents and CDD documents for a specified time period following termination or completion of a transaction.

Reference materials

The following materials are available from the URA website www.ura.gov.sg:

- URA consultation paper
- Proposed qualifying conditions for a sale licence

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