

### Worked Example

Mr and Mrs Tan (aged 40), are living with their child (aged 12) in a 2-room public rental flat. Mr Tan is the sole breadwinner, earning \$1,400. They are currently paying monthly rental of \$240 in cash.

The following table illustrates how they stand to benefit from the Fresh Start Housing Scheme:

	For Illustration Only <sup>(a)</sup>	
	Current	Under Fresh Start
<b>Flat Lease</b>	Flat with 99-year lease	2R Flexi flat with 60-year lease
<b>Selling Price</b>	\$115,000 <sup>(b)</sup>	\$95,800
<b>What They Pay (Selling Price plus Resale Levy<sup>(c)</sup>)</b>	\$155,000	\$120,800
<b>Upfront Grant</b>	Not eligible	\$20,000
<b>Housing Budget Needed (Cash/CPF savings &amp; housing loan)</b>	\$155,000	\$100,800
<b>Assumed Cash/CPF Savings (e.g. from sale of previous flat)</b>	\$35,000	\$35,000
<b>Housing Loan Needed</b>	\$120,000	\$65,800
<b>Monthly Mortgage Instalment (MI) Needed (over loan tenure of 25 years)</b>	\$550  Family will <u>not</u> qualify for this loan quantum.	\$300 (21% MSR)  The family will be able to qualify for this loan quantum
- <b>By CPF Contribution</b>	At 39% Mortgage Servicing Ratio (MSR), this exceeds the maximum 30% MSR allowed	\$290
- <b>By Cash</b>		\$10
<b>Help via Deferred Grant</b>		\$15,000  Loan tenure will be reduced by 6 years and 9 months

**Note:** (a) Flat prices and amounts payable are adjusted from 99-year lease. Prices exclude cost of Optional Component Scheme. The payment amounts are rounded to nearest \$100 for illustration purposes only. Monthly mortgage instalments are rounded to the nearest \$10.

(b) Based on the average price of 2R flats in non-mature estates in 2015, inclusive of Type 1 (36 sqm) and Type 2 (45 sqm) flats. The actual selling prices of 2-room Flexi flats may differ, depending on location, design features, individual flat attributes and prevailing market conditions at the time of offer.

(c) An assumed amount for illustration purpose only. The actual amount payable varies according to the prevailing resale levy policy at the sale of the first subsidised flat.