

Can HDB or Bank exercise their rights of sale / foreclosure on HDB flats upon default in mortgage payment?

118 HDB flats involved in mortgagee sales

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There had been 118 cases of completed mortgagee sales involving HDB flats from January 2013 to November 2017, according to a parliamentary reply from the Ministry of National Development on Wednesday (10 January).

It stated this in response to a question from Gan Thiam Poh, Member of Parliament (MP) for Ang Mo Kio Group Representation Constituency (GRC).

Notably, mortgagee sales happen when people default on their housing loans, resulting in banks auctioning off the property to reclaim the amount they lent plus interest.

Gan also asked how many flat lessees have approached the Housing and Development Board (HDB) with the intention of selling their flats to the government agency, as they were unable to dispose the unit via the open market.

“HDB does not buy back flats from flat owners and does not keep records of requests by flat owners who wish to sell their flats to HDB,” replied the Ministry, adding that flat owners who have fulfilled the five-year minimum occupation period (MOP) are allowed to sell their units in the open market.

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The Housing Board does not meddle in such transactions mutually agreed upon by the seller and buyer, it said in response to Gan's query on how the government agency assists sellers in disposing their flats.

"HDB does, however, facilitate the sale of flats on the open market through measures such as publishing information on recent resale transactions on its website, and providing a resale checklist to guide sellers and buyers through the process."

Furthermore, Gan asked how many flats have been sold by lessees with the sale proceeds being insufficient to return to their individual accounts with the Central Provident Fund (CPF).

The Ministry answered that these numbered about six percent of the total HDB flats transacted in the open market between January 2013 and November 2017.