TERMS AND CONDITIONS FOR THE USE OF CPF SAVINGS TO PURCHASE PRIVATE PROPERTIES UNDER THE CPF RESIDENTIAL PROPERTIES SCHEME

1. OBJECTIVE OF THE SCHEME

This objective of the Scheme is to help CPF members buy/build private residential properties for their own occupation or for rental. It applies only to properties in Singapore which are on freehold land or have remaining leases of at least 30 years.

2. USE OF CPF SAVINGS UNDER THE SCHEME

a) A member who is not an undischarged bankrupt is allowed to withdraw his CPF Ordinary Account savings under the Scheme for:

(i) Direct payment of the purchase price of the property to the property developer and/or sellers; The approved CPF moneys will only be released after the member has paid the balance (purchase price less housing loan and approved CPF moneys) in cash. Any difference between the purchase price and the value of the property has to be paid in cash.

(ii) Repayment of housing loan in part or whole and/or to pay the monthly instalment of the housing loan taken for the purchase of the property;

(iii) Repayment of housing loan in part or whole and/or to pay the monthly instalment of the housing loan taken for the purchase of land and/or for construction of a house on that land;

(iv) Payment of stamp duty, legal costs, survey fees and other related cost incurred in connection with the purchase, refinancing and/or construction of the house.

3. CPF CHARGE

A CPF Charge will be filed by the Board on the property upon the release of CPF savings for the property. The Charge shall be in force until the CPF released towards the property, including the interest accrued, are refunded into the member's account as required by the Board.

4. CPF WITHDRAWAL LIMIT

For property with remaining lease of at least 60 years

a) Where a member has purchased a property **before 1 Sept 02** and entered into a loan contract with the financier for a housing loan before 1 Sept 02, he is allowed to use his Ordinary Account savings to pay up to the Valuation Limit (**VL**) of the property. The VL is the lower of the purchase price or the value of the property at the time of purchased as assessed by the Board.

If the housing loan is still outstanding when the VL is reached and the member is below age 55, he is required to set aside the current Basic Retirement Sum in his Special Account (including the amount used for investment) and Ordinary Account before he may continue to use his CPF savings. For a member who is aged 55 and above, he is required to set aside his Basic Retirement Sum in his Retirement Account.

b) Where a member has purchased a property and/or signed a new loan contract with the financier **on or after 1 Sept 02,** he is allowed to use his Ordinary Account savings to pay up to the VL of the property.

If the housing loan is still outstanding when this VL is reached and the member is below age 55, he may continue to use his CPF savings up to the applicable Withdrawal Limit ("**WL**") to repay the housing loan, provided he can set the current Basic Retirement Sum in his Special Account (including the amount used for investment) and Ordinary Account. For a member who is aged 55 and above, he is required to set aside his Basic Retirement Sum in his Retirement Account. The table below shows the schedule of the WL over the years:

Date of Purchase of Property/Refinancing	CPF Withdrawal Limit (WL)
1 Sep 2002 – 31 Dec 2003	150% of VL
1 Jan 2004 – 31 Dec 2004	144% of VL
1 Jan 2005 – 31 Dec 2005	138% of VL
1 Jan 2006 – 31 Dec 2006	132% of VL
1 Jan 2007 – 31 Dec 2007	126% of VL
1 Jan 2008 onwards	120% of VL

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For property with remaining lease of less than 60 years, but at least 30 years

c) Where a member has purchased a property with remaining lease of less than 60 years, additional rules apply to the use of CPF for property, as follows:

(i) No CPF can be used if the remaining lease of a property is less than 30 years.

(ii) A property owner is eligible to use his CPF for the property only if his age plus the remaining lease of the property is at least 80 years.

(iii) The maximum amount of CPF that can be used is capped at a percentage of the lower of the purchase price or the value of the property at the time of purchase. The percentage is computed based on the remaining lease of the property when the youngest eligible member using CPF reaches age 55, as shown below:

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

Restrictions on use of CPF for multiple property purchases

d) Where a member has used CPF for a property (HDB flat or private property) before 1 Jul 06, and applies to use CPF for another property purchased on or after 1 Jul 06, he is required to set aside the current Basic Retirement Sum if he is below age 55 before he can withdraw any excess in the Ordinary Account for the property. Savings in the Special Account (including the amount used for investment) and Ordinary Account can be used to meet the current Basic Retirement Sum. For a member who is aged 55 and above, he is required to set aside his Basic Retirement Sum in his Retirement Account.
The withdrawal limit for the second and subsequent properties will be set at:

(i) Valuation Limit for properties with remaining lease of at least 60 years; or

(ii) A percentage of the Valuation Limit for properties with remaining lease of less than 60 years but at least 30 years.

5. PRIORITY ARRANGEMENTS BETWEEN CPF BOARD AND FINANCIER

a) Properties bought before 1 Sept 02 and/or loan contracts with financier signed before 1 Sept 02

When the property is sold, the sale proceeds will first be used to repay the CPF savings used for payment of stamp duty, legal costs and survey fees, and CPF principal sum up to 80% of the Valuation Limit before repayment of the balance CPF principal sum, outstanding housing loan, CPF accrued interest, outstanding housing loan interest, and the Board's and financier's costs and expenses and all other sums owing to the financier in that order;

b) Properties bought on or after 1 Sept 02 and/or loan contracts with financier signed on or after 1 Sept 02

When the property is sold, the sale proceeds shall be applied to repay the financier and the Board in the following order of priority:-

(i) First - repayment of the outstanding housing loan;
(ii) Second - repayment of CPF principal sum up to 100% of the Valuation Limit plus CPF saving used to pay the legal costs, stamp duty and survey fees;
(iii) Third - Equal ranking (pari passu)
- repayment of CPF principal sum beyond 100% of the Valuation Limit and CPF accrued interest;
- repayment of outstanding balance of the housing loan interests;

(iv) Fourth - Equal ranking (pari passu)
- repayment of the Board's legal costs and expenses;
- repayment of financier's legal costs and expenses;

(v) Fifth - repayment of any other moneys owing to financier under the mortgage

6. TYPES OF HOUSING LOAN

The housing loan should be for a fixed term and be secured by a mortgage on the property, which is owned by the member.

In addition, CPF savings may also be used to repay the following types of housing loan:

a) a housing loan for a fixed term and is secured by a mortgage which resulted from a transfer of the initial housing loan from one lender to another, provided that the initial housing loan was secured by a mortgage on the property;

b) a housing loan obtained from a bona fide employer and is secured by a mortgage on the property and the member is required to repay the housing loan by monthly instalments as stipulated in the agreement entered into with the employer;

c) a housing loan granted on a non-checking overdraft account by a bank in Singapore and is secured by a mortgage on the property.

In cases where the member has completed the purchase of the property with a checking overdraft account, the amount of loan that is treated as the housing loan is the lowest outstanding amount of the overdraft from the time it was granted to the date of application for withdrawal of CPF savings. This portion of the loan has to be converted to a term loan before CPF savings can be used to repay the loan. The excess loan is deemed to be a non-housing loan and cannot be repaid with CPF savings.

7. REFUND OF CPF SAVINGS UPON SALE OR TRANSFER OF THE PROPERTY

When the property is sold or transferred during the member's lifetime regardless of his age, he is required to refund to his CPF Account the CPF principal amount withdrawn together with the accrued interest**.**

8. OTHER CONDITIONS FOR USE OF CPF SAVINGS

a) The amounts approved for withdrawal can only be released when all the necessary documents required by the Board have been executed, and the balance purchase price (purchase price less housing loan and approved CPF moneys) have been paid in cash. Any difference between the purchase price and the value of the property has to be paid in cash.

b) Members who are owners of HDB flats (including HUDC Phase 3 & 4 flats) are required to obtain approval from HDB, where applicable, regarding the purchase of their private residential properties.

c) The Board reserves the right to value the property before releasing CPF savings. The valuation fees shall be paid by the member.

d) If the member or the co-purchaser is a non-Singapore Citizen or Permanent Resident, he is required to obtain approval from the Land Dealings (Approval) Unit for the purchase of the property, where applicable.

e) For properties which are under construction, CPF savings will be paid progressively to meet the progress instalments to the developers.

f) For properties which are constructed by unlicensed developers, CPF savings can only be released when the properties are completed up to the roofing stage.

g) The consent of the Board must be obtained before the property can be sold, transferred or mortgaged.

h) The property shall not be used for any immoral, illegal or unauthorised purposes.

i) CPF savings cannot be used to repay non-housing loans (i.e. loans not taken for the purchase of the property).

j) CPF savings cannot be used for purposes of repairs and/or renovation of the property

9. OTHER CONDITIONS FOR USE OF CPF SAVINGS FOR MULTIPLE PROPERTIES

a) Members who already own a property bought with their CPF savings and wish to buy another property with CPF savings on or after 1 Jul 06, will be given a grace period if they intend to sell the existing properties. The grace period is as follows:
   (i) 6 months from date of issue of TOP if the new property is under construction
   (ii) 6 months from date of completion of purchase if the new property is a completed property.

b) Where members bought their first property before 1 Jul 06, and apply to use CPF for the first property only after making an application to use CPF for the second property bought after 1 Jul 06, the multiple property (MP) rule will apply to the second property. For example:

	Property P1		Property P2		Treatment
	Purchase Date	Application Date	Purchase Date	Application Date	
Scenario A	1 Aug 05	1 Nov 06	1 Oct 06	1 Oct 06	Apply MP rule to P2
Scenario B	1 Aug 06	1 Aug 06	1 Oct 06	1 Oct 06	Apply MP rule to P2
Scenario C	1 Aug 06	1 Nov 06	1 Oct 06	1 Oct 06	Apply MP rule to P1

10. ADDITIONAL CONDITIONS FOR USE OF CPF SAVINGS FOR PURCHASE OF LAND AND CONSTRUCTION OF HOUSE

a) A member is not allowed to use his CPF savings to pay directly for the land cost and the construction costs of the house. He would have to use his own funds and/or a loan to meet the said payments first. When the house has been completed up to the Temporary Occupation Permit stage, the member can then use his CPF savings to repay the loan. Reimbursement of the land and construction costs paid by him with his own funds can only be allowed if the house is constructed on or after 1 Oct 1993 and the construction of the house has commenced within six (6) months from completion date of purchase of the land. If the construction of the house has commenced more than six (6) months after the completion date of purchase of the land, he can only use his CPF savings to reimburse himself for the construction costs.

b) Requests for reimbursement of CPF savings have to be made within six months after the issue of the Temporary Occupation Permit. The reimbursement will be in the form of a one-time payment. Monthly withdrawals are not allowed. Requests for further reimbursement from the members' future CPF savings are also not allowed.

c) Members can submit their applications, with the following documents, three months before the issue of the Temporary Occupation Permit:

(i) A valuation report of the completed property prepared by a licensed valuer. Valuation report prepared by the financier will be considered on a case by case basis. The Board reserves the right to re-asses the value of the property, if necessary.
(ii) Breakdown of contractors' construction costs.
(iii) Original receipts to show evidence of the payments made from your own funds (if applying for reimbursement).
(iv) Financier’s Letter of Offer for the land/construction loan(s).
(v) Grant of written permission from Urban Redevelopment Authority (URA) for the proposed “reconstruction” or “erection” of the new property.

11. PENALTY FOR FALSE DECLARATION AND MIS-USE OF PROPERTY

Any member who has purchased/built a property under the Scheme by making a false statement or declaration, or furnishing any information or document which he knows to be false in material or who allows such property to be used for any immoral, illegal or unauthorised purposes, or who contravenes any of the conditions under the Scheme, shall be guilty of an offence under the CPF Act. The Board shall in such circumstances, be entitled to seize the property and sell it to recover the amount of CPF savings that has been withdrawn together with the accrued interest.

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