

TERMS & CONDITIONS ON THE USE OF CPF FOR PURCHASE OF HDB FLATS FINANCED WITH BANK LOANS

1. **OBJECTIVE**

The objective of the Scheme is to help CPF members buy a flat in Singapore for occupation.

2. **USE OF CPF SAVINGS**

A member is allowed to withdraw his Ordinary Account savings under the Scheme for:

- a) *Direct payment of purchase price of the flat, including cost of common areas, to the HDB, financier and/or sellers;
- b) Repayment of housing loan in part or whole and/or to pay the monthly instalments of the **housing loan taken for the purchase of the flat;
- c) Payment of stamp duty, legal fees, and other related costs incurred in connection with the purchase or mortgage on the flat;
- d) Payment of the cost of upgrading the HDB flat incurred under the HDB Main Upgrading Programme (MUP) in part or whole and/or by monthly instalments.

* The amount applied to be used for the purchase of the flat can only be released when the difference between the purchase price and the aggregate of the housing loan (if any) and CPF lumpsum applied for payment of the purchase price has been made with the member's own funds.

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

3. **CPF CHARGE**

A CPF charge on the flat is effected immediately upon the release of CPF monies for the flat. The Charge shall be in force until the CPF released towards the flat, including the interest accrued, are refunded into the members' account as required by the Board.

The Board may, where it deems fit, accept an application and release information regarding the Board's charge on a flat to any public authority and/or members of the public. An administration fee of \$21.00 (including GST) will be imposed for the release of information.

4. **WITHDRAWAL LIMIT**

The lumpsum CPF withdrawn plus the loan taken for the purchase of the flat cannot exceed the lower of the purchase price or market value of the flat at the time of purchase as assessed by the Board. The Board reserves the right to release monies based on the value of the property as assessed by the Board.

If the housing loan is still outstanding when the Valuation Limit (VL) is reached, flat owners may use further CPF savings up to X% of the Valuation Limit to service the housing loan, subject to sufficient Available Housing Withdrawal Limit (AHWL). The table below shows the schedule of X over the years:

Date of Purchase (i.e. S&P agreement)	Amount of CPF Savings that could be used above the 100% Valuation Limit
1 Jan 2003 – 31 Dec 2003	AHWL or 150% of VL, whichever is lower
1 Jan 2004 – 31 Dec 2004	AHWL or 144% of VL, whichever is lower
1 Jan 2005 – 31 Dec 2005	AHWL or 138% of VL, whichever is lower
1 Jan 2006 – 31 Dec 2006	AHWL or 132% of VL, whichever is lower
1 Jan 2007 – 31 Dec 2007	AHWL or 126% of VL, whichever is lower
1 Jan 2008 onwards	AHWL or 120% of VL, whichever is lower

"AHWL" means the lower of 80% of the gross CPF savings in excess of the prevailing Minimum Sum or the available balance in the member's CPF Ordinary Account after setting aside the Minimum Sum cash component. Therefore, before the member can withdraw the additional funds under AHWL, the member must also have enough balance in his Ordinary and Special Accounts to set aside the Minimum Sum cash component prevailing at the time of withdrawal.

5. **ABORTIVE PURCHASE**

The member shall refund to his account all the monies he had withdrawn for the flat if he withdraws his application for the purchase of the flat, or if the agreement entered into by the member and any person for the purchase of the flat is rescinded.

6. **NOTIFICATION OF CHANGES TO LOAN DETAILS**

The member, who had used CPF towards the purchase of the flat, and his financier (if any) are required to notify the Board of the following:

- a) full redemption of the housing loan
- b) refinancing or re-mortgage of the flat
- c) increase in loan quantum approved by the financier (Note: If the quantum exceeds the CPF Withdrawal Limit, the Board may require the member and his financier to maintain a separate loan account for the excess sum.)
- d) Changes in term of loan (applicable if using CPF for monthly instalment payment)

7. APPLICATION TO WITHDRAW CPF SAVINGS

All applications must be submitted on official application forms which are obtainable from the Board. The forms are to be submitted to Public Housing Section – Bank Loan at 31st storey, CPF Building, 79 Robinson Road, Singapore 068897. The application has to be submitted to the Board **at least 3 weeks prior to the payment due date.** Members are required to furnish the Board all such information, evidence and documents as the Board may require for the release of the members' CPF in respect of the flat. The following documents are to be submitted to the Board together with the applications where applicable:

FORM	HBL/1 (1 st -time application)	HBL/2 (Application for refinancing)	HBL/3 (Subsequent application)
DOCUMENTS			
[#] Valuation Report of flat at time of purchase	√		
Financier's Letter of Offer	√		
Bill for Legal Fees	√	√	√
Financier's Statement on Loan Outstanding			** √
Financier's Statement on Revised Mortgage Rate			^ √

[#]The Board reserves the right to re-assess the value of the property. The cost of the valuation will be borne by the CPF members. For applications received by HDB on or after 1 April 2005, the valuation reports have to be prepared by valuers assigned by HDB.

**The statement on loan is required if the members are applying to use their CPF savings to effect a full redemption of the housing loan.

^The statement on revised mortgage rate is required if there are changes to the total monthly repayment amount arising from changes to loan quantum and/or term of loan.

In the event that the member submits a second application while the first application is still being processed by the Board, the second application will be deemed to supersede the first application.

8. APPOINTMENT OF LAWYER

Where HDB is not acting for the member, the Board may appoint a lawyer to disburse the CPF monies withdrawn from the member's account for payment to the relevant parties for the completion of the purchase of the flat, and/or collect the repayment of the CPF monies into the member's account upon the sale, transfer, assignment or otherwise disposal of the flat. **The costs incurred shall be borne by the members.** The indicative costs are as follows:

	Disbursement of CPF Monies	Recovery of CPF Monies (not payable using CPF savings)
*Legal Fees (excluding GST)	≤ \$220/-	≤ \$175/-

*The costs indicated above may vary depending on the nature of work and members' application.

9. OTHER CONDITIONS

In the event that a member passes away after his application to use his CPF for the flat is accepted by the Board, but before the payment is released from his account, no payment will be released from his account for the purchase or payment of the flat or housing loan.

10. NOTIFICATION OF SALE AND REFUND OF CPF MONIES

A member, who had used CPF towards the purchase of the flat, and his financier (if any) are required to notify the Board of the intended sale, transfer, assignment and otherwise disposal of the flat one month prior to the completion of the transaction. The member and/or his financier are to furnish the Board with the redemption statement of the housing loan four weeks prior to the completion of sale, transfer, assignment or otherwise disposal of the flat.

The member is required to refund the CPF savings withdrawn plus interest accrued to his CPF account upon the sale, transfer, assignment or otherwise disposal of the flat, if he has not yet qualified for withdrawal of CPF savings under Section 15 of the CPF Act. Otherwise, if the member is aged 55 and above and qualifies for withdrawal of his CPF savings under Section 15 of the CPF Act he is required to refund to his account the minimum sum for which the property is pledged plus the accrued interest.

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

Any member who has purchased 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 unauthorized 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 plus accrued interest.

GENERAL INFORMATION ON HOME PROTECTION SCHEME (HPS)

Note: The coverage under the Home Protection Scheme is subject to the provisions of the Central Provident Fund Act (Cap 36) and the Central Provident Fund (Home Protection Insurance Scheme) Regulations made thereunder and any amendment, modification or re-enactment thereof and also to all terms and conditions as may be imposed by the Board from time to time.

The HPS, a mortgage-reducing term insurance, helps CPF members and their families keep their homes by paying off the insured members' share of the outstanding housing loan in the event of their incapacity or death before age 65.

Members who use CPF savings to service their monthly housing loan instalments of their HDB flats have to be insured under HPS.

Share of Cover

The share of cover should match the proportion a member is paying for his/her monthly housing instalments, including CPF savings and/or cash.

Commencement of Insurance Risk

The risk shall only commence after member obtains legal ownership of the flat, the loan document has been executed, the health declaration is done and the risk is accepted by the Board AND the premium has been paid.

Cover Period

Members are insured up to age 65 or until their housing loans are paid up, whichever is earlier.

Health Declaration

Members need to declare their health condition and any material fact that may affect the acceptance of their coverage under HPS. They have to provide such facts or information as the Board may require before they can be insured under HPS. Health declaration is also required when members apply to adjust their existing HPS cover or increase their share of cover.

The Board will not consider claims from members who have given false or misleading statements, or have withheld material information in their health declarations. No premium is refundable upon the rejection of claim.

Policy Lapse

HPS is compulsory for members who are using CPF to pay their housing loan instalments on HDB flats. If members' policies lapse due to non-payment of HPS premiums, the Board reserves the right to cease the use of their CPF savings for housing loan instalments.

Payment of Premiums and Grace Period

Premium is calculated based on members' outstanding housing loan, loan repayment period, period of cover, sex and age.

Premiums will be deducted annually from the members' CPF Ordinary Account on the premium payment date as indicated in the certificate.

The premium deduction will take priority over the deduction for housing loan instalments. Members should ensure that there is sufficient CPF savings for the payment of the HPS premium and monthly housing loan instalments.

If members have insufficient CPF savings in their Ordinary Account, the Board will notify them in writing to pay the outstanding premium within the stated grace period.

If the outstanding premium is not paid after the grace period, the policy will lapse. Members will have to apply for HPS cover again. Acceptance of an application for cover is subject to health declaration.

Adjustment of Coverage

Members may apply to the Board to adjust their HPS covers if their housing loans or share of financial responsibility have changed, subject to them making a health declaration and paying the additional HPS premium, if any.

Members' latest declaration of share of cover on application form for adjustment of share of coverage will supersede their existing share of cover.

Termination of HPS Cover

The HPS cover shall be terminated under any of the following circumstances :

- (1) The housing loan is redeemed
- (2) The property for which cover was taken up is sold or acquired by the housing authority
- (3) A new HPS insurance cover is issued for a HDB property subsequently purchased

For (1), member shall inform the Board in writing if the housing loan has been redeemed so that the cover can be terminated. Please note that claims is only payable if member is covered and still has an outstanding loan with an approved mortgagee.

Death Claims

If the claim is admitted, the Board will pay the outstanding housing loan up to the insured sum directly to HDB or the approved mortgagee.

The Board shall require evidence of death of the members.

Incapacity Claim

"Incapacity" means the members are physically or mentally incapacitated from ever continuing in any employment.

Members must submit evidence of incapacity for the purpose of claim. Members may be required to undergo a medical examination by the Board's appointed doctors to determine the incapacity.

If the claim is admitted, the Board will pay the members' housing loan instalments (based on members' HPS share of cover) for a period up to two years before settling the insured sum in full. The Board will pay the housing loan instalments directly to HDB or the approved mortgagee.

Once a claim is admitted, the members need not continue to pay the annual premiums.

If members resume any employment or are no longer incapacitated, the Board will cease the claim payment, and the members will be covered for the remaining insured sum, subject to payment of premium.

Exclusions

Claim benefits may not be admissible if:

- (1) members are/were not in good health or are mentally/ physically incapacitated before the commencement of their policy,
- (2) members made/provided false or misleading information in their application for HPS cover,
- (3) members committed self-inflicted injury or suicide within the first policy year of the HPS cover,
- (4) the death or incapacity of members arose from wars or any warlike operations or participation in any riot,
- (5) members commit a criminal offence punishable by death within the first policy year of HPS cover

