



**SCHEME FOR THE PURCHASE
OF RENTED RESIDENTIAL UNITS PUBLISHED
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1. Purpose of the Scheme

This Scheme is to encourage residents of Properties become owners and continue using the property as their ordinary residence. Under this scheme only that property that is owned by the Housing Authority and that property that can be transferred from the Lands Authority to the Housing Authority will be sold. This Scheme is open to properties in the localities of Valletta, Xatt ir-Risq at Senglea, Mtarfa, Pembroke, Tigne' Sliema and Marsaskala Qasam tal-Bujar.

2. Definition

In this Scheme, unless the context otherwise requires:-

“the Act” with reference to Article 10 of this Scheme has the same meaning assigned to it in that clause;

“applicant” means a person who applies for the purchase of a Housing Authority or Lands Authority owned property under this Scheme; and when the application is made by two or more persons jointly, shall include all applicants;

“beneficiary” means anyone who benefits from this Scheme and has the same meaning assigned to it in section 2 of the Principal Act,

“the Authority” means the Housing Authority established by section 3 of the Housing Authority Act, 1976 (Cap 261);

“Chairman” means the Chairman of the Housing Authority and includes any person authorized to act on his behalf;

“Government” means the Government of Malta;

“ordinary residence” does not include a summer residence;

“Principal Act” means the Home Ownership (Encouragement) Act XXVIII of 1988;

“market value” means the commercial value of property as worked out by an architect appointed by the Housing Authority and will reflect the location and size of the building.

“recognized tenant” means a person holding a Housing Authority/Lands Authority apartment/terraced house/maisonette under a title of lease from the Housing Authority/Lands Authority includes a tenant of property which has been transferred to the Government by virtue of the Ecclesiastical Entities (Properties) Act, 1992 (Act IV of 1992).

“preliminary agreement” means an agreement entered into between the Housing Authority as the vendor and the beneficiaries as the purchasers regarding the eventual sale/purchase of property.

“final deed” means the notarial deed by which the Housing Authority transfers to the beneficiaries the ownership of the immovable property by virtue of this Scheme.

In this scheme the singular shall import the plural and the masculine shall import the feminine.

3. Applications for Purchase

A person shall qualify to apply with the Authority to purchase an apartment/terraced house/maisonette owned by Housing Authority/Lands Authority under this Scheme if on the date of application the following conditions are met, namely:

- (a) the applicant, or his wife/her husband in the case of married couples must be Maltese Citizens or Citizens of the E.U. Citizens of the E.U. must be acquiring their first residence in Malta and they must also satisfy all the legal requirements which may be required by Law, by any Authority and/or by the Office of the Prime Minister. In the case of married couples but not separated/divorced, it is sufficient that one of the spouses is a Maltese Citizen or a Citizen of the E.U.;
- (b) applicants residing in an old people’s home can apply to purchase their Housing Authority/Lands Authority residential unit under this Scheme only when and if their children are still residing in the rented property.
- (c) In the case of married couples who are not legally separated/divorced, the application for purchase must be made by both spouses jointly.

4. Legally Separated/Divorced Spouses

An applicant who is legally separated/divorced from his spouse shall produce a copy of the final judgment of the competent Court pronouncing separation, or a copy of the public deed effecting separation/divorce by mutual consent of the spouses with the authority of the competent Court.

5. Administrative Charge and Abandoned Applications

- (a) Any application under this Scheme shall be submitted personally by any of the applicants to the Housing Authority and that application shall not be accepted unless accompanied by the sum of forty Euros (€40) as an administrative charge and other charges needed for the procedure of application which charges are not refundable even if the application is not accepted and/or processed.
- (b) When an applicant under this Scheme fails to appear on the Preliminary Agreement or the final deed, as the case may be, when requested to do so by the Authority, his/her application shall be deemed to have been abandoned. The amount paid shall not be refunded to the

applicant in case he/she fails to appear on the Preliminary Agreement or the final deed without any valid reason.

6. Purchase Price

- (a) The purchase price for the absolute ownership of an apartment/terraced house/maisonette, owned by the Housing Authority / Lands Authority shall be price as determined by the Authority. The free market value, which reflects the current value of the property, will be included in the Promise of Sale and Deed.
- (b) In the application form, the applicant will declare that in case he had submitted a request for structural repairs with the Housing Authority, between the first date of the publication of the scheme in Government Gazette, until the date of the signing of the final deed, he will agree that the amount for such works will be added to the purchase price.

7. Payment of Purchase Price

The price shall be paid as follows:

- (a) Ten percent (10%) of the price shall be paid on the preliminary agreement as deposit on account of the price. This amount shall not be refunded in the eventuality that the beneficiary does not appear on the deed of sale without a valid reason according to Law.
- (b) The balance on the said price shall be paid on deed of sale. The final deed shall be published by not later than a year from the date of the Preliminary Agreement.
- (c) In the eventuality that after the Preliminary Agreement it results to the Authority that the beneficiary does not conform to all the conditions of this Scheme, and therefore shall not be entitled to the purchase of the property, the Housing Authority will have the right to consider the Preliminary Agreement as being null *ipso jure*. In this case the Authority will have the right to refund to the beneficiary 90% of the sum paid by him on the said Preliminary Agreement. 10% of the sum paid on the Preliminary Agreement shall be retained by the Housing Authority as administrative charges and other expenses including recurrent damages due to the negligence of the applicant. The Preliminary Agreement will be automatically rescinded by the Authority's unilateral decision and by refunding (if necessary by a schedule of deposits through Court) the amount indicated above.

8. Conditions of Sale

The property purchased under this scheme shall not be transferred under any title, except for transmission by *causa mortis*, by the beneficiary unless the following dispositions of this clause are observed.

- (a) The property purchased under this Scheme shall be used and occupied by the purchasers exclusively as their ordinary residence. For all intents and purposes, purchasers subsequently residing in an old people's home would be excused from this obligation.
- (b) In the event that the beneficiary wishes to transfer the property under any title (including a lease title) beneficiary has to inform the Authority with his intention at least two (2) months before the date of transfer to third parties of the property, and shall be obliged to refund to

the Housing Authority the difference between the free market value established in the deed and the price paid on the deed and this irrelevant to when the sale takes place *inter vivos*.

However, the refund mentioned will not be due in case where:

- (i) Property is leased to the Authority by the beneficiary under any of the schemes in accordance with the Authority's policy and subject to the approval of the Authority; or
 - (ii) The beneficiary or the surviving spouse reside in an elderly home and lease the property to the Authority under any of the schemes in accordance with the Authority's policy and subject to the approval of the Authority.”
- (c) In case of transmission *causa mortis*, as long as the heirs continue to live in the property as their ordinary residence, there will be no refunds due to the Authority. The refund is only due when the property is sold or rented by their heirs *inter vivos*.

However, the refund mentioned will not be due in case where the property is leased to the Authority by the heirs under any of the schemes in accordance with the Authority's policy and subject to the approval of the Authority.

- (d) In case of transmission *causa mortis*, the heirs must occupy the property within one year from the date of inheritance of the same property.
- (e) The Authority is entitled but not bound to register in its favour a Special Privilege and/or Special Hypothec and/or General Hypothec according to law, without prejudice to the rights at law and this to guarantee the observance of all the conditions by the beneficiary.
- (f) The property purchased under this scheme or part of it cannot be used commercially. But in the eventuality that the property or part of it is used commercially, the beneficiary will have to pay the Housing Authority the sum equivalent to the difference between free market value and the price paid on the deed of purchase.
- (g) The beneficiary shall bind himself not to keep any dangerous substances and/or explosives in the property, garages or in the common parts;
- (h) In case of apartments, the beneficiary is obliged to become a member of the Residents' Association and where this does not exist, to form together with the other buyers of the same block of apartments such Association in terms of the law on Condominiums (Act 29 of 1997).

This Association has to be registered within one (1) month from when it is appointed by the Registrar of Land in terms of Cap 398 of the Laws of Malta. Under no circumstances the Housing Authority shall be expected to perform such any obligation which is the responsibility of the Association according to Law;

- (i) The beneficiaries bind themselves not to keep any animal/s of any kind, in any part of the building block, including the roof, common parts of the block, not even in the property itself which is being sold to them by the Authority under this Scheme. If this obligation is breached the Association will be expected to act against the persons breaching this condition.

The Authority will not be expected to interfere in such cases. Any resident in the Block will have the right to act against other residents who breach this condition.

- (j) In the case of a common roof, these can be used only for clothes hanging, and parties and barbecues or any other activities are not permitted. In the case of penthouses, access to the overlying roof is limited to the installation and maintenance of the water tanks, TV aerials and solar water heaters;
- (k) The roof and the common parts, in case of apartments, remain the absolute property of the Authority which reserves the right to build other levels and give the right of use of the roof and common parts to third parties. In such a case the Authority shall provide access for the installation of a water tank, TV aerial and solar water heater on the new development. The beneficiary may in no way object to such development;
- (l) The common parts within the block of apartments include the main door, the entrance, the corridor which leads to the apartments, the staircase up to the roof, the roof shaft, all the common roofs (these can include the roofs on the penthouses, the shafts and the doors to the shafts, the common parts surrounding the block, if applicable, the lift shaft and the lift itself) are not included in the sale.

Notwithstanding the above, the beneficiary will be obliged to fork out his share for the upkeep of the common parts according to Law. Included in the common parts are those parts which are not included in the paragraph but which according to the Law are considered as part of the common area. The ordinary and extra ordinary maintenance and repairs of the common parts will be the responsibility of the owners of the apartments forming part of the block. In case of tenants residing in the block, the obligations will be the responsibility of the owner or the tenants' according to the agreement between same owner and tenant.

- (m) The property is to be transferred as *tale quale* and with the exclusion of the guarantee against latent defects.

9. Penalty for False Declaration

- (a) If at any time it results that an applicant has made a false declaration or given incorrect information or incorrect documents for the purposes of any application made by him under the provisions of this Scheme, without prejudice to any punishment for which he may have become liable under any other law, the said applicant and where his application was made jointly with another person, both applicants jointly and severally, shall be liable to the payment to the Housing Authority of a penalty equivalent to the difference between market value and the price paid on the deed of purchase together with an additional sum of 25% of the amount stated above. The charge cannot be decreased by any Court.
- (b) Any person who has made a false declaration or incorrect information or documents as provided in sub-clause (a) of this article shall, together with any other person with whom he would have applied jointly, also be disqualified for a period of ten (10) years from benefiting from any scheme made with the approval of the Minister responsible for Housing. If applicable a report to the Police can also be filed.

10. Relief from Duty on Documents and Transfers (Act XVII of 1993)

The transfer of a dwelling-house to applicants under this Scheme shall be exempt from the duty payable under Title II of Part III of the Duty on Documents and Transfers Act (Act XVII of 1993) in respect of any amount deducted in accordance with this Scheme from the market value of the transferred property.

11. Prohibition of Sale in the Public Interest

The Authority also reserves the right to refuse applications for the purchase of properties with a possibility of development and this at its absolute discretion. The decision of the Housing Authority will be final.

The sale of the property under this scheme will not take place in case of alterations to the units and illegal structures. In such cases the Authority may, at its absolute discretion, opt not to proceed with the sale before such structures are sanctioned.

12. Duration of Scheme

This Scheme shall remain in force for a period of one year from the date of its publication in the Government Gazette, and shall be automatically renewed for further periods of one year each unless a Notice to the contrary is published in the Government Gazette indicating that the scheme has been withdrawn.

13. Interpretation

In case the Maltese text differs from the English text, the Maltese text will prevail.

These conditions should form an integral part of the deed and in case where the conditions of the deed are different from the conditions indicated in the scheme, the interpretation or condition which is most favourable to the Authority is to be applied.

The Authority shall have the right to stop or make any amendments to this Scheme even retroactively – in this case the Authority will not be bound to pay for any damages incurred.