

Our Ref: PC 05-13

Date: 10 July 2013

Key Executive Officers

Dear Sir/Madam

Effective Date: 1 July 2013

USE OF CPF FOR PURCHASE OF HDB FLATS WITH REMAINING LEASE OF LESS THAN 60 YEARS

We refer to the attached CPF's circular on the additional rules on the use of CPF for purchase of HDB flats with remaining lease of less than 60 years. The changes have taken effect on 1 July 2013. The changes were made with reference to the News Release by the Ministry of National Development on 11 January 2013 on the additional measure to tighten the use of CPF funds for the purchase of HDB flats with remaining leases of less than 60 years.

2. Please disseminate the information to your salespersons. Estate Agents and salespersons shall act in accordance with these additional rules when advising consumers and/or performing estate agency work related to HDB flats with remaining leases of less than 60 years.
3. Thank you.

Yours sincerely

Yeap Soon Teck
Deputy Director (Licensing)
Council for Estate Agencies



Central Provident Fund Board

79 Robinson Road CPF Building Singapore 068897 www.cpf.gov.sg

Our Ref : HSD/PSF/2013/Circular 2

27 June 2013

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Council for Estate Agencies
Finance Houses Association of Singapore
The Association of Banks in Singapore
The Law Society of Singapore

USE OF CPF FOR PURCHASE OF HDB FLATS WITH REMAINING LEASE OF LESS THAN 60 YEARS

Please refer to the News Release by Ministry of National Development (MND) on 11 January 2013 on the additional measure to tighten the use of CPF funds for the purchase of HDB flats with remaining leases of less than 60 years which will take effect from 1 July 2013.

2. Currently, there are additional rules on the use of CPF for the purchase of private residential properties with remaining lease of less than 60 years. With effect from 1 July 2013, these rules will also apply to the use of CPF for the purchase of HDB flats with remaining lease of less than 60 years, as follows:

- (i) The flat must have at least 30 years remaining lease at the point of purchase before CPF can be used.
- (ii) An owner's age plus the remaining lease of the flat must be at least 80 years before he is allowed to use his CPF for the flat.
- (iii) The maximum amount of CPF that all eligible owners may use for the flat is a percentage of the lower of the purchase price or the value of the flat at the time of purchase. The percentage is computed based on the remaining lease of the flat when the youngest eligible member using CPF reaches age 55, as shown below:

<i>Remaining lease when the youngest eligible owner using CPF turns 55</i>	X	<i>Lower of purchase price or value of the flat</i>
-----		<i>Remaining lease</i>
<i>at the time of purchase</i>		





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3. An on-line calculator will be ready on the CPF website from 1 July 2013 to enable members to check if they are eligible to use their CPF savings for a property with remaining lease of less than 60 years. They can also use the calculator to find out the maximum amount of CPF that can be used for the property. Alternatively, they can use the table in **Annex A** to determine the percentage to be applied on the lower of the purchase price or the value of the property at the time of purchase. Please refer to **Annex B** for a summary on the use of CPF for HDB Flats purchase.
- 4 In view of the above changes, we have revised the application form, HBL/1, for the use of CPF for HDB flats financed with bank loans, as well as the Terms and Conditions of the CPF Public Housing Scheme. These will be available on CPF website at www.cpf.gov.sg from 1 July 2013.
5. We appreciate your help to inform your members of the above changes.

Thank you.

Lam Soon Fong (Mrs)
Senior Assistant Director (Housing Schemes)
Central Provident Fund Board

Enc:

Annex A - Maximum amount of CPF that can be used



Annex A - Max CPF
Amt.pdf

Annex B - Summary Table on Use of CPF for HDB Flats Purchase





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Remaining Lease of HDB Flat at the time of purchase	Use of CPF
≥ 60 years	Allowed based on current policy, i.e., status quo.
30 to 59 years	Allowed, except for buyers for whom the remaining lease cannot cover them to the age of at least 80. The maximum amount of CPF that can be used by all owners will be determined based on the ratio of the remaining lease when the youngest eligible owner who is using his CPF turns 55 years old to the remaining lease of the flat at time of purchase.
Below 30 years	Not allowed.

Superseded



What you must know If you are using CPF to buy a property with a remaining lease of less than 60 years but at least 30 years

Effective Date

HDB flats (exclude studio apartment) 1 July 2013

Private properties 19 July 2005

1 Your age plus the remaining lease of the property must be at least 80 years

Example

If you are 25 years old and your property's remaining lease is 50 years, i.e., $25 + 50 = 75$, you will not be eligible to use your CPF for the purchase.

2 The maximum amount of CPF that you can use is a percentage of the lower of the purchase price or the value of the property at the time of purchase

$$\text{Maximum amount} = \frac{\text{Remaining lease when the youngest eligible owner using CPF turns 55}}{\text{Remaining lease at the time of purchase}} \times \text{Lower of the purchase price or the value of the property at the time of purchase}$$

Example

You are 40 years old and the youngest owner using CPF to buy a property with a remaining lease of 50 years. When you turn 55, the property's remaining lease will be 35 (i.e., $50 - 15 = 35$) years.

If the lower of the purchase price or the value of the property at the time of purchase is \$400,000, the maximum amount of CPF you and your co-owners may use is \$280,000 (i.e., $35/50 \times \$400,000$).

You can calculate the maximum amount of CPF by using the formula above or the Property with Less Than 60 Years Lease Calculator at www.cpf.gov.sg.

Alternatively refer to the table on the coverleaf to help you with the calculation

Note: If you are buying a property with less than 30 years remaining lease no CPF can be used for the property

Online Resources

Try our useful tools and resources to help you make an informed decision

• **Calculators**

www.cpf.gov.sg > **Calculators/Games** > **Buying A House**

- **Property with Less Than 60 Years Lease Calculator**
- **Total Interest Calculator**
- **CPF Retirement Calculator**

• **Are You Ready? checklists**

www.areyouready.sg



For enquiries please email member@cpf.gov.sg

For information on the lease of the property please check with Housing & Development Board for HDB flats and Singapore Land Authority for private properties

USING CPF FOR A PROPERTY WITH A REMAINING LEASE OF LESS THAN 60 YEARS BUT AT LEAST 30 YEARS



- Age of youngest eligible owner using CPF at the time of purchase; and
- the remaining lease of the property at the time of purchase.

Age of youngest eligible owner using CPF at the time of purchase

	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
59	42	44	46	47	49	51	53	54	56	58	59	61	63	64	66	68	69	71	73	75	76	78	80	81	83	85	86	88	90	92	93	95	97	98	100
58	-	43	45	47	48	50	52	53	55	57	59	60	62	64	66	67	69	71	72	74	76	78	79	81	83	84	86	88	90	91	93	95	97	98	100
57	-	-	44	46	47	49	51	53	54	56	58	60	61	63	65	67	68	70	72	74	75	77	79	81	82	84	86	88	89	91	93	95	96	98	100
56	-	-	-	45	46	48	50	52	54	55	57	59	61	63	64	66	68	70	71	73	75	77	79	80	82	84	86	88	89	91	93	95	96	98	100
55	-	-	-	-	45	47	49	51	53	55	56	58	60	62	64	65	67	69	71	73	75	76	78	80	82	84	85	87	89	91	93	95	96	98	100
54	-	-	-	-	-	46	48	50	52	54	56	57	59	61	63	65	67	69	70	72	74	76	78	80	81	83	85	87	89	91	93	94	96	98	100
53	-	-	-	-	-	-	47	49	51	53	55	57	58	60	62	64	66	68	70	72	74	75	77	79	81	83	85	87	89	91	92	94	96	98	100
52	-	-	-	-	-	-	-	48	50	52	54	56	58	60	62	63	65	67	69	71	73	75	77	79	81	83	85	87	88	90	92	94	96	98	100
51	-	-	-	-	-	-	-	-	49	51	53	55	57	59	61	63	65	67	69	71	73	75	76	78	80	82	84	86	88	90	92	94	96	98	100
50	-	-	-	-	-	-	-	-	-	50	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80	82	84	86	88	90	92	94	96	98	100
49	-	-	-	-	-	-	-	-	-	-	51	53	55	57	59	61	63	65	67	69	71	73	76	78	80	82	84	86	88	90	92	94	96	98	100
48	-	-	-	-	-	-	-	-	-	-	-	52	54	56	58	60	63	65	67	69	71	73	75	77	79	81	83	85	88	90	92	94	96	98	100
47	-	-	-	-	-	-	-	-	-	-	-	-	53	55	57	60	62	64	66	68	70	72	74	77	79	81	83	85	87	89	91	94	96	98	100
46	-	-	-	-	-	-	-	-	-	-	-	-	-	54	57	59	61	63	65	67	70	72	74	76	78	80	83	85	87	89	91	93	96	98	100
45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56	58	60	62	64	67	69	71	73	76	78	80	82	84	87	89	91	93	96	98	100
44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57	59	61	64	66	68	70	73	75	77	80	82	84	86	89	91	93	95	98	100
43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58	60	63	65	67	70	72	74	77	79	81	84	86	88	91	93	95	98	100
42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	62	64	67	69	71	74	76	79	81	83	86	88	90	93	95	98	100
41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61	63	66	68	71	73	76	78	80	83	85	88	90	93	95	98	100
40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63	65	68	70	73	75	78	80	83	85	88	90	93	95	98	100
39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64	67	69	72	74	77	79	82	85	87	90	92	95	97	100
38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66	68	71	74	76	79	82	84	87	89	92	95	97	100
37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68	70	73	76	78	81	84	86	89	92	95	97	100
36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69	72	75	78	81	83	86	89	92	94	97	100
35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71	74	77	80	83	86	89	91	94	97	100
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33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76	79	82	85	88	91	94	97	100
32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78	81	84	88	91	94	97	100
31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81	84	87	90	94	97	100
30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83	87	90	93	97	100

Figures are in percentages

