

Use of CPF Funds and Provision of HDB Loans for Purchase of Public Housing

1 Currently, there are limits on the use of CPF funds for the purchase of private residential properties with less than 60 years of lease remaining. MAS-regulated financial institutions (FIs) also consider the lease period of properties in granting home loans.

2 The rules on the use of CPF funds for private residential property purchases with less than 60 years of remaining lease will apply to the purchase of public housing with similar lease duration from 1 July 2013. In tandem, HDB will revise its rules in granting HDB housing loans from 1 July 2013. The details are as follows:

Remaining Lease of HDB Flat	Use of CPF funds	HDB Housing Loan
≥ 60 years	Allowed based on current policy, i.e. status quo.	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 total CPF usage by the household will be the pro-rated Valuation Limit (VL) [#] based on the ratio of the remaining lease when the youngest buyer who can use CPF turns 55 years old, to the lease at point of purchase.	Allowed, if remaining lease can cover the buyer* to the age of at least 80. Loan tenure will be the shortest of: 30 years; 65 years minus average age of buyers; and balance lease at the point of purchase minus 20 years.
20- 29 years	Not allowed.	Allowed, if remaining lease can cover the buyer* up to the age of at least 80. Loan tenure will be the shortest of: 30 years; 65 minus average age of buyers; and balance lease at the point of purchase minus 20 years.
< 20 years	Not allowed.	No HDB housing loan.

[#] The VL of the flat is the lower of its valuation or its purchase price.

^{*} Based on the average age if there is more than one buyer to a flat.

[^] Mortgage Servicing Ratio limit at 35% (see Annex III).