

# Mode of Financing

Plan your finances and work out your budget before you search for a suitable home.

To work out a financial plan, consider the following:

- Payments that you need to make by using cash and CPF savings
- The amount of housing loan
- CPF housing grant(s)

You can use our [calculators](#) to estimate your finances and the amount of housing loan you may need for your flat purchase. Read [working out your flat budget](#) for more tips on financing a flat purchase.

## Cash and CPF savings

There are payments that you need to make at various stages of the flat purchase. Do ensure that you have sufficient funds for all the payments.



## Cash payments required

You must use cash at the following stages:

### Option to Purchase

#### **Deposit to seller for Option to Purchase (OTP)**

You must pay the sellers a deposit (\$2 to \$5,000), which consists of the Option Fee and Option Exercise Fee, during the granting and exercising of the [Option to Purchase](#) respectively.

#### **Processing fee for Request for Value**

If you intend to buy a resale flat using your CPF savings and/ or a housing loan, make a [Request for Value](#) to HDB to determine the flat's value. You will need to pay a processing fee of \$120.

### Resale Application

#### **Resale application fee**

You must pay an [administrative fee](#) of \$80 (or \$40 for 1- and 2-room flats), when you submit your portion of the [resale application](#) via [My Flat Dashboard](#).

#### **Legal fees**

The amount payable will depend on the solicitor you appoint to act for you. Read more about the [payments required](#).

<b>Part of the initial payment</b>	You must pay part of the <u>initial payment</u> in cash if you are taking a housing loan from a financial institution (FI) or have insufficient CPF savings.
<b>Others</b>	E.g. the administrative fee if you agree to the <u>temporary extension of stay</u> by flat sellers

## Resale Completion

<b>Amount not covered by CPF savings and eligible housing loan amount</b>	<p>You must pay the balance purchase price of the flat before or during the resale completion appointment, after factoring in:</p> <ul style="list-style-type: none"> <li>• Initial payment</li> <li>• Any CPF housing grant(s)</li> <li>• CPF Ordinary Account savings</li> <li>• Eligible housing loan amount</li> </ul>
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Read more about the resale completion appointment.

<b>Cash proceeds from disposal of the last flat if you are taking a second HDB housing loan</b>	If you are taking a <u>second HDB housing loan</u> , you have to use part of the cash proceeds from the disposal of an existing or previous flat to pay for your flat purchase, so as to reduce the loan amount required, for financial prudence.
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<b>Others</b>	<p>E.g.:</p> <ul style="list-style-type: none"> <li>• <u>Fire insurance</u></li> <li>• <u>Home Protection Insurance premium</u></li> <li>• Other expenses such as furnishings, renovation</li> </ul>
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## Use of CPF savings

The savings in your CPF Ordinary Account (OA) can be used for:

<b>Legal fees</b>	The <u>legal fees</u> will depend on the solicitor you appoint to act for you.
<b>Initial payment</b>	<p>You may use your CPF savings to pay for the <u>initial payment</u>.</p> <p>If you are taking a housing loan from a financial institution (FI), at least 5% of the initial payment have to be in cash.</p>
<b>Balance purchase price</b>	You may use your CPF savings to pay for the <u>balance purchase price</u> .
<b>Monthly payments of mortgage instalments</b>	The <u>monthly payments</u> will start after the resale completion.

# Retention of up to \$20,000 in CPF OA

Flat buyers taking a housing loan from HDB have the option of retaining up to \$20,000 of the available CPF savings in each buyer's OA. The remaining balance in the CPF OA must be used to pay for the flat purchase, before they can take an HDB housing loan. If you need the CPF refund from the sale of your current property to finance the resale flat purchase, please ensure the amount has already been credited to your CPF OA, before you submit the resale application.

## Conditions for use of CPF savings

Take note of the following conditions for using your CPF savings:

- There is a limit on the total amount of CPF savings that can be used for your flat purchase. Once that limit is reached, you will not be able to withdraw more of your CPF savings and have to pay the balance flat purchase price and/ or monthly mortgage instalments in cash
- The total amount of CPF savings that can be used for your flat purchase and/ or paying monthly mortgage instalments will depend on the extent the remaining lease of the flat can cover the youngest buyer up to the age of 95. You can get the details of a flat's lease at HDB Map Services.

Details on the use of CPF savings and the applicable limits are shown in the table below:

**Remaining lease of flat  
is at least 20 years and  
can cover the  
youngest buyer up to  
the age of 95**

### Applicable Limits for CPF Usage

Yes	The amount use is capped at the <u>lower</u> of the value of flat or price of the flat at the time of purchase.
No	The amount is pro-rated based on the extent the remaining lease of the flat can cover the youngest buyer up to the age of 95. When the allowed CPF amount is used up, buyers have to pay the balance flat purchase price and/ or monthly mortgage instalments in cash. This will help buyers to set aside CPF savings for their housing needs during retirement (e.g. buying a replacement property).

Use CPF Board's housing usage calculator to estimate the amount of CPF savings you can use for your flat purchase, and their home purchase planner to understand how financing a home purchase impacts your retirement savings. For more information on the use of CPF savings, please visit CPF Board's website.

## Housing loan

To finance your flat purchase, you may choose to take a housing loan from HDB or a financial institution (FI) regulated by the Monetary Authority of Singapore.



Buying a flat is a long-term commitment, and mortgage payments can stretch up to 25 years or more. Hence, it is important to exercise financial prudence so that you can sustain the monthly payments.

# Housing loan from HDB

Before buying a flat and taking housing loan from HDB, you need to first obtain an HDB Flat Eligibility (HFE) letter. The HFE letter will provide you with a holistic understanding of your housing and financing options before you embark on your home buying journey. It will inform you upfront of your eligibility to purchase a new or resale flat, as well as the amount of CPF housing grants and HDB housing loan you are eligible for.

Do take note of the following:

## Valid HFE letter

You will need a valid HFE letter at all of the following stages:

- Before obtaining an Option to Purchase (OTP) from a flat seller
- When you exercise the OTP
- When you submit the resale application

## Household status

Your household's eligibility for housing subsidies and HDB housing loan is assessed based on the core family nucleus in your HFE letter application, which is formed by the core member(s). Core members refer to the applicant(s) and occupier(s) in an HFE letter application who enable the applicant(s) to qualify for a flat purchase under an eligibility scheme. All core members must remain in the flat application, and physically occupy the flat during the minimum occupation period (MOP) after the flat purchase. Their names cannot be removed.

You and all core members must not have taken 2 or more housing loans from HDB.

## Second HDB housing loan

The eligible loan amount will be granted only after you have paid for the flat purchase with the CPF refund and up to 50% of the cash proceeds from the disposal of your current or last owned flat/ property.

## Retaining up to \$20,000 CPF savings in the Ordinary Account (OA)

You and your co-applicant(s) may each retain up to \$20,000 CPF savings in the Ordinary Account (OA). The rest of the available CPF OA balances must be used to pay for the flat purchase.

### Remaining lease of flat

If the lease can cover the youngest core member up to the age of 95 and above, the Loan-to-Value (LTV) limit will be 75%^ of the lower of the resale price and value.

Otherwise, the LTV limit will be pro-rated from 75%^ . You may use the following online calculators to compute the allowable CPF usage and HDB housing loan:

- CPF usage
- HDB housing loan for a resale flat

You can get the details of a flat's lease using the HDB Map Services.

If you have submitted a resale application, you will be provided with a customised financial plan, which will include the applicable LTV limit at point of resale application (if you are taking an HDB housing loan), and the payments required at the various milestones of your flat purchase.

^ For complete resale applications received by HDB on or after 20 August 2024.

### Refinancing to housing loan from financial institution (FI)

You may refinance the HDB housing loan for your flat with a housing loan from an FI.

If you are not eligible for a housing loan from HDB but need financing for your flat purchase, please obtain a loan from an FI.

## Housing loan from financial institutions

You may choose to finance your flat purchase with a housing loan from the FIs regulated by Monetary Authority of Singapore (MAS). View and compare the housing loan packages offered by the participating FIs on My Flat Dashboard.

Check the key terms and considerations in taking up a housing loan from the FIs before deciding. You can use our calculator to obtain housing loan estimates from the FIs.

When applying for an HFE letter on the My Flat Dashboard, you may also apply for an In-Principle Approval (IPA) from the participating FIs, which will provide you with a preliminary assessment of your housing loan eligibility. Before you exercise an Option to Purchase, you may request to convert your IPA into a Letter of Offer via the HDB Flat Portal.

Do take note of the following:

### Valid Letter of Offer (LO)

You must have a valid LO before exercising the OTP.

**Refinancing to housing loan from financial institution (FI)** When you take a housing loan from an FI, you may refinance it a housing loan from the same or different FI, but not from HDB.

## CPF housing grants

You may be eligible to receive a housing subsidy to help with the purchase of your resale flat.



Read our [eligibility conditions](#) to find out if you are eligible for any CPF housing grants, which are housing subsidies given by the Government to eligible Singapore Citizen buyers.

The housing grants can be used for the [initial payment](#) and to reduce the required housing loan amount.

## NEXT STEPS

### Option to Purchase

[Read about granting an Option to Purchase to your buyers.](#)

### 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.](#)

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