Using CPF Funds to Pay Your Private Property Mortgage After Purchase

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Using CPF OA to Pay Your Private Property Mortgage After Purchase (CPF Charge / Post-Purchase CPF)

A. Overview

1. If you own a private residential property in Singapore (for example, a condominium or landed house) that is currently mortgaged to a bank, you may be able to start using your CPF Ordinary Account (“CPF OA”) savings to pay your monthly housing loan instalments even if you did not use CPF at the time of purchase.
2. However, if you did not use CPF for the purchase and there is no CPF “charge” lodged against the property title, CPF Board will usually require a fresh CPF charge to be lodged before CPF deductions for the housing loan can start.
3. This process involves legal documentation and registration steps, and CPF Board will usually engage its panel solicitors to coordinate with your bank and your own lawyers.

B. What is a “CPF charge”, and why is it needed now?

1. When CPF monies are used for a property (whether for the purchase price or for monthly instalments), CPF Board requires security over the property so that CPF monies used (plus accrued interest) can be refunded to CPF when the property is sold or transferred.
2. For owners who did not use CPF at purchase, there is typically no CPF security registered on title. When you start using CPF for the loan later, CPF Board will generally require a fresh CPF charge to be lodged against the property title.

C. Do I need a lawyer?

1. In most cases, yes.
2. The reason is simple: a CPF charge is a registrable interest that must be lodged with the Singapore Land Authority (“SLA”), and your existing mortgagee bank must also be involved.
3. CPF Board’s panel solicitors act for CPF Board (not for you). You should appoint your own solicitor to protect your interests, explain the documents to you, and coordinate the process with CPF Board’s panel solicitors and the bank.

D. Step-by-step process (what you can expect)

1. **Step 1: Confirm the basics**

   1.1 Confirm that the property is a private residential property in Singapore and that you are an owner on the title.

   1.2 Confirm that there is an existing housing loan mortgage registered in favour of your bank (e.g. UOB, DBS, OCBC, etc.).

   1.3 Decide whether you want CPF OA to pay:

   (a) the full monthly instalment; or

   (b) part of the monthly instalment (with the balance paid in cash).

2. **Step 2: Start the CPF application for bank-loan properties**

   2.1 For properties financed with a bank loan, CPF Board provides an online service to manage CPF usage for bank loan payments (commence / change / stop).

   2.2 After the online request is started, CPF Board will process the request and (where necessary) appoint its panel solicitors to attend to the CPF documentation.

3. **Step 3: CPF Board’s panel solicitors contact your lawyer (and sometimes your bank or its lawyer)**

   3.1 CPF Board’s panel solicitors typically liaise with:

   (a) your appointed solicitor; and

   (b) your mortgagee bank.

   3.2 At this stage, your lawyer will usually need to gather documents from you and request confirmations from the bank.

4. **Step 4: Document collection (you should prepare these early)**

   4.1 Commonly requested documents include:

   (a) your bank's loan facility letter (the original facility letter issued at the time you took the housing loan);

   (b) your valuation report at the time of purchase (if available); or a valuation as at the time of purchase

   (c) your Sale & Purchase documents (e.g. Option to Purchase / Sale & Purchase Agreement, and completion statement if you have it);

   (d) your latest housing loan statement and/or a bank letter confirming the latest monthly instalment amount; and

   (e) details of all owners on the title (and any co-owner consents where required).

5. **Step 5: Bank consent and "priority / postponement" documentation**

   5.1 Because your bank's mortgage is already registered on the property title, CPF Board will usually require your bank to sign documents to allow CPF Board's charge to be lodged and to deal with the priority arrangement between CPF Board and the bank.

   5.2 This is one of the main reasons the process takes time: the bank's internal approval and signing workflow must be completed before lodgment can proceed.

6. **Step 6: Lodgment at SLA (registration step)**

   6.1 After the documents are signed, the relevant instruments are lodged electronically at SLA.

   6.2 Once registration is successful, the CPF charge will appear as an encumbrance on the property title, and CPF Board can then proceed to activate CPF deductions for your monthly instalments.

7. **Step 7: CPF monthly deductions start**

   7.1 After the registration is completed, CPF Board will typically arrange for CPF deductions to pay the bank (subject to CPF OA balance and CPF usage limits).

   7.2 You should monitor:

   (a) your CPF OA deductions; and

   (b) your bank loan account records

   to ensure the first payment is credited correctly.

E. Common reasons for delay (so you can avoid them)

1. Missing facility letter or missing valuation report from the time of purchase.

2. The loan has been refinanced or the mortgagee bank has changed since purchase (additional confirmations and documents may be needed).
3. Multiple owners on title, especially where not all co-owners are using CPF.
4. Bank processing time for consent / signing of postponement or priority documents.

F. What will the legal fees and disbursements usually cover?

1. Legal work typically includes:
   (a) reviewing the title position and mortgage details;
   (b) liaising with CPF Board's panel solicitors and your bank;
   (c) preparing / reviewing the documents for your signing and arranging execution; and
   (d) lodging the relevant instruments with SLA and completing the post-lodgment steps.
2. Disbursements typically include SLA lodgment / registration fees and (in some cases) bank administrative charges.

G. What to send us for a quotation (recommended)

1. To provide an accurate all-in quote, we will typically ask for:
   1.1 the property address and property type (condominium / landed; freehold / leasehold);
   1.2 the name of the mortgagee bank and the loan account details;
   1.3 a copy of your loan facility letter (or any bank documents showing the original loan terms);
   1.4 your latest loan statement showing the current monthly instalment amount;
   1.5 your valuation report at purchase (if you have it).
2. Once we review the above, we can confirm the scope, the expected disbursements, and an all-in fee.

H. Important note

1. This article provides general information only and is not legal advice.
2. The exact steps and documents depend on the property title, the bank's requirements, and CPF Board's requirements at the time of application.

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