

## Proposed Amendments to the LT(S)A

### Amendments to the First, Second and Third Schedules

No	Suggestion	Feedback/ Evaluation
<b>1</b>	<b>Clarification of Procedures to Streamline Process</b>	
1.1	<p><b><i>WAITING TIME REQUIRED TO ACHIEVE QUORUM AT EOGMs</i></b> [Second Schedule Paragraph 5]</p>	<p>In order to accord more clarity to the process, we are proposing to <u>dissolve an EOGM if the quorum of 30% share value is not reached within an hour</u> of the start of the meeting. Currently, the law is silent on this issue. In the Building Maintenance and Strata Management Act (BMSMA) and other legislation, meetings may proceed even without the quorum being reached after waiting for a pre-determined period of time.</p> <p>We are of the view that, for an en bloc sale meeting, the quorum must be met before the EOGM can proceed in order to ensure that there is sufficient representation from the owners to discuss en-bloc sale issues. This change will address some concerns on lack of certainty when the collective sale committee (SC) convenes EOGMs and the owners are made to wait for an inordinate amount of time for the meeting to begin.</p>
1.2	<p><b><i>DO AWAY WITH SOME EOGM REQUIREMENTS</i></b> [Third Schedule paragraph 7(1)]</p>	<p>Under sub Paragraphs 7(1) (d), (e), (f) and (g) of the Third Schedule, EOGMs are required for updates pertaining to the consent level, the sale proposal and process, the number of bids and bid amounts, and the terms and conditions of the sale and purchase agreement with the eventual buyer. However, as these are only updates and no decision making is needed from the owners, the requirement to convene EOGMs to update on such issues is onerous. Hence, we are proposing to <u>do away with the need for EOGMs for meetings under sub Paragraphs 7(1) (d), (e), (f) and (g)</u>. Updates to the owners can be done via simple meetings.</p> <p>In order to retain the transparency, we will still have the EOGM requirements for the first meeting held to elect the SC, as well as for the meetings under sub Paragraphs 7(1) (a), (b) and (c) of the Third Schedule. In addition, we will amend the wording of the Third Schedule such that <u>unless the SC has been given the mandate to make decisions on behalf of all the owners, the owners have to vote on the issues and not simply “consider” the issues</u>. We will also clarify that the issues in Paragraphs 7(1) (a), (b) and (c) could be raised in one or more EOGMs.</p>
1.3	<p><b><i>PROVIDE THAT A NON-CONSENTING SC MEMBER VACATE HIS SEAT UPON A MAJORITY VOTE BY THE SC</i></b> [Third Schedule Paragraph 5]</p>	<p><u>Currently, the law is silent on whether a non-consenting SC member should remain on the SC even after the application to the STB has been made.</u></p>

	<p><u>Under the current LT(S)A, a person who has been voted into a Sales Committee (SC) shall vacate his office if the person is removed from office at a general meeting [ the Third Schedule Para 5(e)]</u></p> <p>We are proposing to introduce a provision where the SC, after it has filed an application to the STB for the en-bloc sale, could vote to remove such non-consenting SC members, subject to the support of a majority of the SC.</p> <p>Once the consent level for a Collective Sales Agreement (CSA) has been achieved and the en bloc application has been made to the STB, the process henceforth should be expedited. There is no role for the non-consenting member to remain on the SC. At this point, the STB will hear the views from both the pro-sales majority and the anti-sale minority owners. The pro-sale majority is normally represented by the SC. The minority member would represent the adversarial party and bring his objections to the STB if needed.</p>
1.4	<p><b><i>PLACING OF NOTICES</i></b> [First Schedule Paragraphs 1]</p> <p>To amend the First Schedule Paragraphs 1(f) and 1 (g) to enable Notices to be mailed in addition to being placed in mailboxes. The reason given was that some mailboxes were locked to prevent junk mail and only the postal service would have access to the mailboxes. It would be difficult, then, for the SC to place the Notices there.</p>
<p><b>2 Removal of Ambiguity in Current Legislation</b></p>	
2.1	<p><b><i>DEVELOPMENTS WITH ONLY 2 SUBSIDIARY PROPRIETORS (SPs)</i></b> [Third Schedule Paragraph 8(2)]</p> <p>In developments where there are only 2 SPs, both will have to be on the SC if it is convened, as stated in the Third Schedule. However, there are practical difficulties for an SC comprising 2 SPs. SC meetings pass resolutions by simple majority of the number of persons present, and there can never be a simple majority if the 2 SPs do not agree. As such, MinLaw proposed to amend the LT(S)A to include the provision of allowing the passing of resolution by majority based on share value in this scenario.</p>
2.2	<p><b><i>TENURE OF SALE COMMITTEE</i></b> [Third Schedule Paragraph 12]</p> <p>Under the current LT(S)A, a SC can be dissolved under 2 circumstances—(i) voted out by ordinary resolution at a general meeting convened by the management corporation; or (ii) upon termination or expiry of the CSA (which is pegged to 1 year after the first signature is obtained).</p> <p>However, the law is silent on the tenure of the SC in the scenario where the SC has not initiated the process of preparing or signing the CSA. There has been public confusion on whether this meant that the SC can exist indefinitely in such a scenario.</p> <p>We propose inserting an additional sub-section to Paragraph 12 of the Third Schedule to clarify that, in the case where a SC has not received any signatories to its CSA within 1 year of its formation, the SC will be automatically dissolved (This 1-year limit is similar to the current time limit for the SC to</p>

	gather the requisite majority approval for the en bloc sale).
<b>3</b>	<b>Prevent the depletion of MC funds and Balance the Interest of Owners</b>
3.1	<p><b><i>HIGHER REQUISITION LEVEL</i></b> [Second Schedule Paragraph 2]</p> <p><u>Raise the requisition level for EOGMs to 50% of share value or number of owners if an EOGM is held within 2 years of an initial failed attempt. The requisition level will be raised further to 80% of share value or number of owners if there is a second or subsequent EOGM within the same 2 year period.</u> Failed attempts include instances where</p> <p>(a) the quorum for a an EOGM to discuss en-bloc sales was not met within an hour; or</p> <p>(b) the resolution to form an en bloc SC was not passed at the EOGM; or</p> <p>(c) (if an SC has been formed) the SC is automatically terminated when it fails to obtain 1 signature within 1 year of the SC’s formation via election at an EOGM; or</p> <p>(d) (if an SC has been formed) the SC is dissolved by ordinary resolution at an EOGM; or</p> <p>(e) (if an SC has been formed) the Collective Sale Agreement (CSA) expires if the requisite 80% or 90% consent was not obtained within 1 year of the first signature.</p> <p>After the 2 year period, the requisition level will revert to 20% by share value or 25% of number of owners. Any subsequent failed attempt thence will be deemed as an initial failed attempt to which the 2 year restriction period will apply.</p> <p>This measure is to prevent a situation where EOGMs are convened incessantly, depleting MC funds and not letting owners have any peace of mind. There is a need to introduce such provisions to discourage repeated attempts to kickstart en-bloc sales. This provision will also ensure that prospective SCs establish sufficient certainty of success before spending MC funds to convene EOGMs to push for en bloc.</p>
3.2	<p><b><i>DISCLOSURE OF RELEVANT INFORMATION</i></b> [Third Schedule Paragraph 2]</p> <p>To provide greater transparency, we propose that <u>all information that is deemed relevant to, and not simply conflicting with the performance of an SC member be disclosed as soon as practicable</u> at an EOGM. We also propose to include an <u>additional disclosure provision that requires a person standing for election to the SC to declare the extent of ownership that he/she, or a connected person, has in the strata development.</u> We propose that the definition of a “connected person” should be--</p> <p>(a) <u>In relation to an individual:</u> an individual’s spouse, son, adopted son, step-son, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister<sup>1</sup>; and/or</p> <p>(b) <u>In relation to a company:</u> a limited liability partnership or a corporation in which the individual or any of the persons mentioned in sub-paragraph (a) has control of not <b>less</b></p>

<sup>1</sup> This takes reference from the definition of “immediate family members” as stated in the Building Maintenance and Strata Management Act.

	<p><b><u>than 5% of the voting power in the firm, limited liability partnership or corporation,</u></b> whether such control is exercised individually or jointly<sup>2</sup>.</p> <p>This provision will allow all residents affected by an en bloc sale attempt to have better knowledge of the SC candidates' interests so they can make a more informed choice on who to represent their interests in the en bloc sale process.</p>
<b>4</b>	<b>Amendments pertaining to the STB application and mediation process</b>
4.1	<p><b><i>STB EMPOWERED TO REQUEST FOR INFORMATION OR DOCUMENTS</i></b> [Section S84(A)(5)]</p> <p>We propose inserting an additional sub section to S84(A)(5) to state explicitly that the STB shall have the power to request for any information or documents from any party related to the collective sale application, if it deems such information relevant to aid its assessment of the collective sale application as specified in S84(A)(7) or 84(A)(9)(a).</p>
4.2	<p><b><i>AN ORDER TO BIND THE MINORITY TO COSTS RELATED TO THE SALE</i></b> [Section 84A(11)]</p> <p>We propose amending the said section to clarify that the STB is empowered to make all such other orders [<b>including orders in connection with the cost of the sale</b>] and give such directions to give effect to the sale. This is to clarify that STB may also order minority owners to share in the costs of the en bloc sale, notwithstanding that they had not signed on to the Collective Sale Agreement.</p>
4.3	<p><b><i>TO EXPEDITE THE EN BLOC PROCESS</i></b> [Section 84B(3)]</p> <p>The current section 84B(3) allows for a SP who has leased out the lot to apply to the Board to determine the amount of compensation payable to the lessee. However, with the STB moving to a mainly mediatory function, it would not be appropriate for the STB to adjudicate on such matters any further. As such, we propose to remove this provision.</p>
<b>5</b>	<b>Consequential amendments</b>
5.1	<p><b><i>CONSEQUENTIAL AMENDMENTS TO THE STAMP DUTIES ACT AND THE BMSMA TO ADD REFERENCE TO NEW SECTIONS OF THE LT(S)A</i></b> [BMSMA]</p> <p>i. Section 13(2)(a): To include reference to Section 84FA and 84FB of the LT(S)A [Stamp Duties Act]</p> <p>i. Section 22(6)(g): To include reference to Section 84FA of the LT(S)A</p> <p>ii. Section 22(9): Change definition of “Strata Titles Board” to that constituted under the BMSMA 2004.</p> <p>iii. Section 24(2): <u>Revoke</u> to abolish the payment of stamp duty upon severance of interests under a joint tenancy (CA in <i>Diaz Priscillia v Diaz Angela</i> [1998] held that there is no</p>

<sup>2</sup> This takes reference from the definition of substantial shareholders as in s81 of the Companies Act (Cap 50).

	<p>passing of any interest upon the severance of a joint tenancy).</p> <p>These are technical amendments to ensure that the provisions in the Stamps Duties Act and the BMSMA remain consistent with the proposed changes to the LT(S)A.</p>
5.2	<p><b><i>CONSEQUENTIAL AMENDMENTS TO BMSMA (STB) REGULATIONS</i></b></p> <p>Consequential amendments to add reference to LT(S)A Section <b>84FA</b> in the following:</p> <ul style="list-style-type: none"> <li>i. Definition regulation 2(b);</li> <li>ii. Regulation 3(3)(c);</li> <li>iii. Regulation 17(1)(b) in the first line;</li> <li>iv. The Schedule under the First Column item 1; and</li> <li>v. The Schedule under the Second Column item (a).</li> </ul> <p>Consequential amendments to add reference to LT(S)A Section <b>84FA(4)</b> in the following:</p> <ul style="list-style-type: none"> <li>i. Regulation 17(1)(b) sub-para (1)(b)(ii).</li> </ul>
<b>6</b>	<b>Savings and transitional clauses</b>
6.1	We propose the insertion of a saving/transitional clause for collective sale applications pending before the STB as at the date when the amendment Act comes into force.