

**THE CPF LAWS RELATING TO  
THE DISPOSAL OF PRIVATE PROPERTIES**

1. Sections 15(15), 15(6) and 21 of the Central Provident Fund Act (Cap.36) (the “CPF Act”) and the provisions of the Central Provident Fund (Residential Properties Scheme) Regulations (Rg 6) together with the provisions of the Central Provident Fund (New Minimum Sum Scheme) Regulations (Rg 31) / the Central Provident Fund (Revised Minimum Sum Scheme) Regulations (Rg 2) / the Central Provident Fund (Minimum Sum Scheme) Regulations (Rg 16) govern the use and refund of the requisite CPF monies and the maintenance and refund of the CPF Minimum Sum where CPF monies are used for HDB housing purposes.
2. Generally, the requisite CPF refund that has to be refunded when a member gives up his property ownership is:-
  - (a) the CPF principal amount withdrawn together with accrued interest if the property is sold during the member’s lifetime and before he/she attains the age of 55 years;; or
  - (b) the Minimum Sum deficiency or the CPF principal amount withdrawn plus accrued interest thereon, whichever is lower<sup>1</sup>. The Minimum Sum deficiency is the Minimum Sum applicable to the member when he/she attains age 55 years less the cash set aside or topped-up in his/her Retirement Account in respect of his/her Minimum Sum up to the time of the disposal of the property since age 55 (excluding interest earned in his/her Retirement Account and Government cash grants credited to his/her Retirement Account). [This is applicable where the member has **attained age 55 years on or after 1 July 1995**<sup>2</sup>.].
3. Section 21(10) of the CPF Act provides that the charge on the property shall continue in force until one of these events occurs:
  - (a) all the moneys secured by the charge have been repaid; or
  - (b) all the moneys secured by the charge are no longer required, by any regulations made under section 77(1), to be repaid to the Fund; or
  - (a) if the Board is satisfied of the occurrence of any of the events mentioned in section 15(15)(e).
4. In respect of paragraph 3(b) above, nothing is refundable in respect of the member if he-:
  - (a) is entitled to withdraw his CPF moneys under section 15(2), (3) or (4) of the CPF Act and has complied with the requirements for such withdrawal [one example is where member has reached age 55 years as at the date of sale and does not have any Minimum Sum deficiency];or
  - (b) has passed away prior to the date of sale of the property

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<sup>1</sup> If the property is pledged in lieu of the Minimum Sum and the pledged Minimum Sum is higher than the CPF principal amount withdrawn plus the accrued interest thereon, then the amount refundable is the lower of the Minimum Sum deficiency and the pledged Minimum Sum.

<sup>2</sup> A member who had attained age 55 years before 1 July 1995 is required to refund the Minimum Sum pledged (or any part thereof) plus accrued interest thereon, if his/her interest or estate in the property is pledged in lieu of setting aside the requisite Minimum Sum or any part thereof in his/her Retirement Account.

5. Where a member applies to withdraw his/her CPF upon attaining age 55 years, he/she is required to set aside the Minimum Sum in his/her Retirement Account for retirement purposes [see sections 15(2)(a) and 15(6) of the CPF Act]. If the member does not have sufficient moneys in his/her CPF Account as a result of using the moneys for housing purposes, the moneys secured by the section 21 charge on the property will be taken into consideration towards setting aside part of the Minimum Sum in his/her Retirement Account [see regulations 2, 4 and the Second Schedule of the Central Provident Fund (Revised Minimum Sum Scheme) Regulations/ Central Provident Fund (New Minimum Sum Scheme)].
6. Where the member has sufficient CPF monies to set aside his/her CPF monies in his Retirement Account at age 55 years, but he/she has chosen to pledge the property under section 15(9) or (9A) of the CPF act in lieu of setting aside the Minimum Sum or any part thereof in cash and to withdraw the balances in excess of the Minimum Sum cash component, he/she would have to refund the pledged Minimum Sum upon disposal of the property, if no CPF monies has been used for the purchase of property<sup>3</sup>.
7. The priority for distribution of proceeds of sale in the event that the selling price is insufficient to effect the refund of CPF monies in full and **provided the sale is at fair market value**, as provided in regulation 26 of the CPF (Residential Properties Scheme) Regulations, is as follows:
  - (a) For properties bought before 1 September 2002 and not refinanced after 1 September 2002 - the selling price would be distributed in accordance with the Deed of Arrangement which was signed by the members, the bank/financial institution and the CPF Board when the property was purchased, namely:-

Selling price less:

    - (1st) CPF principal amount up to 80% of the valuation of the property plus CPF used to pay the legal & stamp fees incurred in the purchase of the property;
    - (2nd) CPF principal amount for the additional 20% of the valuation of the property and outstanding Housing Loan (Housing Loan here refers to the housing loan which was taken towards the purchase of the subject property and accorded second ranking. Other loans like renovation loans and loans taken towards personal use cannot be considered in this distribution of proceeds);
    - (3rd) CPF principal amount in excess of the 100% valuation limit, CPF accrued interest and bank's interest (calculated from the date of disposal of property).
  - (b) For properties bought on or after 1 September 2002 or refinanced on or after 1 September 2002 - the sales proceeds would be distributed in accordance with the Memorandum of Mortgage filed with the Singapore Land Authority and the terms of the Confirmation of Priority Arrangement which was signed by the members, the bank/financial institution and the CPF Board or the Letter of Loan Confirmation from CPF Board, namely:-

Selling price less:

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<sup>3</sup> If the member had attained age 55 years before 1 July 1995, he/she would have to refund the pledged Minimum Sum plus accrued interest thereon.

- (1st) Outstanding Housing Loan (Housing Loan here refers to the housing loan which was taken towards the purchase of the subject property. Other loans like renovation loans and loans taken towards personal use cannot be considered in this distribution of proceeds);
  - (2nd) CPF principal amount up to 100% of the valuation of the Property plus CPF used to pay the legal & stamp fees incurred in the purchase of the property;
  - (3rd) CPF principal amount in excess of the 100% valuation limit, CPF accrued interest and bank interest (calculated from the date of disposal of property).
  - (4th) CPF legal costs and expenses and financier's legal costs and expenses ranking equal.
- (c) Should the sale proceeds (after the deduction of the outstanding housing loan), as in paragraph 5(b) above, be insufficient to effect the CPF refunds in full, and provided that the property is sold at a fair market value (i.e. selling price is at market valuation or above), the Net Sale Proceeds will be apportioned and is required to be refunded to the members' respective CPF accounts as follows:

*Refund to Member A's CPF account:*

$$\frac{\text{Requisite CPF Refund* of Member A}}{\text{Requisite CPF Refunds of Member A + Member B}} \times \text{Net Sale Proceeds}$$

*Refund to Member B's CPF account:*

$$\frac{\text{Requisite CPF Refund of Member B}}{\text{Requisite CPF Refunds of Member A + Member B}} \times \text{Net Sale Proceeds}$$

In such an event, the members need not make good the shortfall in cash.

8. Where it is a **sale of part share** and the part share selling price, after settling the outgoing member's (Member A in the example below) share of the outstanding housing loan, is insufficient to effect the CPF refund in full, the following method is used to compute the amount to be refunded by the outgoing member:

- (a) For properties bought before 1 September 2002 and not refinanced after 1 September 2002:-

Selling price for 100% share less:

- (1st) CPF principal amount withdrawn by Member A (outgoing member) and Member B (remaining member);
- (2nd) Outstanding housing loan for 100% share
- (3rd) CPF accrued interest withdrawn by Member A and Member B

If the part share selling price is less than or equal to the CPF principal amount withdrawn by Member A, we would require the full part share selling price to be refunded to Member A's CPF account.

If the part share selling price is not enough to refund Member A’s requisite CPF refund, we will collect the principal amount withdrawn and part of the accrued interest. This is provided the property is sold at fair market value.

- (b) For properties bought on or after 1 September 2002 or refinanced on or after 1 September 2002, the refund amount to the outgoing’s member’s CPF member’s CPF account will be the higher of the two amounts calculated by the formulae below, provided the sale of part share is at fair market value:

Formula 1	Part share Selling Price – x% of outstanding housing loan <i>Where x% = share of property sold</i>								
Formula 2	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Member A’s requisite CPF refund</td> <td style="width: 40%; text-align: right;">x Balance Proceeds</td> </tr> <tr> <td colspan="2" style="text-align: center;">-----</td> </tr> <tr> <td colspan="2" style="text-align: center;">Total requisite CPF refund for Member A &amp; B</td> </tr> <tr> <td colspan="2" style="text-align: center;"> <i>Balance Proceeds = Selling price for whole property - Outstanding housing loan</i></td> </tr> </table>	Member A’s requisite CPF refund	x Balance Proceeds	-----		Total requisite CPF refund for Member A & B		 <i>Balance Proceeds = Selling price for whole property - Outstanding housing loan</i>	
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 <i>Balance Proceeds = Selling price for whole property - Outstanding housing loan</i>									

The refund is capped at the part share selling price or the requisite CPF refund, whichever is lower. This is provided the property is sold at fair market value.

9. Unless the requisite CPF refunds is effected to the members’ respective CPF accounts as above, the charge on the property shall not be discharged and the members would not be able to proceed with the sale, transfer or otherwise disposal of the property.
10. As the CPF housing refund or non-refund depends on the member’s age and living status **at the time of the sale, transfer, assignment or otherwise disposal of the property**, the order of court should adequately provide for the appropriate scenarios and the parties’ obligations/entitlements.

*For example, if the parties are seeking an order for:*

- (a) *the refund of the CPF principal amount withdrawn plus accrued interest thereon (P+I), then parties should obtain further orders directing:*
- (i) *that the sale, transfer or otherwise disposal of the property is to take effect **before** the outgoing member’s 55 years of age (where possible) and during his lifetime; and*
  - (ii) *should the sale, transfer or otherwise disposal of the property take place after the outgoing member attains 55 years of age, how the balance sale proceeds after the CPF requisite refunds are made should be divided, taking into consideration that the outgoing member only needs to refund the Minimum Sum Deficiency which may be less than the P + I;*
- (b) *the requisite CPF refund to be effected and if the outgoing member dies **before** the sale, transfer of or otherwise disposal of the property or if the outgoing member is able to set aside the requisite Minimum Sum in his Retirement Account, then parties should consider obtaining further orders on who is to benefit from such moneys since nothing is payable to the member’s CPF account [see paragraph 4 above].*

**NOTE:**

*The above is subject to the provisions of the CPF Act and the subsidiary legislation made thereunder as well as any amendments that may be made from time to time.*

*The CPF Board will not be involved in the distribution of any monies in excess of the requisite CPF housing refunds. The appropriate parties/beneficiaries are to deal with the distribution of such excess moneys upon the sale, transfer, assignment or otherwise disposal of the property.*

*- The End -*