



20 May 2011

(Amended from circular dated 10 March 2011)

The Chief Executive Officers of All Banks / Finance Companies / Merchant Banks

Dear Sir/Madam

**BORROWERS WHO OWN RESIDENTIAL PROPERTY GAZETTED FOR ACQUISITION, AND HAVE ONE OR MORE OUTSTANDING HOUSING LOANS**

1 This circular explains the application of the Loan-to-Value (LTV) limits in MAS Notices on Residential Property Loans<sup>1</sup> (the “Notices”) to Borrowers who own Residential Property that is gazetted to be acquired by the Government under the Land Acquisition Act (Cap. 152)<sup>2</sup>.

Property owners who are individuals, with only an outstanding credit facility for the purchase of the acquired property

2 A property owner who is an individual, whose property is gazetted for acquisition, and who has only an outstanding credit facility for the purchase of the acquired property and no other outstanding credit facility for the purchase of Residential Property, will be considered as having sold the acquired property for the purpose of paragraph 8(a)(i) of the Notices once he is able to produce the Notice of Land Acquisition issued under Section 8 of the Land Acquisition Act to a financial institution, as evidence of the acquisition.

3 Your financial institution can grant this individual a credit facility of up to 80% LTV for his Residential Property purchase. The actual LTV of the loan (subject to the 80% limit) will be determined by your financial institution following your credit assessment of the borrower. The minimum cash payment is required to be at least 5% of the property value.

4 A sample of the Notice of Land Acquisition (issued under Section 8 of the Land Acquisition Act) is at Annex 1 for your reference. The Notice contains details of the property owner(s) and the acquired property.<sup>3</sup> Should your financial institution wish to verify information contained in any particular Notice of Land Acquisition, please contact the officer who signed that particular Notice on behalf of the Collector of Land Revenue and whose contact details are stated on that Notice.

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<sup>1</sup> MAS Notices on Residential Property Loans refer to MAS Notice 632 issued to banks, MAS Notice 825 issued to finance companies, and MAS Notice 1106 issued to merchant banks.

<sup>2</sup> This circular supersedes the circular dated 10 Mar 2011.

<sup>3</sup> Information on the location of the acquired property may be obtained online from [www.onemap.sg](http://www.onemap.sg) by entering the Lot Number and Mukim as stated in the Notice of Land Acquisition.

Property owners who are individuals, with outstanding credit facilities for the purchase of Residential Property other than the acquired property

5 Property owners who are individuals, with outstanding credit facilities for the purchase of Residential Property other than the acquired property, regardless of whether the outstanding credit facilities include facilities for the purchase of the acquired property, can be granted credit facilities of up to 80% LTV for the purchase of Residential Property to replace their acquired property (“Replacement Property”). For the purchase of Replacement Property, such a property owner will not be subject to the 60% LTV, which was introduced as part of a package of Government measures to temper investor sentiment in the property market. The 80% LTV limit recognizes that such property owners whose properties are gazetted for acquisition are purchasing properties, not for investment, but to replace property that had been acquired by the Government.

6 In order to be eligible for the 80% LTV limit, such a property owner should produce the Notice of Land Acquisition (issued under Section 8 of the Land Acquisition Act) to your financial institution as evidence that his property has been acquired. In addition, he should give a written declaration to your financial institution that he has not declared any property, other than the Replacement Property, as being purchased to replace his acquired property. A sample of the written declaration is attached in Annex 2.

7 Your financial institution can grant such individuals credit facilities of up to 80% LTV for purchases of Replacement Property. The actual LTV of the loan (subject to the 80% limit) will be determined by your financial institution following your credit assessment of the borrower. The minimum cash payment is required to be at least 5% of the property value. The grant of the credit facility shall be made subject to the information in the written declaration referred to in paragraph 6 being and continuing to be true and your financial institution shall reserve the right to withdraw the credit facility if it comes to your knowledge at any time that this is not the case.

Property owners who are not individuals

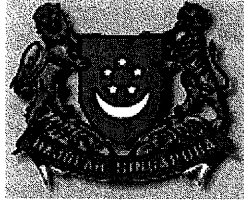
8 Notwithstanding the above, property owners who are not individuals (i.e. who are not natural persons) will be subject to an LTV limit of 50%. The 50% LTV limit for residential property loans will also apply to joint property purchases by an individual and a purchaser who is not an individual.

Yours faithfully

(sent via MASNET)

ADRIAN CHUA  
EXECUTIVE DIRECTOR  
PRUDENTIAL POLICY DEPARTMENT

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Date : 19 January 2011

## NOTICE OF LAND ACQUISITION

Section 8, Land Acquisition Act (Cap. 152 Revised Edition 1985)

- 1 Notice is hereby given that the piece of land described in the Schedule below is required and shall be acquired by the Government for

Construction of North South Expressway Stage 1 from Admiralty Road West to Toa Payoh Rise and Comprehensive Redevelopment

under the Land Acquisition Act (Cap. 152)

- |                                      |   |
|--------------------------------------|---|
| 2 Declaration No. and Date           | First published in the Government Gazette, Electronic Edition, on |
| Notification No 138 dated 14.01.2011 | 19.01.2011  |

- 3 The Schedule Referred to above :-

<u>Owner</u>	<u>Lot No</u>	<u>Mukim</u>	<u>Area in (sq m)</u>	<u>Title</u>
Mr John Tan 123 Sims Avenue Singapore 123456	1234	1	123	State Lease 1234

Chargee

The Government of The Republic of Singapore  
5 Maxwell Road #21-00  
MND Building  
Singapore 069110

Caveator

The Government of The Republic of Singapore  
5 Maxwell Road #21-00  
MND Building  
Singapore 069110

- 4 All persons interested in this land are hereby called upon to appear personally or by Agent at this Office on the date and time stated below to state the nature of their interest in the land, and the amount and particulars of their claims to compensation for the same, the basis or mode of valuation by which the amount claimed is arrived at and their objections, if any, to the measurements of the said piece of land.

N.B. - Attention is directed to section 35 sub-section (1), (2) and (3) of the Land Acquisition Act which read as follows:-

**SAMPLE**

- 35- (1) Where the applicant has made a claim to compensation pursuant to any notice under section 8 of this Act, the amount awarded to him shall not exceed the amount so claimed or be less than the amount awarded by the Collector under section 10 of this Act.
- (2) Where the applicant has refused to make such claim or has omitted without sufficient reason, to be allowed by the Board, to make such claim, the amount awarded by the Board may be less than and shall in no case exceed the amount awarded by the Collector.
- (3) Where the applicant has omitted for a sufficient reason, to be allowed by the Board, to make such claim, the amount awarded to him by the Board may be less than or may exceed the amount awarded by the Collector.

Date and Time of Inquiry

25 Feb 2011 @ 4.00pm

MR PETER LIM  
Collector of Land Revenue  
Singapore  
DID: 6123 4567

Correspondence Address  
The Collector of Land Revenue  
c/o 55 Newton Road  
#12-01 Revenue House  
Singapore 307987

*This is a computer print out that requires no signature*

**WRITTEN DECLARATION ON PURCHASE OF REPLACEMENT PROPERTY  
(SAMPLE)**

This declaration is made in connection with the grant of *[description of credit facility]* (the “Credit Facility”) by *[name of financial institution]* (the “Financial Institution”) to me.

I, *[name and identification no.]*, hereby declare as follows:

1. My property at *[description]* has been acquired under the Land Acquisition Act (Chapter 152).
2. To replace my acquired property, I am purchasing property at *[description]* (“Replacement Property”).
3. I have not declared any property, other than the Replacement Property, as being purchased to replace the property acquired under the Land Acquisition Act (Chapter 152).
4. I understand that the Financial Institution has the right to withdraw the Credit Facility should any part of this declaration be untrue, or ceases to be true.

Declared at *[country]* on *[date]*

*[Signature of Loan Applicant]*