



Investing in a second home? There is a very little known CPF rule which applies when you are buying a second property. Compiled here is a list of answers to common questions.

This article is intended as a guide and is correct as of May 2010. You should always refer to the [CPF Board](#) for most up-to-date answers.

Can I use funds in my CPF account to buy a second HDB or private property?

Yes, so long as you meet the conditions with regard to minimum sum in your CPF account. The ***total funds in your Ordinary Account (OA) and Special Account (SA) must exceed S\$58,500 (or half of the prevailing minimum sum) before the excess can be used to pay for a second property***

Any funds in the SA used under the CPF Investment Scheme (CPFIS) will be counted towards meeting the Minimum Sum. The principle value (and not market value) of CPFIS-SA funds is used in the calculation.

For example, if you have \$10,000 in your OA, \$30,000 in your SA and \$20,000 invested in CPFIS-SA, making a total of \$60,000, you can only use \$1,500 (\$60,000 minus \$58,500) towards paying for your second property.

The amount withdrawn cannot be greater than the amount in the OA.

Is there any particular reason why only funds in excess of 50% of Minimum Sum can be used?

Up to 50% of the CPF Minimum Sum can be in the form of a property pledge, provided the pledge is not your only property. The corollary is therefore that you must meet at least 50% of the minimum sum before the rest can be used to pay for a second property.

What fees can be paid using the available CPF OA funds?

Besides part of the purchase price, the excess OA funds can be used to cover purchase installments, stamp fees and legal fees.

Is the Minimum Sum fixed?

No. The current Minimum Sum of \$117,000 will be revised from 1 July 2010 (and every July), but this new Minimum Sum is yet to be announced.

Can OA funds withdrawn for investments under CPFIS count towards the Minimum Sum?

No.

Do Medisave Account funds count towards the Minimum Sum?

No.

What if I intend to sell my first property soon after buying my second property?

If you plan to sell the first property, you are allowed to withdraw all in OA to buy the second property and you will be given a grace period of 6 months to sell the first property.

What if I am buying a third property?

The above rules still apply.

What if my first property is a private property and the second property is a HDB resale flat?

As long as you meet to criteria to purchase the HDB resale flat, the above rules on using CPF funds still apply.

Comments, suggestions and corrections are welcome.