

CONSULTATION PAPER

P018 - 2021

November 2021

Proposed Amendments to Notices on Residential Property Loans Fact Sheet

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1 Preface

1.1 MAS Notices 632A, 1106A, 825A and 115A (collectively, the Fact Sheet or FS Notices) require financial institutions (FIs) to provide and explain a Residential Property Loans Fact Sheet (Fact Sheet) to borrowers when marketing property loans. FIs are also required to obtain an acknowledgement from a borrower that he has read and understood the Fact Sheet, or that the Fact Sheet has been explained to him. The Fact Sheet provides information that is relevant to the borrower's decision to take up a property loan, including the interest rate of the property loan, circumstances under which FIs may revise the interest rate, and how loan repayments may change under different interest rate scenarios.

1.2 As part of the move towards digitalisation and increased engagements between FIs and borrowers via digital channels, MAS is proposing amendments to the FS Notices to facilitate the process for FIs to obtain acknowledgements from borrowers on the Fact Sheet digitally (e.g. through electronic signatures) or from an authorised joint-borrower on behalf of other borrowers.

1.3 MAS' recent thematic inspections of mortgage lenders have also found that the disclosure of key information relating to interest rate changes could be enhanced. In view of these findings¹, MAS is proposing amendments to the FS Notices to require disclosures in the Fact Sheet on possible interest rate changes as well as alternative arrangements that FIs will provide to borrowers should they make unexpected interest rate changes after borrowers have committed to a property loan.

1.4 MAS will also be making administrative amendments to the Fact Sheet to include loan packages based on the Singapore Overnight Rate Average which FIs have started to offer.

1.5 The FS Notices with the proposed amendments are set out in Annex A of this paper. MAS invites comments from FIs, consumers and other interested parties on the proposed amendments to the FS Notices.

Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like:

¹ MAS has published its findings in an information paper on Residential Mortgage Pricing and Disclosure Practices here: <https://www.mas.gov.sg/publications/monographs-or-information-paper/2021/residential-mortgage-pricing-and-disclosure-practices---observations-and-supervisory-expectations-from-thematic-inspections>.

- (i) their whole submission or part of it (but not their identity), or
- (ii) their identity along with their whole submission,

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.

1.6 Please submit your comments to the consultation paper by 14 January 2022 at the following link –

<https://form.gov.sg/611252e55f9f5300120e9883>



1.7 For technical difficulties or any other queries, please contact –

Prudential_Policy_Dept@mas.gov.sg

2 Proposed amendments to MAS Notices 632A, 1106A, 825A and 115A

Facilitating the process for digital acknowledgement of the Fact Sheet

2.1 MAS is proposing to amend the FS Notices to clarify that borrowers can digitally acknowledge the Fact Sheet, instead of signing on a physical copy. The amendments will:

- (i) provide that the terms “signed” or “signature” and its grammatical variations in the FS Notices have the same meaning as that in the Electronic Transactions Act (Cap. 88), i.e. “a method (electronic or otherwise) used to identify a person and to indicate the intention of that person in respect of the information contained in a record”; and
- (ii) clarify that the borrower’s signature need not be on a physical copy of the Fact Sheet.

2.2 MAS also proposes amendments to the FS Notices to allow FIs to provide both the Fact Sheet and the Letter of Offer to the borrower at the same time, to facilitate the extension of property loans via digital channels. It will also benefit borrowers to review the Fact Sheet and Letter of Offer (which may contain more specific terms and conditions) concurrently, before they commit to a property loan.

2.3 Where there are joint-borrowers to the loan, the proposed amendments provide for a joint-borrower to authorise another joint-borrower to provide acknowledgements in relation to the Fact Sheet on his or her behalf. This is to streamline the process of obtaining acknowledgements, if a joint-borrower prefers to authorise another joint-borrower to provide such acknowledgement on his or her behalf. To avoid doubt, FIs should still furnish a copy of the Fact Sheet to all joint-borrowers and provide them with an avenue to seek clarification with FIs.

Question 1. MAS seeks comments on the proposed amendments to the FS Notices set out in Annex A, that facilitate the process for borrowers to acknowledge the Fact Sheet digitally.

Enhancing disclosures in the Fact Sheet

2.4 In view of MAS' recent thematic inspections that found that banks should improve the disclosure of key information relating to interest rate changes, MAS is proposing amendments to Form 1 of the FS Notices² to require enhanced disclosure of:

- (i) Components of the interest rate of the loan (e.g. floor rate³) in addition to the type of reference rate and spread, and circumstances under which these components may be changed; and
- (ii) alternative arrangements that FIs may provide for in the event that FIs make changes to the components of the interest rate of the loan--
 - (a) in circumstances that were not disclosed in the Fact Sheet; or
 - (b) in exercise of their right of review clause in the loan contract.

2.5 MAS is proposing for FIs to make disclosures in the Fact Sheet on the above, so that borrowers can make informed decisions, and have clarity as to alternative arrangements they will have should FIs make unexpected interest rate changes after they have committed to a property loan.

2.6 MAS will also make administrative amendments to the Fact Sheet to include loan packages based on the Singapore Overnight Rate Average which FIs have started to offer.

Question 2. MAS seeks comments on the proposed amendments to Form 1 of the FS Notices set out in Annex A that require enhanced disclosures to borrowers and the consequential amendments to Form 2 of the FS Notices.

² Consequential amendments will be made to Form 2 of the FS Notices.

³ A floor rate indicates the minimum interest rate that is to be charged on a property loan.

Annex A



MAS NOTICE 632A (For the purpose of this consultation, respondents can deem the tracked proposed amendments as being applicable to MAS Notices 1106A, 825A and 115A)

12 December 2017

Last revised on __ __ 2022

NOTICE TO BANKS
BANKING ACT, CAP 19

(MAS Notice 632A dated 19 January 2016 is cancelled with effect from 1 January 2018.)

RESIDENTIAL PROPERTY LOANS – FACT SHEET

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

[\[MAS Notice 632A \(Amendment\) 2022\]](#)

Interpretation

2 In this Notice,

- (a) “Borrower”, in relation to a bank, means any individual who expresses interest in applying for a Credit Facility or re-financing or restructuring an existing Credit Facility, with the bank;
- (b) “Credit Facility” means a credit facility for the purchase of Residential Property or a credit facility otherwise secured by Residential Property;
- (c) “Fact Sheet”, in relation to a Credit Facility, means a form which accurately sets out the features of the Credit Facility in the manner provided in Form 1;
- (d) “Letter of Offer”, in relation to a Credit Facility, means a document, issued by the bank, setting out the terms and conditions of the Credit Facility for acceptance by the Borrower;
- (e) “Representative” in relation to a bank, means a person who has an arrangement with and is authorised by the bank to recommend, introduce or

market any Credit Facility offered by the bank or explain the Fact Sheet of a Credit Facility to a Borrower;

- (f) “signed” or “signature” and its grammatical variations have the same meanings given by section 2(1) of the Electronic Transactions Act (Cap. 88).

[MAS Notice 632A (Amendment) 2022]

- 3 The expressions used in this Notice, shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Act and MAS Notice 632.

Fact Sheet

- 4(1) A bank ~~shall~~must provide, or ensure that its Representative provides, every Borrower with a Fact Sheet in written, printed or electronic form when –
- (a) the bank or its Representative, as the case may be, initiates a discussion with the Borrower on the key features of a Credit Facility;
 - (b) the Borrower initiates a discussion with the bank or its Representative, as the case may be, on the key features of a Credit Facility;
 - (c) the bank or its Representative, as the case may be, initiates a discussion with the Borrower to re-finance or restructure an existing Credit Facility;
 - (d) the Borrower initiates a discussion with the bank or its Representative, as the case may be, to re-finance or restructure an existing Credit Facility; or
 - (e) there is any change to the key features in the Fact Sheet provided under subparagraph (a), (b), (c) or (d).

An illustrative example of how the Fact Sheet is to be completed is shown in Form 2.¹

- (2) For the purposes of this paragraph, “key features”, in relation to a Credit Facility, means one or more of the following:
- (a) the tenure of the Credit Facility;
 - (b) the interest rate of the Credit Facility;

¹~~For fields in the Fact Sheet which do not apply to the re-financing or restructuring of an existing Credit Facility (e.g. the field on “Regulatory minimum cash down payment”), a bank shall indicate the field as “not applicable”.~~

- (c) the amount of credit to be extended under the Credit Facility; or
- (d) the repayment schedule of the Credit Facility.

(3) A bank must ensure that the key features of the Credit Facility set out in the Fact Sheet are consistent with those in the Letter of Offer.

[MAS Notice 632A (Amendment) 2022]

4A For fields in the Fact Sheet² which do not apply to the re-financing or restructuring of an existing Credit Facility³, a bank must indicate the field as “not applicable”.

[MAS Notice 632A (Amendment) 2022]

Provision of Fact Sheet through Digital Channels

5 Where a Borrower has opted to accept a bank’s Letter of Offer through a mobile application or a web-based portal such as the bank’s website (referred to in this Notice as a “Digital Channel”), the bank may provide the Borrower with the Fact Sheet in an electronic form through that Digital Channel.⁴

6 A bank that provides a Borrower with a Fact Sheet through a Digital Channel ~~shall~~must –

- (a) give the Borrower an option to request that a Representative explain the Fact Sheet to him before accepting the Letter of Offer; and
- (b) put in place systems and procedures to explain the risks and features of the Credit Facility and the terms and conditions in the Letter of Offer, to the Borrower.⁵

[MAS Notice 632A (Amendment) 2022]

Explanation and Acknowledgements

² An illustrative example of how the Fact Sheet is to be completed is shown in Form 2.

³ For example, the field on “the field on “Regulatory minimum cash down payment”.

⁴ To avoid doubt~~For avoidance of doubt~~, a Fact Sheet which is emailed to a Borrower is not considered a Fact Sheet provided through a Digital Channel.

⁵ For example, a bank may incorporate checks and prompts on the Digital Channel to assist the Borrower in understanding the features of the Credit Facility and the terms and conditions in the Letter of Offer. A bank may also consider giving the Borrower a free-look period in the event that the Borrower wishes to reconsider his decision to accept the Credit Facility.

7(1)(a) In the case where a bank is providing a Fact Sheet to a Borrower through a Digital Channel and the Borrower has not requested for a Representative to explain the Fact Sheet to him, the bank ~~shall~~must obtain the Borrower's acknowledgement that he has read and understood the Fact Sheet⁶ before allowing the Borrower to accept a Letter of Offer; and

(b) in all other cases, a bank ~~shall~~must carry out the following before allowing the Borrower to accept ~~issuing~~ a Letter of Offer –

(i) explain or ensure that its Representative explains the Fact Sheet to the Borrower;

(ii) ensure that its Representative signs an acknowledgement (whether contained in the Fact Sheet or otherwise), acknowledging that the Fact Sheet has been explained to the Borrower; and

(iii) obtain or ensure that its Representative obtains an acknowledgement (whether contained in the Fact Sheet or otherwise) that is signed by the Borrower, acknowledging that the Fact Sheet has been explained to him.

[MAS Notice 632A (Amendment) 2022]

(2) ~~For the purposes of paragraph 7(1)(b), the signature may be in written, printed or electronic form.~~

[Deleted by MAS Notice 632A (Amendment) 2022]

8 A bank ~~shall~~must keep the Fact Sheet and the Borrower's acknowledgement referred to in paragraph 7(1)(a) or 7(1)(b)(iii), as the case may be for at least 5 years after the Borrower has redeemed, re-financed or restructured the Credit Facility, as the case may be.

[MAS Notice 632A (Amendment) 2022]

8A. Notwithstanding paragraphs 7 and 8, and subject to the conditions in paragraph 8B, where a Borrower ("A") is an individual who expresses interest in applying for a Credit Facility or re-financing or restructuring an existing Credit Facility, with the bank, jointly with another Borrower ("B"), in place of acknowledgements the bank or its Representative must obtain from A—

⁶ For example, a bank may design its online user journey such that a Borrower has to read the contents of the Fact Sheet before he can acknowledge that he has read and understands the Fact Sheet, and accept the Credit Facility.

- (a) for the purposes of paragraph 7(1)(a), the bank may instead obtain an acknowledgement from B on A's behalf, that A has read and understood the Fact Sheet;
- (b) for the purposes of paragraph 7(1)(b)(iii), the bank or its Representative may instead obtain an acknowledgement that is signed by B on behalf of A;
- (c) for the purposes of paragraph 8, the reference to "the Borrower's acknowledgement referred to in paragraph 7(1)(a) or 7(1)(b)(iii), as the case may be", is to be construed as a reference to A's acknowledgement made or signed by B on A's behalf, referred to in sub-paragraph (a) or (b) above, as the case may be, where the bank obtains an acknowledgement in accordance with sub-paragraph (a) or (b);

and

- (d) to avoid doubt, nothing in sub-paragraphs (a), (b) or (c) above affects—
 - (i) the obligation of the bank to provide, or to ensure its Representative provides, a Fact Sheet, in accordance with paragraph 4, 5 or 6; and
 - (ii) the obligation of the bank to explain or ensure that its Representative explains the Fact Sheet to A in accordance with paragraph 7(1)(b)(i) where applicable.

[MAS Notice 632A (Amendment) 2022]

8B. For the purposes of paragraph 8A –

- (a) A must authorise B in writing to provide acknowledgements on A's behalf for the purposes of paragraph 7(1)(a) or 7(1)(b)(iii) of this Notice, as the case may be; and
- (b) the bank must obtain and keep the written authorisation referred in sub-paragraph (a) above for at least 5 years after A and B has redeemed, re-financed or restructured the Credit Facility, as the case may be.

[MAS Notice 632A (Amendment) 2022]

Effective Date

9 This Notice shall take effect on 1 January 2018.

* Notes on History of Amendments

1. MAS Notice 632A (Amendment) 2022 with effect from 2022.

Form 1 – Residential Property Loans Fact Sheet

Your name Date produced

A. General information			
Financial institution (FI)	<input style="width: 90%;" type="text"/>	Name of staff and branch	<input style="width: 90%;" type="text"/>
Product	<input style="width: 95%;" type="text"/>		
Loan amount	\$ <input style="width: 80%;" type="text"/> (See footnote 1)	Loan tenure	<input style="width: 80%;" type="text"/> years
Regulatory minimum cash down payment	\$ <input style="width: 80%;" type="text"/> must be paid in cash (See footnote 2)	Remaining amount to be paid using cash or CPF savings	\$ <input style="width: 80%;" type="text"/>

B. Description of interest rates for loan and repayment details

Lock-in Period (See footnote 3): years from date of first loan disbursement

Year (See footnote 4)	Type of Reference Rate (See footnote 5)	Spread	Interest rate (Value of reference rate + spread)	Monthly Repayment (Principal + Interest) (The principal is the amount you borrow.)	Yearly Repayment (Principal + Interest)
Year 1	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/> %	<input style="width: 80%;" type="text"/> %	\$ <input style="width: 80%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>
Year 2	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/> %	<input style="width: 80%;" type="text"/> %	\$ <input style="width: 80%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>
Year 3	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/> %	<input style="width: 80%;" type="text"/> %	\$ <input style="width: 80%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>
From Year <input style="width: 40px;" type="text"/> (See footnote 6)	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/> %	<input style="width: 80%;" type="text"/> %	\$ <input style="width: 80%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>

Estimated total repayment during entire loan tenure of years: (See footnote 7)
\$

This means you will pay back \$ for every \$1 borrowed.

Components of the interest rate of the loan (“interest rate components”) and circumstances under which FIs may change these components

Year*	Type of Reference Rate**	Spread**	Other Interest Rate Components specified in the Loan Contract (please specify the component, e.g. floor rate)**	
Year <input style="width: 40px;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 95%;" type="text"/>	Note: The value of a reference rate may change over time even though the type of reference rate remains unchanged.
From Year <input style="width: 40px;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 95%;" type="text"/>	

* Your FI should not, under any circumstances, revise a fixed interest rate during the period for which the interest rate is stated as fixed.

** Where “Yes” is indicated, your FI may choose to revise the type of reference rate or spread or any other interest rate component only under the following circumstances:

- Type of reference rate:
- Spread:
- Other interest rate component ([Please specify]):

Advance notice of _____ months of the change will be given.

When your FI makes changes to the interest rate components of your loan beyond what has been listed above or exercises the right of review clause in the loan contract, it will offer you the following option(s):

-
-

C. Monthly loan repayment based on different interest rates

Note: Interest rates may change during the loan tenure. Make sure you can afford the monthly repayment.

Current _____ is:	_____ %				
If _____ changes by: (See footnote 8)	+1%	+2%	+3%	+4%	+5%
The interest rate on the loan (from year _____) will be: (See footnote 6)	_____ %	_____ %	_____ %	_____ %	_____ %
Your monthly repayment will be:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

- Your loan will have an effective interest rate of 5% when _____ reaches _____ %.

Over the past 20 years:

- The highest _____ was _____ % which happened in _____.
- The lowest _____ was _____ % which happened in _____.

Note: These past trends may not reflect how high or low future interest rates may be.

D. Fees and charges due

Your FI must disclose the following fees and charges (where applicable):

Fees and charges	Amount
Processing your loan	
If you reject the loan after accepting the letter of offer	
If you make a late payment	
If you re-finance your loan with the same FI	
If you re-finance your loan with a different FI	
If you repay part or all of the loan	
Any other fees or charges (e.g. legal fees, valuation fees, recovering subsidies, etc). Please specify.	

Where you are unclear about how the fees and charges are derived, you should clarify with your FI.

If your property is a private apartment or condominium, please check with your FI if a Mortgagee Interest Policy is required.

E. Footnotes

1 The loan amount of \$ _____ is _____ % of the lower of the purchase price after deducting any discount or benefit (\$ _____) and the (indicative) current market valuation (\$ _____).

(a) In the case of a purchase of a resale HDB flat (i) where the option to purchase is granted on or after 1 January 2018 or (ii) where there is no option to purchase, the date of the sale and purchase agreement is on or after 1 January 2018 — the FI must replace the preceding sentence with the following:

“The loan amount of \$_____ is _____% of the value confirmed by HDB that can be used as the basis for obtaining a loan to purchase the resale HDB flat after deducting any discount or benefit (\$_____); **and**

(b) in the case where a separate valuation of the resale HDB flat has been conducted by the FI, the FI must replace the preceding sentence with the following:

“The loan amount of \$_____ is _____% of the lower of (i) the value confirmed by HDB that can be used as the basis for obtaining a loan to purchase the resale HDB Flat after deducting any discount or benefit (\$_____) and (ii) the (indicative) current market valuation (\$_____).”

- 2 The cash down payment of \$_____ is _____% of the lower of the purchase price after deducting any discount or benefit (\$_____) and the (indicative) current market valuation (\$_____).

(a) In the case of the purchase of a resale HDB flat (i) where the option to purchase is granted on or after 1 January 2018 or (ii) where there is no option to purchase, the date of the sale and purchase agreement is on or after 1 January 2018 — the FI must replace the preceding sentence with the following:

“The cash down payment of \$_____ is _____% of the value confirmed by HDB that can be used as the basis for obtaining a loan to purchase the resale HDB flat after deducting any discount or benefit (\$_____); **and**

(b) in the case where a separate valuation of the resale HDB flat has been conducted by the FI, the FI must replace the preceding sentence with the following:

“The cash down payment of \$_____ is _____% of the lower of (i) the value confirmed by HDB that can be used as the basis for obtaining a loan to purchase the resale HDB Flat after deducting any discount or benefit (\$_____) and (ii) the (indicative) current market valuation (\$_____).”

This is the regulatory minimum requirement. Your FI should explain to you if you are required to pay additional cash on top of the regulatory minimum requirement.

- 3 Lock-in Period (if any) refers to the period where penalties may apply if you repay part of or your entire property loan, or if you re-finance with the same FI or a different FI.
- 4 We have assumed that the loan is given to you in full in Year 0, with repayments beginning in Year 1. For loans on uncompleted properties, Year 1 also refers to the first year after the loan has been given to you in full.
- 5 _____ refers to _____. Your FI should tell you where you can find the reference rate, how often this rate may be adjusted, and under what circumstances this rate may be changed for the purpose of the loan. The values of reference rates based on market rates such as Singapore Interbank Offered Rate (SIBOR), the Singapore Swap Offer Rate (SOR), and the Singapore Overnight Rate Average (SORA) will vary according to market movements. If reference rates are based on your FI’s internal rate, the value of the reference rate may vary as it is set internally by your FI.
- 6 If the Lock-in Period of the loan is Y years, the FI must give you illustrations for a minimum of Y+1 years.
- 7 This figure is based on the assumption that: (1) there are no changes to the tenure of the loan; and (2) there are no further changes in the interest rate.
- 8 The actual changes in the reference rate may be higher or lower than the examples we have given.

F. Important notes

- 1 If you sell your property after buying it, you may have to pay a Seller’s Stamp Duty. You can find more information at IRAS’ website at <https://www.iras.gov.sg/>.

- 2 The interest rates used in this fact sheet are mostly based on estimates. Actual interest rates may be different, and may be higher than what is shown here.
- 3 Your FI may have the right to ask for additional payments if your property falls in value.
- 4 This fact sheet aims to provide essential information on your property loan. You should still read the loan's terms and conditions. Before you commit to a loan, please read the consumer guide 'What You Should Know About Housing Loans – Key Questions to Ask the Bank Before Taking a Housing Loan' produced by MoneySense and the Association of Banks in Singapore. You can ask your FI for a copy of the guide or you can download a copy from MoneySense's website at <https://www.moneysense.gov.sg/>.
- 5 If you are using CPF savings to buy the property, you should be aware of the rules on CPF usage. In particular, you may not be able to use CPF savings to make your monthly loan repayments for the full period of the loan. This is because the use of CPF savings towards your property (including the housing loan) is governed by the relevant CPF Withdrawal Limit and CPF Valuation Limit. You should also know that you need to set aside the relevant Retirement Sum at age 55, which could reduce the CPF savings that you can use towards buying your property or paying off your housing loan at that point. Visit the CPF Board's website at <https://www.cpf.gov.sg/> for more information.
- 6 If you miss a monthly repayment, your FI can:
 - (i) declare 'an event of default' and make you repay the full loan;
 - (ii) charge you a higher rate of interest;
 - (iii) begin legal action to make you pay the amount you owe or sell your property (or both) to recover what you owe plus unpaid interest; or
 - (iv) bring bankruptcy proceedings against you.

To avoid these situations, you should:

- not commit yourself to a loan that you cannot afford;
 - contact your FI immediately for help if you face an unexpected financial situation (for example, sudden job loss) and have difficulty with making your repayments; and
 - not wait until you miss a repayment before taking appropriate action.
- 7 Some FIs may require you to take up a Mortgagee Interest Policy (MIP) if your private apartment or condominium is mortgaged to them.

The MIP protects the FI's interest. It allows the FI to claim for repayment of the outstanding property loan amount from the insurer, in the event of damage to the property due to an insured event (such as fire) and the FI has concerns over your loan repayment. **You remain liable for the outstanding property loan amount.**

Please note that the FI does not restrict your choice of MIP provider, and any additional insurance coverage offered together with the MIP is optional. However, the FI may impose an administrative charge if you choose to obtain an MIP from an insurer not arranged by the FI.

There may be other FIs that do not require an MIP. Please refer to the Association of Banks in Singapore's website at www.abs.org.sg for more information on MIP.
 - 8 Should you re-finance your property loan, certain financing rules (e.g. loan tenure limit) may apply. You should approach your FI for further information.

I acknowledge that this Fact Sheet has been explained to me by the FI/Representative:

Applicant's Signature Date

I acknowledge that I have explained this Fact Sheet to the applicant(s):

Staff's Signature Date

Where a Fact Sheet is provided through a Digital Channel and the Borrower does not require a Representative to explain the Fact Sheet to him, an FI must indicate "not applicable" in each of the above acknowledgement fields.

Where acknowledgements for the Fact Sheet are obtained separately, an FI must indicate "Acknowledgement has been obtained via [document provided by Borrower] dated [DD MM YYYY]" in each of the above acknowledgement fields.

[MAS Notice 632A (Amendment) 2022]

Form 2 – Illustrative Example

Your name	Peter Tan	Date produced	01/01/2016
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A. General information			
Financial institution (FI)	ABC FI	Name of staff and branch	Penny Tay (Shenton Branch)
Product	Housing Start Package		
Loan amount	\$800,000 (See footnote 1)	Loan tenure	30 years
Regulatory minimum cash down payment	\$50,000 must be paid in cash (See footnote 2)	Remaining amount to be paid using cash or CPF savings	\$200,000

B. Description of interest rates for loan and repayment details					
Lock-in Period (See footnote 3): 3 years from date of first loan disbursement					
Year (See footnote 4)	Type of Reference Rate (See footnote 5)	Spread	Interest rate (Value of reference rate + spread)	Monthly Repayment (Principal + Interest) (The principal is the amount you borrow.)	Yearly Repayment (Principal + Interest)
Year 1	-	-	1.96% (fixed)	\$ 2,941	\$ 35,292
Year 2	-	-	1.96% (fixed)	\$ 2,941	\$ 35,292
Year 3	3M SIBOR (current value: 1.18%)	+ 1.25%	2.43%	\$ 3,120	\$ 37,440
From Year 4 (See footnote 6)	3M SIBOR (current value: 1.18%)	+ 1.29%	2.47%	\$ 3,135	\$ 37,620

Estimated total repayment during entire loan tenure of 30 years: (See footnote 7)

\$ 1,123,895

This means you will pay back **\$1.40** for every \$1 borrowed.

Components of the interest rate of the loan ("interest rate components") and circumstances under which they may change these components

Year*	Type of Reference Rate**	Spread**	<u>Other Interest Rate Components specified in the Loan Contract</u>	Note: The value of a reference rate may change over time even

			(please specify the component, e.g. floor rate)**	though the type of reference rate remains unchanged.
Year 1	3M SIBOR	_____		
From Year	_____	_____		

* Your FI should not, under any circumstances, revise a fixed interest rate during the period for which the interest rate is stated as fixed.

** Where "Yes" is indicated, your FI may choose to revise the type of reference rate or spread or any other interest rate component only under the following circumstances:

- Type of reference rate: In the event that the 3M SIBOR is no longer available.
- Spread:
- Other interest rate component ([Please specify]):

Advance notice of 3 months of the change will be given.

When your FI makes changes to the interest rate components of your loan beyond what has been listed above or exercises the right of review clause in the loan contract, it will offer you the following option(s):

- Waiver of remaining lock-in period and penalty fees for repricing/refinancing – This will give you the option of repricing or refinancing your property loan to a more suitable loan package without any penalties.

C. Monthly loan repayment based on different interest rates

Note: Interest rates may change during the loan tenure. Make sure you can afford the monthly repayment.

Current 3M SIBOR is:	1.18%				
If 3M SIBOR changes by: (See footnote 8)	+1%	+2%	+3%	+4%	+5%
The interest rate on the loan (from year 4) will be: (See footnote 6)	3.47%	4.47%	5.47%	6.47%	7.47%
Your monthly repayment will be:	\$ 3,526	\$ 3,941	\$ 4,381	\$ 4,842	\$ 5,325

- Your loan will have an effective interest rate of 5% when 3M SIBOR reaches 4%.

Over the past 20 years:

- The highest 3M SIBOR was 7.75% which happened in January 1998.
- The lowest 3M SIBOR was 0.25% which happened in September 2011.

Note: These past trends may not reflect how high or low future interest rates may be.

D. Fees and charges due (your FI will charge the following fees and charges in the following circumstances)

Your FI must disclose the following fees and charges (where applicable):

Fees and charges	Amount
Processing your loan	\$0

If you reject the loan after accepting the letter of offer	\$50
If you make a late payment	Late payment is charged an interest rate of 24% per annum
If you re-finance your loan with the same FI	\$0 if loan is re-financed after lock-in period
If you re-finance your loan with a different FI	\$0 if loan is re-financed after lock-in period
If you repay part or all of the loan	1.5% of the loan amount to be repaid
Any other fees or charges (e.g. legal fees, valuation fees, recovering subsidies and so on). Please specify. <ul style="list-style-type: none"> • Legal fees • Valuation fees 	\$3,000 \$500

Where it is unclear how the fees and charges are derived, you should discuss the details with your FI.

If your property is a private apartment or condominium, please check with your FI if a Mortgagee Interest Policy is required.

E. Footnotes

- 1 The loan amount of \$800,000 is 80% of the lower of the purchase price after deducting any discount or benefit (\$1,050,000) and the (indicative) current market valuation (\$1,000,000).
- 2 The cash down payment of \$50,000 is 5% of the lower of the purchase price after deducting any discount or benefit (\$1,050,000) and the (indicative) current market valuation (\$1,000,000). This is the regulatory minimum requirement. Your FI should explain to you if you are required to pay additional cash on top of the regulatory minimum requirement.
- 3 Lock-in Period (if any) refers to the period where penalties may apply if you repay part of or your entire property loan, or if you re-finance with the same FI or a different FI.
- 4 We have assumed that the loan is given to you in full in Year 0, with repayments beginning in Year 1. For loans on uncompleted properties, Year 1 also refers to the first year after the loan has been given to you in full.
- 5 SIBOR refers to the Singapore Interbank Offered Rate. Your FI should tell you where you can find the reference rate, how often this rate may be adjusted, and under what circumstances this rate may be changed for the purpose of the loan. The values of reference rates based on market rates such as Singapore Interbank Offered Rate (SIBOR), the Singapore Swap Offer Rate (SOR), **and the Singapore Overnight Rate Average (SORA) will vary according to market movements**. If reference rates are based on your FI's internal rate, the value of the reference rate may vary as it is set internally by your FI.
- 6 If the Lock-in Period of the loan is Y years, the FI must give you illustrations for a minimum of Y+1 years.
- 7 This figure is based on the assumption that: (1) there are no changes to the tenure of the loan; and (2) there are no further changes in the interest rate.
- 8 The actual changes in the reference rate may be higher or lower than the examples we have given.

F. Important notes

- 1 If you sell your property after buying it, you may have to pay a Seller's Stamp Duty. You can find more information at IRAS' website at www.iras.gov.sg.
- 2 The interest rates used in this fact sheet are mostly based on estimates. Actual interest rates may be different, and may be higher than what is shown here.

- 3 Your FI may have the right to ask for additional payments if your property falls in value.
- 4 This fact sheet aims to provide essential information on your property loan. You should still read the loan's terms and conditions. Before you commit to a loan, please read the consumer guide 'About Home Loans – Key Questions to Ask the Bank Before Taking a Home Loan' produced by MoneySense and the Association of Banks in Singapore. You can ask your FI for a copy of the guide or you can download a copy from MoneySense's website at www.moneysense.gov.sg.
- 5 If you are using CPF savings to buy the property, you should be aware of the rules on CPF usage. In particular, you may not be able to use CPF savings to make your monthly loan repayments for the full period of the loan. This is because the use of CPF savings towards your property (including the housing loan) is governed by the relevant CPF Withdrawal Limit and CPF Valuation Limit. You should also know that you need to set aside the relevant Retirement Sum at age 55, which could reduce the CPF savings that you can use towards buying your property or paying off your housing loan at that point. Visit the CPF Board's website at www.cpf.gov.sg for more information.
- 6 If you miss a monthly repayment, your FI can:
 - (i) declare 'an event of default' and make you repay the full loan;
 - (ii) charge you a higher rate of interest;
 - (iii) begin legal action to make you pay the amount you owe or sell your property (or both) to recover what you owe plus unpaid interest; or
 - (iv) bring bankruptcy proceedings against you.

To avoid these situations, you should:

- not commit yourself to a loan that you cannot afford;
 - contact your FI immediately for help if you face an unexpected financial situation (for example, sudden job loss) and have difficulty with making your repayments; and
 - not wait until you miss a repayment before taking appropriate action.
- 7 Some FIs may require you to take up a Mortgagee Interest Policy (MIP) if your private apartment or condominium is mortgaged to them.

The MIP protects the FI's interest. It allows the FI to claim for repayment of the outstanding property loan amount from the insurer, in the event of damage to the property due to an insured event (such as fire) and the FI has concerns over your loan repayment. **You remain liable for the outstanding property loan amount.**

Please note that the FI does not restrict your choice of MIP provider, and any additional insurance coverage offered together with the MIP is optional. However, the FI may impose an administrative charge if you choose to obtain an MIP from an insurer not arranged by the FI.

There may be other FIs that do not require an MIP. Please refer to the Association of Banks in Singapore's website at www.abs.org.sg for more information on MIP.

- 8 Should you re-finance your property loan, certain financing rules (e.g. loan tenure limit) may apply. You should approach your FI for further information.

I acknowledge that this Fact Sheet has been explained to me by the FI/Representative:

<signature>

Applicant's Signature

05/01/2016

Date

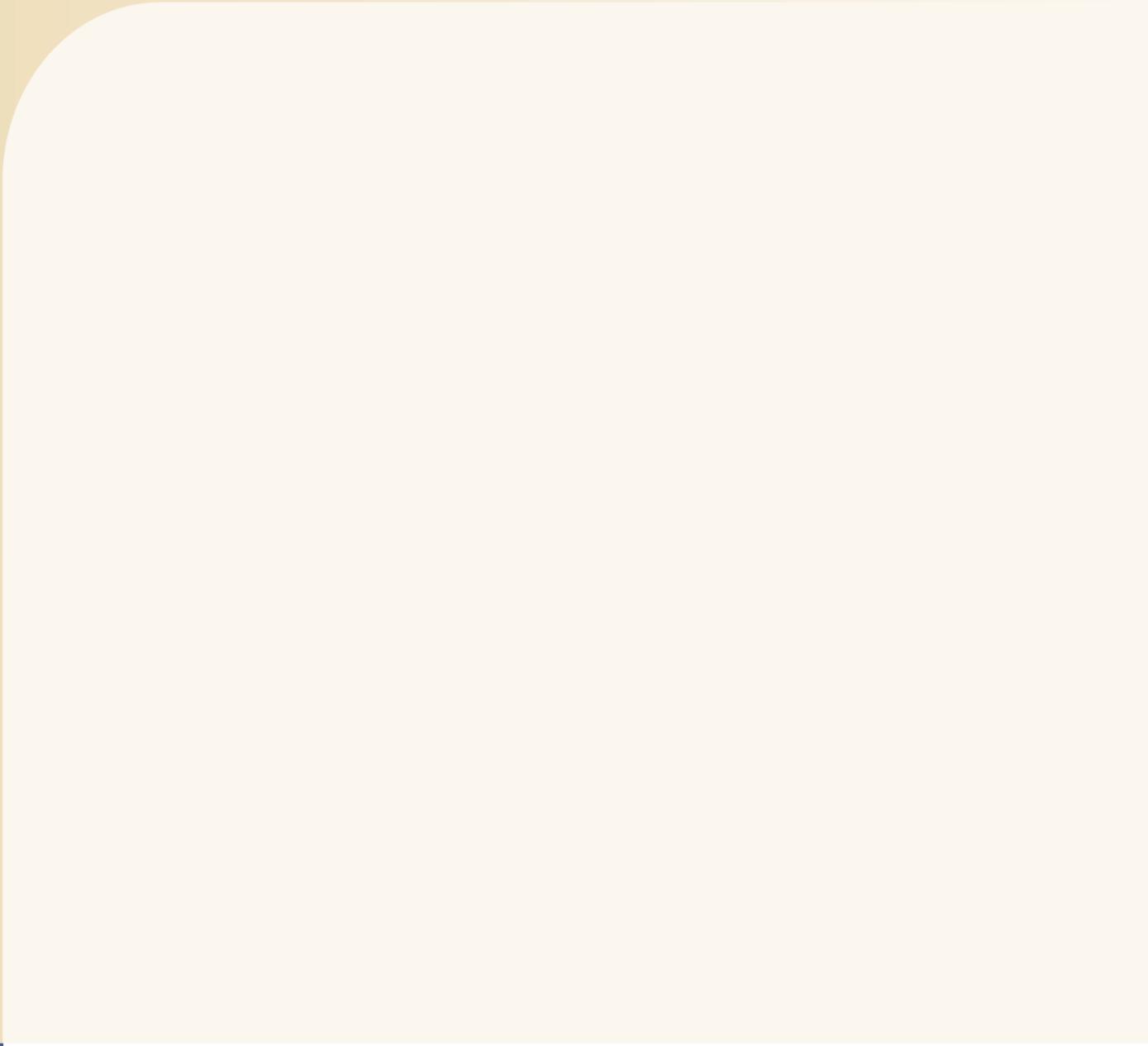
I acknowledge that I have explained this Fact Sheet to the applicant(s):

<signature>

Staff's Signature

05/01/2016

Date



Monetary Authority of Singapore