Example on Housing Refund to CPF Account

Example 1:
A & B are the owners of a flat. They intend to sell the flat on the open market. The refund to their CPF accounts is calculated as follows:

Assume:

		Member A	Member B
a	**Principal amount used**	$150,000	$50,000
b	**Interest accrued**	$30,000	$10,000
c	**Total required CPF refund (a+b)**	$180,000	$60,000
d	**Selling price**	$500,000	
e	**Current market valuation**	$500,000	
f	**Outstanding housing loan**	$100,000	
g	**Balance Proceeds (d-f)**	$400,000	
h	**Cash proceeds available for distribution between the parties (g-c)**	$160,000	

In this case, the sales proceeds after paying the outstanding housing loan is more than enough to pay the required CPF refunds for A & B. They have $160,000 in cash to divide between themselves. The CPF Board will not be involved in the distribution of the cash proceeds.

Example 2:
A & B are the owners of a flat. They intend to sell the flat on the open market. However, the sales proceeds are not enough to pay the outstanding housing loan and the required CPF refunds. The refund to their CPF accounts is calculated as follows:

Assume:

		Member A	Member B
a	**Principal Amount used**	$150,000	$50,000
b	**Accrued Interest**	$30,000	$10,000
c	**Total required CPF refund (a+b)**	$180,000	$60,000
d	**Selling price**	$300,000	
e	**Current market valuation**	$300,000	
f	**Outstanding housing loan**	$100,000	
g	**Balance Proceeds (d-f)**	$200,000	
h	**Refund to A's CPF account**	$180,000 x $200,000 ---------- $240,000 =$150,000	
i	**Refund to B's CPF account**	$60,000 x $200,000 ---------- $240,000 =$50,000	
j	**Shortfall in A's CPF account (c-h)**	$30,000	
k	**Shortfall in B's CPF account (c-i)**	$10,000	

As the flat was sold at market value, we will not require the members to top up the CPF shortfall in cash.