

# Option to Purchase

After you have obtained a valid [HDB Flat Eligibility \(HFE\) letter](#), considered your [mode of financing](#) and worked out your budget, you may proceed to look for a suitable flat that meets your budget. Once you have decided on a flat and agreed on a price for it, you may proceed to obtain an Option to Purchase (OTP) from the flat sellers.

If you intend to get an [HDB housing loan](#), you must have a valid HFE letter from HDB before the flat sellers may grant you an OTP. If you intend to get a [housing loan from a financial institution](#), you must have a valid Letter of Offer (LO) before you exercise the OTP. You may concurrently request an In-Principle Approval and LO from participating financial institutions when applying for the HFE letter through [My Flat Dashboard](#).

You and the flat sellers must use the [HDB-prescribed OTP](#) for the resale transaction. Any other agreements and/ or supplementary agreements relating to the sale or purchase of the flat are not valid under the Housing and Development Act.

Print only 1 copy of the OTP as each form has a unique serial number. You must state the serial number of the OTP when you submit a resale application to HDB.

The OTP is a legally binding contract between you and the flat sellers. Read the [Important Notes of the OTP](#) and the [Terms and Conditions of Resale](#) carefully before entering into a contract.

## Deposit to sellers

You must pay flat sellers an Option Fee when they grant you an OTP, and an Option Exercise Fee when you exercise the OTP.

You may negotiate the amounts of Option Fee and Option Exercise Fee with the flat sellers, which will form part of the resale price.

Payment by flat buyers to sellers	Stage of OTP	Amount to pay
Option Fee	Granting of OTP	Between \$1 and \$1,000
Option Exercise Fee	Exercising of OTP	An amount, which when including the Option Fee, will not exceed \$5,000

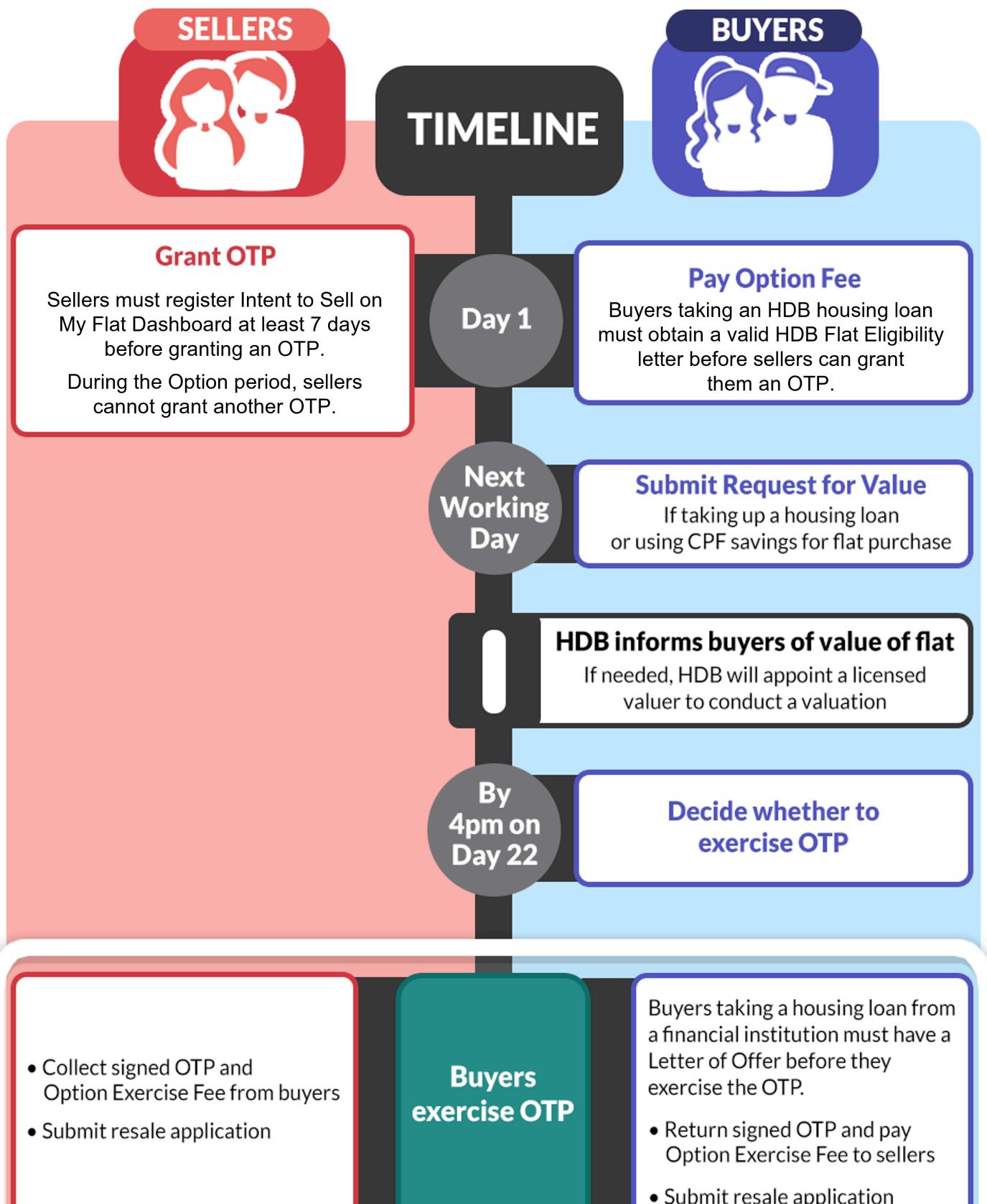
You are encouraged to make payment using digital payment modes to secure independent proof of payment.

# **Procedure to enter into a contract using the**

**OTP**

# OPTION TO PURCHASE FOR RESALE FLAT

An Option to Purchase (OTP) is a legally binding contract between flat sellers and buyers in a resale transaction to protect the interests of both parties.



Fees payable by buyers:

Option  
Fee



Option  
Exercise  
Fee

= Deposit

Not more  
than \$1,000

Not more  
than \$5,000

OR

**Buyers do not  
exercise OTP**

- Sellers keep Option Fee
- Sellers can grant another OTP when the existing OTP expires

- Buyers let OTP expire and forfeit Option Fee



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Read the steps below for more details.

### **Step 1: Negotiate and agree on the resale price**

You and the flat sellers must mutually agree on the resale price of the flat.

You may use the [resale flat prices e-service](#) to check the transacted resale flat prices to help you make an informed decision on how much to pay for the flat. The figures are updated daily based on HDB's registration of the resale applications received.

<b>Before entering into an OTP</b>	Ensure that you have obtained a valid <a href="#">HDB Flat Eligibility (HFE) letter</a> via <a href="#">My Flat Dashboard</a> .
<b>When entering the OTP</b>	You and the flat sellers must declare the true resale price of the flat to HDB, and must not enter into any supplementary/ other agreements or arrangements that may cause the resale price as declared to be inflated or understated.  <b>Note:</b> It is an offence to give false information relating to the resale application - HDB may take the necessary action(s) as stated in the <a href="#">Terms &amp; Conditions</a> , Option to Purchase and Application Form(s).

## **Step 2: Sellers grant the OTP to you**

The flat sellers will grant you the OTP to buy the resale flat at the agreed resale price.

# **Completing the OTP**

The flat sellers must fill in these sections in the OTP:

Page	Sections
1	<ul style="list-style-type: none"><li>• Option Date</li><li>• Flat address</li><li>• Purchase price (resale price of the flat)</li><li>• Option Fee (between \$1 to \$1,000)</li><li>• Option expiry date (21 calendar days from the option day, including Saturdays, Sundays and Public Holidays. For e.g., if the flat sellers grant an Option to you on 1 April, the Option will expire on 22 April at 4pm)</li><li>• Names (as in NRIC) and NRIC numbers of all the flat sellers and buyers</li></ul>
2	Clause 6.1(c): Option Exercise Fee
4	Clause 12: Number of days from the date of exercising the Option that you and the flat sellers have agreed to submit the resale application to HDB

Page	Sections
8 (top half)	<ul style="list-style-type: none"> <li>• Option Date</li> <li>• Flat address</li> <li>• All flat sellers must sign on the OTP</li> <li>• A witness may sign on the OTP (seller's salesperson or any person, aged 21 years or above, and not involved in the resale transaction)</li> </ul>
9 (optional)	Inventory list of the flat
10 (optional)	Authorisation for another person to receive the Acceptance of the flat buyers when they exercise the OTP

## Option Fee

At this stage, you do not have to sign on the OTP. However, you must pay an Option Fee to the flat sellers. The Option Fee should be a sum between \$1 and \$1,000, to be mutually agreed between you and the flat sellers.

Once the flat sellers have granted the OTP to you, they cannot grant another OTP to other flat buyers until the OTP granted to you has expired.

### Step 3: Review purchase during Option Period

The OTP is valid for 21 calendar days from the date the OTP is granted.

The Option Period is 21 calendar days (including Saturdays, Sundays, and Public Holidays). It is given to you by the flat sellers, from the date of granting the OTP (refer to Step 2).

You should use the Option Period wisely and not rush into exercising the OTP. During this period, you must log in to My Flat Dashboard to:

**Confirm mode of financing** Confirm your mode of financing (i.e., cash, CPF savings, and/ or a housing loan) for your flat purchase in My Flat Dashboard.

**Request for Value of Flat** You must submit a Request for Value for the flat if you are using your CPF savings and/ or taking up a housing loan to finance your flat purchase. You may submit the request via My Flat Dashboard after the flat sellers have granted you the OTP.

Once you have made the request, you can log in to My Flat Dashboard to view the progress and outcome.

## **Step 4: Exercise the OTP or allow OTP to expire**

To proceed with the flat purchase, you must exercise the OTP within the Option Period.

Otherwise, you must wait for the OTP to expire.



# **Proceed with flat purchase: Exercise the OTP**

To proceed with the flat purchase, you must exercise the OTP during the Option Period. If you are taking a housing loan or using your CPF savings to pay for the flat, ensure that the flat value\* is available before you exercise the OTP.

\* Read [request for value](#) for more information.

## **Housing loan from HDB**

If you are taking a housing loan from HDB, ensure that you have a valid [HDB Flat Eligibility \(HFE\) letter](#).

## **Housing loan from a financial institution (FI)**

If you are taking a housing loan from a FI, ensure that you have a valid Letter of Offer (LO). The date of issue of the LO must be on or before you exercise the OTP. You may concurrently request an In-Principle Approval and LO from participating financial institutions when applying for the [HFE letter](#)<sup>^</sup> on [My Flat Dashboard](#).

## **Signing and returning the OTP**

To exercise the Option, you must sign on the OTP and return it to the flat sellers:

Page	Sections
8 (bottom half)	<ul style="list-style-type: none"><li>You and all your co-buyers must sign on the “ACCEPTANCE” section</li><li>A witness may sign on the OTP (your salesperson or any person, aged 21 years or above, and not involved in the resale transaction)</li></ul>

## **Option Exercise Fee**

When you exercise the OTP, you need to pay an Option Exercise Fee to the flat sellers. The amount, as stated in Step 2, is to be mutually agreed upon between you and the flat sellers.

# Not proceeding with flat purchase: Allow OTP to expire

If you do not wish to proceed with the purchase, you need not take any further action. Upon expiry of the OTP, you will forfeit the Option Fee and you do not need to continue with Step 5.

## **Step 5: Submit the resale application**

After you have exercised the OTP, you and the sellers must decide when to submit the respective portions of the resale application to HDB.



You and the flat sellers must both submit the respective portions of the resale application separately within both timeframes:

- i. Within the agreed number of days as stated on page 4 of the OTP, and
- ii. Within 7 days of each other's submission

A resale application is only complete when HDB has received both you and the flat sellers' respective portions of the resale application and the necessary supporting documents.

Read about submitting a resale application and what you need to do before the application is accepted and approved.

### **Important note:**

The applicant(s) and occupier(s) listed in your resale flat application must remain the same as those in your HFE letter application.

If you need to make any changes to your HFE letter, e.g. addition/ removal of household member(s), change in status from an applicant to an occupier or vice versa, marital status, citizenship, ownership of private properties, etc., please follow the steps below:

#### **Submitted a resale application**

#### **Steps to take**

**No**

1. Cancel your HFE letter
2. After cancellation, apply for a fresh HFE letter (i.e. complete Step 1 and Step 2 of the buying process again) via My Flat Dashboard

**Yes**

Write to us via MyRequest@HDB with your resale case number. We will advise you further.

## NEXT STEPS

### **Request for Value**

Obtain information on submitting a request for value.

### **Application**

Learn about the details and documents required when buyers submit a resale application.

### **Resale Completion**

Obtain details on the resale completion appointment and the actions to take before and during the appointment.

### **Conditions After Buying**

Learn about the conditions that flat buyers have to follow after moving into their flat.

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Last Updated 16 September 2024