



MAS NOTICE 645

28 June 2013

NOTICE TO BANKS
BANKING ACT, CAP 19

COMPUTATION OF TOTAL DEBT SERVICING RATIO FOR PROPERTY LOANS

1. This Notice is issued pursuant to section 55 of the Banking Act (Cap. 19) (the “Act”) and applies to all banks in Singapore.

Definitions and Interpretation

2. In this Notice, unless the context otherwise requires -
 - (a) “Borrower” means:
 - (i) any natural person applying for a credit facility;
 - (ii) any sole proprietorship applying for a credit facility, which is formed or established by a natural person, in or outside Singapore; or
 - (iii) any vehicle applying for a credit facility, which is set up by a natural person solely to purchase Property;
 - (b) “Bridging Loan” means a credit facility granted for the purchase of Residential Property by the Borrower, pending the receipt of proceeds from the sale of another Residential Property owned or co-owned by the Borrower, under which any balance outstanding shall be repaid within six months;
 - (c) “business trust” has the same meaning as in section 2 of the Business Trusts Act (Cap. 31A);
 - (d) “collective investment scheme” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);
 - (e) “corporation” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);
 - (f) “CPF” means the amount withdrawn from the Central Provident Fund account of the Borrower for payment towards the monthly repayment instalment of Property;
 - (g) “CPF Board” means the Central Provident Fund Board, a body corporate established under the Central Provident Fund Act (Cap. 36);
 - (h) “debenture” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);

- (i) “HDB” means the Housing and Development Board, a body corporate established under the Housing and Development Act (Cap. 129);
- (j) “HDB Flat” means:
 - (i) a flat, house or living accommodation sold by the HDB under the provisions of Part IV of the Housing and Development Act (Cap. 129); or
 - (ii) a housing accommodation, as defined in section 65M of the Housing and Development Act (Cap. 129), sold by an approved developer (as defined in the same section of the same Act) under Part IVB of the same Act;
- (k) “IRAS” means the Inland Revenue Authority of Singapore, a body corporate established under the Inland Revenue Authority of Singapore Act (Cap. 138A);
- (l) “moneylender” has the same meaning as a moneylender as defined in section 2 of the Moneylenders Act (Cap. 188) but does not include an exempt moneylender as defined in the same section;
- (m) “monthly repayment instalment” means the sum of the monthly repayment of the principal amount (where applicable) and the monthly payment of interest under a credit facility, and for the avoidance of doubt, it includes any payment made using CPF;
- (n) “Outstanding Relevant Credit Facility” means:
 - (i) a Relevant Credit Facility obtained from the HDB, a financial institution or a moneylender in the name of the Borrower or jointly with another Borrower where the funds under the Relevant Credit Facility have been disbursed but not fully repaid;
 - (ii) a Relevant Credit Facility obtained from the HDB, a financial institution or a moneylender in the name of the Borrower or jointly with another Borrower where the funds under the Relevant Credit Facility have not been disbursed; or
 - (iii) a Relevant Credit Facility (in the name of the Borrower or jointly with another Borrower) that the Borrower is applying for or has applied for from the HDB, a financial institution or a moneylender, in the six months prior to the time of applying for any credit facility or re-financing facility¹ referred to in paragraph 3, or paragraphs 6(a) or (b), and that has not been approved yet²;

¹ A re-financing facility in relation to a Property includes a credit facility that is granted by the same bank which had granted the preceding credit facility or re-financing facility in relation to the same Property, such credit facility being granted for the sole purpose of enabling the purchaser to repay the balance outstanding under the preceding credit facility or re-financing facility.

² In the case where the Relevant Credit Facility is a credit facility for the purchase of Property or a credit facility otherwise secured by Property (“First Credit Facility”), and the Borrower is of the opinion that the First Credit Facility that he is applying for or has applied for in the six months prior to the time of applying for any credit facility referred to in paragraph 3, or paragraphs 6(a) or (b) (“Second Credit Facility”) should not be included as part of the Borrower’s total monthly debt obligations in paragraph 9, as the First Credit Facility is unlikely to materialise, the Borrower may accordingly notify the bank from which he is applying for the Second Credit Facility. The bank shall then make an independent assessment as to whether the First Credit Facility shall be included in the Borrower’s total monthly debt obligations for the purpose of computing the Borrower’s total debt servicing ratio in relation to the Second Credit Facility.

- (o) "Property" means:
- (i) a Residential Property; or
 - (ii) a non-Residential Property,
- that is located in or outside Singapore;
- (p) "Relevant Credit Facility" means any of the following types of credit facilities:
- (i) a credit facility for the purchase of Property;
 - (ii) a re-financing facility in respect of the Property which is used to secure a credit facility referred to in sub-paragraph (i);
 - (iii) a credit facility otherwise secured by Property;
 - (iv) a re-financing facility in respect of the Property which is used to secure a credit facility referred to in sub-paragraph (iii);
 - (v) a secured revolving credit facility;
 - (vi) an unsecured revolving credit facility; and
 - (vii) any other credit facility, including motor vehicle loans, share financing loans and Bridging Loans (except Bridging Loans with a tenure of six months or less).
- (q) "Residential Property" means a building or tenement wholly or principally constructed, adapted or intended for human habitation, located:
- (i) outside Singapore; or
 - (ii) in Singapore, which is –
 - (A) permitted under the Planning Act (Cap. 232) for use solely or partly for residential purposes, including a HDB Flat; or
 - (B) in accordance with its zoning in the Master Plan, permissible for use solely or partly for residential purposes.
- (r) "share" has the same meaning as in section 4(1) of the Companies Act (Cap. 50);
- (s) "structured deposit" has the same meaning as in section 2 of the Financial Advisers (Structured Deposits – Prescribed Investment Product and Exemption) Regulations;
- (t) a reference to purchase of Property includes purchase of a part share in Property;
- (u) a reference to credit facilities otherwise secured by Property does not include credit facilities -
- (i) solely for the purchase of Property; or

- (ii) secured by a charge in favour of the CPF Board;
- (v) where a credit facility is granted to joint Borrowers, a reference to "Borrower" shall be read accordingly to refer to the joint Borrowers, except that in paragraphs 7, 8, 17 to 21 and 23 to 30, such a reference shall be read to also refer to each Borrower;
- (w) where a credit facility is granted to joint Borrowers one of whom is not a natural person, the credit facility shall be considered to be granted to a Borrower who is a natural person; and
- (x) the expressions used shall, except where expressly defined in this Notice or where the context otherwise requires, have the same meanings as in the Act.

Total Debt Servicing Ratio

3. Subject to paragraph 4, a bank shall compute the total debt servicing ratio of a Borrower who is applying for –
 - (a) any credit facility for the purchase of Property;
 - (b) any re-financing facility in respect of the Property which is used to secure a credit facility referred to in sub-paragraph (a);
 - (c) any credit facility otherwise secured by Property; and
 - (d) any re-financing facility in respect of the Property which is used to secure a credit facility referred to in sub-paragraph (c),

in accordance with the following formula:

$$\frac{\text{monthly total debt obligations}}{\text{gross monthly income}} \times 100\%$$

4. In the case of a joint application for a credit facility or a re-financing facility referred to in paragraph 3, where there are two or more Borrowers –
 - (a) the monthly total debt obligations to be applied in the formula in paragraph 3 shall be the aggregate of:
 - (i) the monthly repayment instalment referred to in paragraph 9(a) ; and
 - (ii) each of the Borrowers' monthly repayment instalments referred to in paragraphs 9(b) and (c); and
 - (b) the gross monthly income to be applied in the formula in paragraph 3 shall be the aggregate of each of the Borrowers' gross monthly income.
5. In the case of an application for a credit facility or a re-financing facility referred to in paragraph 3, by a sole proprietorship or a vehicle set up by any natural person solely to purchase Property, the monthly total debt obligations and gross monthly income to be applied in the formula in paragraph 3 shall be that of the natural person referred to in paragraph 2(a)(ii) and 2(a)(iii) respectively.

Monthly Repayment Instalments for Credit Facilities in relation to HDB Flat

6. Subject to paragraphs 7 and 8, a bank shall not grant –
- (a) any credit facility for the purchase of a HDB Flat; or
 - (b) any re-financing facility in respect of a HDB Flat which is used to secure the credit facility referred to in sub-paragraph (a),

where the aggregate of the monthly repayment instalments for –

- (c) the credit facility referred to in sub-paragraph (a) or the re-financing facility referred to in sub-paragraph (b), as the case may be;
- (d) the other credit facilities for the purchase of Property;
- (e) the other credit facilities otherwise secured by Property; and
- (f) the re-financing facilities in respect of Property which is used to secure the credit facilities referred to in sub-paragraphs (d) and (e),

exceeds 30% of the Borrower's gross monthly income, or in the case of a joint application where there are two or more Borrowers, 30% of the aggregate of the Borrowers' gross monthly income.

7. Paragraph 6 shall only apply to an application made for the following:
- (a) any credit facility for the purchase of a HDB Flat, the date on which the option to purchase was granted is on or after 12 January 2013; and
 - (b) any re-financing facility in respect of a HDB Flat used to secure the credit facility referred to in sub-paragraph (a), the application date for the re-financing facility is on or after 12 January 2013 except where –
 - (i) the date on which the option to purchase the HDB Flat was granted is prior to 12 January 2013;
 - (ii) the HDB Flat is the only Property that the Borrower owns, either by himself or jointly;
 - (iii) the HDB Flat is for the occupation of one or more persons which shall include the Borrower;
 - (iv) the Borrower does not have any Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(i) or (ii), other than –
 - (A) the credit facility for the purchase of the HDB Flat referred to in sub-paragraph (i); or
 - (B) any re-financing facility in respect of the HDB Flat which is used to secure the credit facility referred to in sub-paragraph (A); and
 - (v) the Borrower does not have any Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(iii) or (iv).

8. For the purpose of paragraph 6, a bank may exclude the monthly repayment instalment in respect of a credit facility for the purchase of an existing Residential Property, in the case of a Borrower who, at the time of applying for a credit facility for the purchase of a HDB Flat –
- (a) has only one existing Residential Property that he owns, either by himself or jointly, and for which he will be taking steps to sell;
 - (b) has an Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(i) or (ii) which is for the purchase of the existing Residential Property referred to in sub-paragraph (a);
 - (c) does not have any Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(i) or (ii), other than the credit facility referred to in sub-paragraph (b);
 - (d) does not have any Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(iii) or (iv), including –
 - (i) any credit facility otherwise secured by the existing Residential Property referred to in sub-paragraph (a); and
 - (ii) any re-financing facility in respect of the existing Residential Property which is used to secure the credit facility referred to in sub-paragraph (i); and
 - (e) does not own any other Property, either by himself or jointly, other than the existing Residential Property referred to in sub-paragraph (a).

Monthly Total Debt Obligations

9. For the purpose of paragraph 3 and subject to paragraphs 4 and 10 to 16, monthly total debt obligations, in relation to a Borrower, shall be the aggregate of:
- (a) the monthly repayment instalment for the credit facility or the re-financing facility referred to in paragraph 3;
 - (b) the monthly repayment instalment for such other Outstanding Relevant Credit Facility; and
 - (c) not less than 20% of the monthly repayment instalment of any other Outstanding Relevant Credit Facility in respect of which the Borrower is a guarantor.
10. For the purpose of determining the monthly repayment instalment in paragraphs 6(c) and 9(a), a bank shall:
- (a) use the actual tenure of the credit facility applied for; and
 - (b) base its calculation of the monthly interest payable under the credit facility on a medium-term interest rate³ which –

³ The medium-term interest rate shall take into account historical interest rates trends over an observation period of not less than ten years and a forward-looking assessment of such trends, including projections under stressed conditions, where appropriate. For the avoidance of doubt, a bank shall not base its calculation of the monthly interest payable on introductory interest rates offered by the bank for the first few years of a credit facility for the purchase of or otherwise secured on a Property.

- (i) in the case of a credit facility for the purchase of Residential Property or a credit facility otherwise secured by Residential Property, shall be not less than 3.5% or the current interest rate prevailing in the market at the time of applying for the credit facility, whichever is higher; or
 - (ii) in the case of a credit facility for the purchase of non-Residential Property or a credit facility otherwise secured by non-Residential Property, shall be not less than 4.5% or the current interest rate prevailing in the market at the time of applying for the credit facility, whichever is higher.
11. For the purpose of determining the monthly repayment instalment in paragraphs 6(c) and 9(a), and the monthly repayment instalment in relation to such other Outstanding Relevant Credit Facility referred to in paragraph 9(b) where the Relevant Credit Facility is:
- (a) a credit facility for the purchase of Property;
 - (b) a re-financing facility in respect of the Property which is used to secure a credit facility referred to in sub-paragraph (a);
 - (c) a credit facility otherwise secured by Property; or
 - (d) a re-financing facility in respect of the Property which is used to secure a credit facility referred to in sub-paragraph (c),
- a bank shall assume that the credit facility is –
- (e) on a fully amortising straight line repayment schedule for the tenure of the credit facility; and
 - (f) fully disbursed⁴.
12. Where a Borrower is a joint Borrower of an Outstanding Relevant Credit Facility referred to in paragraph 9(b), for the purpose of determining the monthly repayment instalment under paragraph 9(b), a bank shall apportion the monthly repayment instalment in relation to such Outstanding Relevant Credit Facility between the Borrower and his joint Borrowers in such manner that is proportionate to their respective gross monthly incomes. Where a Borrower is unable to provide all necessary income documentation for the purpose of apportioning the monthly repayment instalment of an Outstanding Relevant Credit Facility referred to in paragraph 9(b), the bank shall attribute the monthly repayment instalment for such Outstanding Relevant Credit Facility wholly to the Borrower.
13. Subject to paragraph 15, for the purpose of determining the monthly repayment instalment in relation to an Outstanding Relevant Credit Facility referred to in paragraph 9(b), where the Relevant Credit Facility is a secured revolving credit facility, a bank shall calculate the monthly repayment instalment under such credit facility by applying the monthly interest rate of such credit facility on the amount drawn down by a Borrower and his joint Borrowers, if any, under such credit facility. The amount drawn down by the Borrower and his joint Borrowers, if any, under such credit facility shall be that which is stated in the latest available statement for that credit facility at

⁴ For the avoidance of doubt, a bank shall assume that a credit facility in relation to an uncompleted Property is fully disbursed.

the time of applying for a credit facility or a refinancing facility referred to in paragraph 3. If the Borrower is unable to provide a copy of such statement, the bank shall calculate the monthly repayment instalment under the secured revolving credit facility by applying the monthly interest rate of such credit facility on the total credit limit of such credit facility.

14. Subject to paragraph 15, for the purpose of determining the monthly repayment instalment in relation to an Outstanding Relevant Credit Facility referred to in paragraph 9(b), where the Relevant Credit Facility is an unsecured revolving credit facility, the monthly repayment instalment under such credit facility shall be the minimum amount that is due from a Borrower and his joint Borrowers, if any, under such credit facility as stated in the latest available statement for that credit facility at the time of applying for a credit facility or a re-financing facility referred to in paragraph 3. If the Borrower is unable to provide a copy of such statement, the bank shall calculate the monthly repayment instalment under the unsecured revolving credit facility by applying the monthly interest rate of such facility on the total credit limit of such credit facility.
15. A bank may apply any other method of calculation of the monthly repayment instalment provided that such method results in a higher monthly repayment instalment than that calculated in accordance with paragraphs 13 and 14, as the case may be.
16. For the purpose of determining the monthly repayment instalment referred to in paragraphs 6 and 9 where –
 - (a) the Outstanding Relevant Credit Facility is in respect of a Relevant Credit Facility set out in paragraph 2(p)(i), (ii), (iii) or (iv) which relates to a Property located outside Singapore; and
 - (b) the monthly repayment instalment in respect of the Outstanding Relevant Credit Facility referred to in sub-paragraph (a) is denominated in a foreign currency,

a bank shall convert the monthly repayment instalment referred to in sub-paragraph (b) into Singapore dollar by applying the prevailing exchange rate at the time of application for a credit facility or a re-financing facility referred to in paragraph 3.

Gross Monthly Income

17. For the purpose of paragraphs 3 and 6, gross monthly income, in relation to a Borrower, shall be the aggregate of⁵:
 - (a) in the case where the Borrower has a fixed monthly income only, his monthly income (excluding any contributions made to the Central Provident Fund account of the Borrower by the Borrower's employer, where applicable);
 - (b) in the case where the Borrower has a variable income only, such as commission, bonus or allowance from his employer, not more than 70% of –
 - (i) the average of the monthly variable income earned in the preceding 12 months (excluding any contributions made to the Central Provident Fund account of the Borrower by the Borrower's employer, where applicable); or

⁵ In determining the gross monthly income of a Borrower, all or any part of the income referred to in paragraphs 17(a)-(d) and value of the eligible financial assets referred to in paragraph 17(e) may be excluded.

- (ii) the employment income reflected in the latest available Notice of Assessment from IRAS, divided by 12,

at the time of applying for a credit facility or a re-financing facility referred to in paragraph 3, or paragraphs 6(a) or (b);
 - (c) in the case where the Borrower has a fixed and variable monthly income -
 - (i) the aggregate of his fixed monthly income as determined in accordance with sub-paragraph (a) above and his variable monthly income as determined in accordance with sub-paragraph (b)(i) above; or
 - (ii) the employment income reflected in the latest available Notice of Assessment from IRAS, divided by 12, at the time of applying for a credit facility or a re-financing facility referred to in paragraph 3, or paragraphs 6(a) or (b);
 - (d) the monthly rental income received by the Borrower, if any; and
 - (e) the value of the eligible financial assets of the Borrower, if any.
18. For the purpose of paragraph 17(d), not more than 70% of the monthly rental income received by the Borrower may be included as part of the gross monthly income of the Borrower where a bank has obtained from the Borrower, a copy of the stamped tenancy agreement signed by both the Borrower (as the landlord) and the party to whom he has leased the Property, and which shall have a remaining rental period of at least six months at the time of applying for a credit facility or a re-financing facility referred to in paragraph 3, or paragraphs 6(a) or (b).
19. The eligible financial assets of the Borrower referred to in paragraph 17(e) are as follows:
- (a) liquid assets comprising Singapore dollar notes and coins (including deposits);
and
 - (b) the following assets:
 - (i) units in a collective investment scheme authorised or recognised by the Authority under the Securities and Futures Act (Cap. 289);
 - (ii) units in a business trust registered with the Authority under the Business Trusts Act (Cap. 31A);
 - (iii) debentures or stocks issued or proposed to be issued by a government;
 - (iv) debentures, stocks or shares issued or proposed to be issued by a corporation or body unincorporated;
 - (v) structured deposits,
 - (vi) foreign currency notes and coins (including deposits); and
 - (viii) gold,
- which have a secondary market or have a reasonable basis for valuation, and to the extent that the asset is unencumbered.

20. In determining the value of the eligible financial assets of the Borrower referred to in paragraph 17(e), a bank shall -
- (a) apply, at a minimum, the percentage deductions on the value of eligible financial assets of the Borrower as set out in the table below:

Type of eligible financial assets of the Borrower	Percentage deduction applied on the value of eligible financial assets pledged ⁶ for at least 4 years	Percentage deduction applied on the value of eligible financial assets that is unpledged, or pledged ⁴ for less than 4 years
Liquid assets (referred to in paragraph 19(a))	0%	70%
Other assets (referred to in paragraph 19(b))	30%	70%

- (b) amortise the value of the eligible financial assets of the Borrower, after applying the percentage deductions in sub-paragraph (a), over a period of 48 months.
21. Where the liquid assets (referred to in paragraph 19(a)) of a Borrower are not pledged with a bank to secure the credit facility or the re-financing facility referred to in paragraph 3, or paragraphs 6(a) or (b), the bank shall ensure that the liquid assets are residing in the Borrower's account with a financial institution regulated by the Authority before the funds are disbursed under the above-mentioned credit facility.

Excluded Facilities

22. Paragraphs 3 and 6 shall not apply to:
- (a) a Bridging Loan; or
- (b) a credit facility which is secured by a pool of collateral including Property, where the market valuation of the Property comprises less than 50% of the market valuation of the pool of collateral at the time of application of the said credit facility.

Verification by the Bank

Declaration

23. A bank granting a credit facility or a re-financing facility referred to in paragraph 3 to a Borrower shall obtain a written declaration from the Borrower on the following:

⁶ This refers to the eligible financial assets which the Borrower has pledged with the bank in order to secure the credit facility or the re-financing facility referred to in paragraph 3, or paragraphs 6(a) or (b) from the bank.

- (a) all Outstanding Relevant Credit Facilities, including details such as the type of credit facility, amount outstanding under the credit facility, monthly repayment instalment, applicable interest rates and tenure of the credit facility; and
 - (b) all sources of gross monthly income earned as set out in paragraph 17 in the preceding period of at least 12 months at the time of applying for the credit facility⁷.
24. A bank granting a credit facility or a re-financing facility referred to in paragraphs 6(a) or (b) to a Borrower shall obtain a written declaration from the Borrower on the following:
- (a) all Outstanding Relevant Credit Facilities in respect of Relevant Credit Facilities set out in paragraph 2(p)(i), (ii), (iii) or (iv), including details such as the type of credit facility, amount outstanding under the credit facility, monthly repayment instalment, applicable interest rates and tenure of the credit facility; and
 - (b) all sources of gross monthly income earned as set out in paragraph 17 in the preceding period of at least 12 months at the time of applying for the credit facility⁷.

Verification of Monthly Repayment Instalments

25. For the purpose of –
- (a) determining the monthly repayment instalments of a Borrower prior to granting a credit facility or a re-financing facility referred to in paragraph 3, or paragraphs 6(a) or (b) to the Borrower;
 - (b) exempting a re-financing facility in respect of a HDB Flat used to secure the credit facility for the purchase of that HDB Flat from paragraph 6; and
 - (c) excluding the monthly repayment instalment under paragraph 8,
- a bank shall conduct or cause to be conducted comprehensive checks with one or more credit bureaus and the HDB, as may be relevant, to verify whether the Borrower, at the time of applying for the credit facility, has any Outstanding Relevant Credit Facility (in the case of sub-paragraph (a)) or any Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(i), (ii), (iii) or (iv) (in the case of sub-paragraphs (b) and (c)).
26. Where a bank is reasonably satisfied by a Borrower that it should take into account additional information in order to ascertain whether or not the Borrower has an Outstanding Relevant Credit Facility, the bank may supplement the information held by any one or more credit bureaus or the HDB with information provided by the Borrower from any credible third party source, which may include letters of offer for a credit facility.

⁷ The written declaration from the Borrower need not include any income or value of the eligible financial assets which have been excluded for the purposes of determining the gross monthly income of the Borrower under paragraph 17.

Verification of Gross Monthly Income

27. Prior to granting a credit facility or re-financing facility referred to in paragraph 3, or paragraphs 6(a) or (b), a bank shall require the Borrower to submit the latest available statements from the CPF Board and IRAS, as may be relevant, to verify the sources of income of the Borrower, at the time of applying for the credit facility, such verification being for the purpose of determining the gross monthly income of the Borrower.
28. Where a bank is reasonably satisfied by a Borrower that it should take into account additional information in order to ascertain the sources of income of the Borrower, the bank may supplement the statements from the CPF Board and IRAS with information provided by the Borrower from any credible third party source, which may include payslips from the Borrower's employer, bank statements, employment contracts and letters of appointment.

Other Reasonable Steps

29. For the purpose of exempting a re-financing facility in respect of a HDB Flat used to secure the credit facility for the purchase of that HDB Flat from paragraph 6, a bank shall obtain documentary evidence from the Borrower to verify paragraphs 7(b)(i) to (v). Such documentary evidence shall include:
 - (a) a copy of the option to purchase in respect of the HDB Flat, where the option to purchase was granted prior to 12 January 2013;
 - (b) a written declaration from the Borrower that:
 - (i) the HDB Flat is the only Property that he owns, either by himself or jointly;
 - (ii) the HDB Flat is for the occupation of one or more persons which shall include the Borrower;
 - (iii) he has no Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(i) or (ii), other than -
 - (A) the credit facility for the purchase of the HDB Flat referred to in sub-paragraph (a); or
 - (B) any re-financing facility in respect of the HDB Flat which is used to secure the credit facility referred to in sub-paragraph (A); and
 - (iv) he has no Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(iii) or (iv);
 - (c) a printout of the Borrower's Account Summary page in myTax Portal at www.iras.gov.sg, listing the number of properties owned by the Borrower; and
 - (d) a front and back copy of the National Registration Identification Card of the Borrower, where the address of the Borrower that is reflected on the National Registration Identification Card is the same as the address of the HDB Flat.
30. For the purpose of paragraph 8, a bank shall obtain from the Borrower:

- (a) a copy of the Borrower's signed undertaking to the HDB committing to complete the sale of his existing Residential Property within the period stipulated in the undertaking;
- (b) a written declaration that:
 - (i) the Borrower shall take steps, in accordance with the signed undertaking referred to in sub-paragraph (a), to sell his existing Residential Property;
 - (ii) he has no Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(i) or (ii), other than the Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(i) or (ii) which is for the purchase of the existing Residential Property referred to in sub-paragraph (a);
 - (iii) he has no Outstanding Relevant Credit Facility in respect of a Relevant Credit Facility set out in paragraph 2(p)(iii) or (iv), including –
 - (A) any credit facility otherwise secured by the existing Residential Property referred to in sub-paragraph (a); and
 - (B) any re-financing facility in respect of the existing Residential Property which is used to secure the credit facility referred to in sub-paragraph (A); and
 - (iv) the Borrower does not own, any other Property, either by himself or jointly, other than the existing Residential Property referred to in sub-paragraph (a), and
- (c) a printout of the Borrower's Account Summary page in myTax Portal at www.iras.gov.sg, listing the number of properties owned by the Borrower.

Effective Date

31. This Notice shall take effect on 29 June 2013.

Illustrative example 1:

Determination of gross monthly income after amortising the value of eligible financial assets

A is applying for a residential property loan with Bank X. A has a fixed deposit of \$100,000 that he intends to pledge with Bank X for 4 years. In addition, A has investments in a unit trust as set out in paragraph 19(b)(i) valued at \$80,000 at the time of applying for the residential property loan. A does not intend to pledge the unit trust with Bank X. A does not have other sources of income.

In this case, Bank X will calculate the gross monthly income of A as follows:

Eligible Financial Asset	Market Valuation (A)	Percentage Deduction (B)	Amount of Deduction from Valuation (C) = (A) x (B)	Value after Deduction (D) = (A) – (C)
Fixed deposit	\$100,000	0%	\$100,000 x 0% = \$0	\$100,000 - \$0 = \$100,000
Unit trust	\$80,000	70%	\$80,000 x 70% = \$56,000	\$80,000 - \$56,000 = 24,000

$$\begin{aligned}
 \text{Computation of value of eligible financial assets} &= \underline{\$100,000 + \$24,000} \\
 &48 \\
 &= \$2583.33 \text{ (rounding off)}
 \end{aligned}$$

Illustrative example 2:

Determination of monthly debt obligation in the case of joint borrowers of an outstanding credit facility

A is applying for a residential property loan with Bank X. A is a joint borrower for an existing outstanding term loan with another borrower B who is not a joint borrower with A's current loan application. The monthly repayment for the term loan is \$1,500. A has gross monthly income of \$5,000 while joint borrower B has gross monthly income of \$2,500. A does not have any other outstanding debt obligation.

$$\begin{aligned}
 \text{Computation of monthly debt obligation of the outstanding credit facility for A} &= \$1,500 \times [\$5,000 / (\$5,000 + \$2,500)] \\
 &= \$1,000
 \end{aligned}$$