

FREQUENTLY ASKED QUESTIONS

Additional Buyers' Stamp Duty (ABSD)

- 1. What transitional arrangements are in place for buyers purchasing residential property around the date of implementation of the increase in ABSD?**

There will be a transitional provision where ABSD rates before 16 December 2021 will apply for cases that meet all of the following conditions:

- a. The option to purchase (OTP) is granted by sellers to potential buyers on or before 15 December 2021;
- b. This OTP is exercised on or before 5 January 2022, or within the OTP validity period, whichever is earlier; and
- c. This OTP has not been varied on or after 16 December 2021.

Buyers should adhere strictly to the conditions in order to enjoy the transitional provision.

Total Debt Servicing Ratio (TDSR)

- 2. Which loans will the revised TDSR threshold apply to?**

The revised 55% TDSR threshold will apply to new housing loans for the purchase of properties where the OTP is granted on or after 16 December 2021. Where there is no OTP, the 55% TDSR threshold will apply where the date of the sale and purchase agreement is signed on or after 16 December 2021.

The 55% TDSR threshold will also be applicable to homeowners who apply for new mortgage equity withdrawal loans (MWL) on or after 16 December 2021, unless the loan-to-value (LTV) ratio of the MWL does not exceed 50%.

The TDSR is applicable to individuals, sole proprietors and vehicles set up for the purchase of properties that take out property loans from financial institutions (FIs) in respect of residential and non-residential properties. Other SMEs and corporates are not subject to the TDSR when applying for property loans, as they are generally subject to a different set of credit assessment criteria that considers the nature and financials of their business.

- 3. What arrangements are in place for borrowers taking loans around the date of implementation of the tightening in TDSR threshold?**

The previous 60% TDSR threshold will apply to borrowers who have been issued with an OTP dated on or before 15 December 2021, or who have signed a sale and purchase agreement on or before 15 December 2021, where there is no OTP. Borrowers can avail themselves to this provision regardless of

whether they have exercised the OTP at the point of applying for a property loan.

Borrowers should provide the OTP or sales and purchase agreement to financial institutions when applying for a property loan to avail themselves of the previous 60% TDSR threshold.

4. For homeowners who had taken loans based on the previous 60% TDSR threshold, and are now unable to meet the new threshold, would they be prevented from refinancing their loans?

Homeowners with existing owner-occupied property loans will not be affected by the 55% TDSR threshold, as the TDSR does not apply to refinancing of owner-occupied housing loans. For borrowers who are refinancing their existing investment property loans, MAS has provided for a temporary TDSR waiver for borrowers affected by COVID-19. Otherwise, the previous 60% TDSR threshold will apply.

LTV limit for HDB housing loan

5. Does the announced LTV limit for HDB flats apply to housing loans granted by the financial institutions regulated by MAS?

No, it does not. The announced LTV limit applies only to housing loans granted by HDB for the purchase of HDB flats. The LTV limit for those taking housing loans from financial institutions remains at 75%.

6. When does the announced LTV limit for HDB loans take effect?

The announced LTV limit will apply to those who are buying a new flat in the HDB's sales exercises launched from 16 Dec 2021 onwards. It will also apply to resale flat buyers, specifically for complete resale applications which are received by HDB from 16 Dec 2021.

Those who are buying new flats in the Nov 2021 Build-To-Order and Sale of Balance Flats exercises, as well as the earlier sales exercises, and those who are buying resale flats for which the complete resale application¹ was received by the HDB before 16 Dec 2021, will be subject to the previous 90% LTV limit.

7. With a lower LTV limit, does it mean I have to pay a higher amount of downpayment when signing the Agreement for Lease for my new flat purchase?

There is no change to the amount of downpayment that is required when signing the Agreement for Lease for flats purchased directly from HDB, which remains at 10%.²

¹ A resale application is considered complete after both the sellers and buyers have submitted their respective portions of the resale application.

² There will also be no change to the amount of downpayment required when signing the Agreement for Lease for those eligible for the staggered or deferred downpayment scheme which remain at 5% and 0% respectively.