TDSR, MSR and LTV: Build a Home-Loan Budget

Description

TDSR caps total monthly debt at 55% of gross income, while MSR limits the relevant HDB or EC mortgage instalment to 30%. LTV limits the share a lender may finance. The lowest applicable constraint is only a regulatory ceiling; a household budget should normally sit below it.

A Singapore buyer estimating a safe housing budget before requesting an HDB loan or bank IPA faces a narrower question than the headline suggests: translate three regulatory ratios into a household cash-flow ceiling without treating the maximum loan as an affordable price. The table separates the branches that change the answer before the practical checks and worked example.

Choose the branch before acting

Situation	Practical next step
HDB or qualifying EC loan	Test the 30% MSR and any applicable TDSR and LTV rules
Private property bank loan	Test 55% TDSR, LTV and the lenderâ??s assessment
Existing car, card or personal debt	Deduct monthly commitments before estimating mortgage capacity
Variable income or near retirement	Use a lower household ceiling and document income treatment with the lender

Three ratios answer different questions

MoneySense defines MSR as monthly mortgage repayment divided by gross monthly income. The instalment for an HDB flat or an executive condominium whose minimum occupation period has not expired must not exceed 30% of gross monthly income. It is a product-specific mortgage cap, not a total-spending recommendation. MoneySense property affordability guide.

TDSR is total monthly debt payments divided by gross monthly income. The current threshold is 55% for applicable property loans. Car finance, personal loans and credit-card commitments consume the same headroom, so a buyer cannot multiply 55% by income and allocate it all to housing. MoneySense property affordability guide.

Calculate the debt headroom

LTV is loan amount divided by property value. For an individual with no outstanding housing loan, MoneySense shows bank-loan limits of 75% or 55%, with the lower tier applying when the tenure or age condition is triggered. More outstanding housing loans produce lower limits and higher cash requirements. MoneySense property affordability guide.

An HDB concessionary loan may reach 80% of the lower of purchase price or valuation, subject to HDBâ??s assessment. A bank loan can have a lower maximum and a compulsory cash portion. The valuation shortfall sits outside the loan even when the income ratios pass. MoneySense property affordability guide.

Add downpayment and price risk

For a household earning S$10,000 gross with S$900 of other monthly debt, the 55% TDSR amount is S$5,500 and the remaining arithmetic headroom is S$4,600. For an HDB flat subject to MSR, 30% produces S$3,000, so MSR is the tighter starting ceiling in this labelled example. MoneySense home-loan guide.

Do not set the offer from that regulatory maximum. Subtract insurance, tax, maintenance, utilities, transport, childcare, eldercare and savings goals. Commission-based or self-employed income may be assessed conservatively by lenders, so ask how documents and haircuts are applied. MoneySense home-loan guide.

Stress-test life after completion

Request an HDB HFE outcome or bank in-principle approval before serious negotiation. For bank loans, read the property loan factsheet, including rate-change illustrations, lock-in, effective interest rate, repayment schedule and early-repayment fees. MoneySense home-loan guide.

Stress-test a higher rate and temporary income loss. Keep cash for stamp duty, legal fees, renovation and emergencies. A loan that passes TDSR today can still crowd out retirement saving or become painful after a fixed-rate period ends. MoneySense home-loan guide.

Put the numbers or sequence to work

A S$10,000-income household with S$900 other debt has S$4,600 of arithmetic TDSR headroom. If buying an HDB flat, the S$3,000 MSR ceiling is lower. The household chooses S$2,400 as its own instalment limit after adding childcare and maintenance, then asks the lender to convert that payment into an indicative loan under the current rate and tenure.

The example is a planning model, not a quoted price, official calculator result, medical instruction or promised outcome. Replace its assumptions with the issued notice, live service, signed contract, current timetable or professional advice that controls the real decision.

Before you commit

1. List gross income using lender definitions
2. List every monthly debt commitment
3. Calculate TDSR and applicable MSR
4. Check LTV and cash downpayment
5. Obtain HFE or bank IPA
6. Read the loan factsheet
7. Stress-test rates and income loss

A useful working note combines **a worked S$10,000-income TDSR-versus-MSR calculation** with **a regulatory-ceiling-to-household-budget waterfall**. Enter only details that can be tied to a current document or live record.

Missteps that change the answer

- Allocating the full 55% to a mortgage
- Ignoring existing credit commitments
- Applying private-property LTV to an HDB loan
- Using purchase price when valuation is lower
- Calling lender approval an affordability verdict

If one of these conditions appears, pause before payment, submission, travel or implementation and reconcile it through the relevant official service. Save the issued result or acknowledgement; a search snippet or forwarded screenshot cannot establish a current entitlement.

The decision to carry forward

Use the current official record to resolve translate three regulatory ratios into a household cash-flow ceiling without treating the maximum loan as an affordable price. Save the dated result and revisit it when the underlying rule, timetable, account or personal facts change.

Related next steps

Once this decision is settled, you may need to place the choice in a wider financial plan. The next adjacent check is to compare the CPF LIFE starting-age trade-off.

Common questions

What is the current TDSR threshold?

MoneySense states 55% of gross monthly income for total monthly debt commitments. MoneySense property affordability guide.

What is MSR?

It limits the relevant HDB or EC mortgage instalment to 30% of gross monthly income. MoneySense home-loan guide.

Which ratio sets the budget?

The lowest applicable rule constrains the loan, but the household should set its own lower sustainable ceiling. MoneySense property affordability guide.

Rules, service details and schedules can change. Reopen the linked official page before acting when the date, eligibility, payment destination, safety instruction or live availability is decisive.

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