

Measures Specific to Public Housing**New Mortgage Servicing Ratios (MSRs) for Loans for the Purchase of New or Resale HDB Flats**

1 Currently, HDB offers housing loans with MSR of up to 40% of a borrower's gross monthly income. From 12 January 2013, HDB will offer housing loans with MSR of up to 35% of the gross monthly income instead. The cut-off dates for HDB loans are shown in Table A.

Table A: Cut-off dates for implementation of revised MSR limit at 35% of borrower's gross monthly income for HDB loans

Transaction Type	Cut-off dates
Purchase of flat from HDB	Application for HDB Loan Eligibility (HLE) letter and sale exercise launch date both from 12 January 2013.
Purchase of resale flat	Application for HLE letter received on or after 12 January 2013.
Taking over ownership of existing flat	Application for HLE letter received on or after 12 January 2013.
Purchase of new DBSS flat	Loan application received by HDB on or after 12 January 2013.

2 MAS will set an MSR limit of 30% for loans granted by MAS-regulated financial institutions for the purchase of HDB flats.⁸ This rule shall apply to loans which are for the purchase of HDB flats, if the date which the Option to Purchase was granted is 12 January 2013 or after. In the case of a re-financing facility in relation to a HDB Flat, the rule shall apply if the application date for the re-financing facility is 12 January 2013 or after.

PRs owning HDB Flats Disallowed from Subletting their Whole Flat

3 Currently, a PR flat owner can sublet his whole flat after meeting the minimum occupation period (MOP). From 12 January 2013, PR households will be disallowed from subletting their whole flat. This will apply to existing PR households owning an HDB flat and PR households who intend to buy resale flat. PR households will continue to be able to sublet rooms.

4 PR households who have been approved by the HDB to sublet their whole flats prior to 12 January 2013 will be allowed to continue with the subletting arrangement for the remainder of the approved duration.

⁸ The monthly repayment instalment used in the computation of the MSR shall be determined by using, at minimum, a medium-term interest rate. Introductory rates applied at the initial years of the loan should not be used.

PRs owning HDB Flats Must Sell their Flat after Purchase of Private Residential Property in Singapore

5 Currently, PR households can retain their flats and invest in private residential property after meeting the MOP for their flats.

6 From 12 January 2013, PR households must dispose of their HDB flats within six months of purchasing a private residential property in Singapore. PR households who had earlier been allowed by HDB to own a private residential property in Singapore prior to 12 January 2013 will not be required to sell their HDB flats. However, if they buy another private property in Singapore on or after 12 January 2013, they must sell their HDB flats. Please see Table B.

Table B: Disposal of existing HDB flat upon purchase of private property in Singapore by PR households

Type of Private Residential Property in Singapore	Treatment
Completed	PR flat owners must dispose their HDB flat within six months of completion of purchase of the private property.
Uncompleted	PR flat owners must dispose their HDB flat within six months of granting of Temporary Occupation Permit or Certificate of Statutory Completion, whichever is earlier ⁹ .

⁹ This applies even if the PR flat owner had disposed of the uncompleted private residential property before the granting of Temporary Occupation Permit or Certificate of Statutory Completion.