

Building Safety Loan Scheme (BSLS)
Frequently Asked Questions

1. Who will be eligible for the loan?

- The applicant must be the owner of a private building, be it a domestic, composite, commercial or industrial building.
- The loan should be used for carrying out the following building maintenance works—
improvement of the structure of the building, safety of external walls, fire safety, fire services installations and equipment, building and sanitary services, slopes and retaining walls; removing unauthorised building works (UBWs) and illegal rooftop structures.
- The applicant should have appointed qualified building professionals/competent contractors to supervise the works.

2. What is the maximum amount of the loan? Is security required for the loan?

The amount of the loan is subject to a ceiling of HK\$1 million per unit of accommodation. For a loan of HK\$50,000 or above, the applicant should provide security. A company/corporate applicant must provide security irrespective of its loan amount. Security may be provided by providing a Deed of Indemnity, executing a legal charge on a property in Hong Kong or providing a Letter of Guarantee issued by a licensed bank in Hong Kong, subject to the loan amount.

3. Is interest required for the loan?

There are interest-bearing loans and interest-free loans.

For interest-bearing loans - the applicant is not required to go through any means tests;

For interest-free loans- the applicant must be:

- a. a recipient of the Comprehensive Social Security Assistance (CSSA); or
- b. a recipient of the Normal Old Age Allowance; or
- c. earning income and possessing assets (including those of other household member(s)) within the following limits:

For an applicant aged 60 or above

	Monthly Income Limit (HK\$)	Asset Limit (HK\$)
Singleton	7,750	177,000
Couple	12,700	267,000

For an applicant below the age of 60

Household Size	Average Monthly Household Income Limit (HK\$)	Household Asset Limit (HK\$)
1	8,740	23,000
2	13,410	31,000
3	15,260	46,500
4	18,560	62,000
5	21,520	62,000
6	25,040	62,000
7	27,340	62,000
8	28,950	62,000
9	32,230	62,000
10 or above	33,590	62,000

Note 1: In the case that the applicant has mortgage with his property, the monthly income limit will be adjusted upwards to include his monthly mortgage repayment.

Note 2: Contribution to the Mandatory Provident Fund (MPF) is excluded from the income limit.

Note 3: The property in which the applicant resides and to which the loan relates will be disregarded in assessing the applicant's assets.

4. How is the interest calculated?

The interest rate is currently set at 1.674% per annum (revised on 1/6/2011) which is 3.409% below the average prime rate (P) (5.083%) of the three note-issuing banks. This rate is adjustable subject to the adjustment of the prime rate by the note-issuing banks.

If the approved loan is HK\$10,000 and the amount is released in one go, the monthly repayment and average monthly interest payment required are set

out in the table below:

Loan Amount (HK\$)	No. of instalments	Monthly Repayment (HK\$)	Average Monthly Interest Payment (HK\$)
10,000	12	841	7.6
10,000	18	563	7.4
10,000	24	424	7.3
10,000	36	285	7.2

- 5. If there is more than one registered owner of the building, are the owners eligible for applying for the loan? Which one of the owners should submit the application?**

Only one registered owner is required to handle the loan application, including executing a loan agreement in the Buildings Department after the loan has been approved. Other registered owners should complete item 2.2 in Part 2 of the application form and give consent to the loan application by signing Part 5 and Appendix 1 in the application form.

- 6. If the registered owner is not in Hong Kong, or due to some reasons he cannot lodge the loan application himself, can the application be submitted by his relative or an authorised party?**

In case the registered owner cannot lodge the loan application himself, he may authorise another person to act for him by executing a power of attorney in a law firm. The authorisation should specify that the person concerned has been authorised to act for the owner in dealing with the loan application and loan repayment relating to the property. The authorisation is not confined to any specific form, and may be modified by the solicitor according to the need of the owner.

- 7. What supporting documents are required for the application?**

a. Removal of UBW

- i. Application form;
- ii. Copy of the applicant's Hong Kong Identity Card;
- iii. Quotation (with the items of works and their prices listed in detail);
- iv. Copy of the removal order (if any); and

- v. Copy of the contractor's Business Registration Certificate.
- b. Comprehensive building repair works
 - i. Application form;
 - ii. Copy of the applicant's Hong Kong Identity Card;
 - iii. Works contract/tender (with the items of works and their prices listed in detail)*;
 - iv. Minutes and notice of the owners' meetings with the calculation method for the apportionment of repair costs to each accommodation unit specified* ; and
 - v. Copy of the repair order/investigation order (if any)* .

* In case the maintenance works relating to the loan application is coordinated by the owners' corporation (OC) of the building or the resident organisation concerned, which is willing to help provide the necessary documents, the Buildings Department (BD) will directly contact the OC or the resident organisation for access to the documents. Under these circumstances, the applicant is not required to submit the above documents.

8. When will the loan be released?

The approved loan will be released to the applicant or the OC authorised by the applicant by no more than 3 stages according to the actual progress of the works. The applicant/OC should submit a works progress report certified by the contractor and Authorised Person (AP) (where applicable).

9. What is the repayment arrangement?

The first repayment by instalments will be due one month after the final drawdown of the loan. The maximum repayment period is 36 months for an interest-bearing loan and 72 months for an interest-free loan.

10. How will a borrower know when to start the repayment?

Upon completion of the release of the loan, BD will send a "notice of release of loan" and the repayment schedule to the applicant. The repayment schedule will set out the monthly due date and the repayment amount of each instalment. Applicant can settle the repayment by the following methods:

- (a) bank autopay;
- (b) bank automated teller machines;
- (c) Payment by Phone Service (PPS);
- (d) bill payment services through the Internet provided by banks and PPS;
- (e) payment sent to the Treasury PO Box; or
- (f) payment made in person at any post offices.

If the applicant settles the repayment by a method other than autopay, he will receive a demand note a few days prior to the payment due date each month. For repayment by autopay, the autopay arrangement will become effective only upon receipt of a confirmation letter from BD on the autopay arrangement.

11. If the approved loan is scheduled to be repaid by instalments in 36 months, does the borrower need to pay penalty/penalty interest or administration fee for early repayment?

For early repayment, the borrower is required to apply to the Building Safety Loan Scheme Unit of BD in writing. If approved, the borrower will not need to pay penalty/penalty interest or administration fee. Interest will accrue up to one calendar day before the repayment date.

12. For an interest-bearing loan, when will interest start accruing?

The loan will be released by no more than 3 stages according to the actual progress of works. Interest will start accruing on the drawdown date of each loan based on the prevailing interest rate.

13. When will the applicant know the application result?

Subject to the provision of all required information and supporting documents, the processing time for a loan application is normally 14 days for the removal of UBWs and 21 days for repair works in the common areas of buildings.

14. If the original owner passes away and the property is inherited by a new owner but ownership as shown on the title deed is still under the original owner, how can the new owner apply for the loan?

To be qualified to apply for the loan, the successor (the new owner) is required to obtain a Letter of Administration or Probate, and to register himself as the Administrator/Executrix or registered owner of the property at the Land Registry.

15. If the applicant is selling his property, how will the loan be handled?

The applicant must notify BD immediately. The outstanding balance on the approved loan, together with interest accrued (if applicable), has to be settled in a lumpsum. Upon receipt of notification, BD will arrange to send or fax a demand note to the applicant so that he can repay the amount accordingly.

16. If the applicant owns a property in negative equity, can he apply for the loan under the BSLS?

All registered owners of private buildings are eligible to apply for the loan irrespective of the values of their properties. If the applicant is required to provide security by execution of a legal charge registered against the title of his property, the maximum loan amount to be granted will not exceed the market value of the property concerned. If the applicant has an undischarged bankruptcy order, the loan application will not be approved.

17. Will the approved loan be released for defaulted works?

If there are defaulted works, BD will release the loan according to the works progress report on the actual progress of the completed works submitted by the owners' corporation (OC). The remaining amount of the approved loan will not be released, and the applicant is required to start repaying the released loan after one month. If the OC will conduct a re-tendering exercise to complete the defaulted building repair works in future, the owner can apply for the loan accounting for the cost of the repair works to be carried out.

18. If the borrower passes away, will his family be required to repay the loan immediately or will repayment be made by the guarantor?

If the applicant passes away, BD will cease to release the outstanding approved loan. Regarding the loan already released, BD will require the

Administrator for the applicant to repay the amount with interest accrued in one go. If the Administrator refuses to repay the loan, BD will recover the loan from the indemnifier, i.e. the guarantor.

19. If an application is made in the name of a limited company, will the indemnifier be another company or an individual? If the indemnifier is a director of the applicant company, will the application be qualified?

An indemnifier must be a Hong Kong resident and holder of Hong Kong Permanent Identity Card over 18 years of age, gainfully employed, able to supply a business address and provide a tax assessment or relevant income proof to demonstrate the adequacy of his financial resources. In this regard, a company cannot act as an indemnifier. If one of the directors of the company applicant satisfies the aforesaid conditions of an indemnifier, he can act as an indemnifier in his own capacity for the loan granted to the company applicant.

20. Apart from the BSLS administrated by BD, are there any other subsidy schemes?

The Hong Kong Housing Society and the Urban Renewal Authority provide other subsidy schemes. For details, please call 3188 1188.