



4 September 2014

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

Dear Sir/Madam

BORROWERS WHO ARE INDIVIDUALS AND WHO OWN RESIDENTIAL PROPERTY GAZETTED FOR ACQUISITION

1 This circular explains the application of MAS Notices on Residential Property Loans¹ (the “RPL Notices”) and MAS Notices on Computation of Total Debt Servicing Ratio for Property Loans² (the “TDSR Notices”) to Borrowers who are individuals³ and who own Residential Property that has been gazetted to be acquired by the Government under the Land Acquisition Act (Cap. 152), where the date of the Notice of Land Acquisition is 15 August 2014 (“Individual”).⁴

Loan-to-value (“LTV”) limit and cash down payment requirement

2 A financial institution (“FI”) may grant an Individual a credit facility for the purchase of a Residential Property to replace his acquired property (“Replacement Property”) with a LTV limit of up to 80%:

- (i) where the Individual has only one outstanding credit facility for the purchase of the acquired property⁵, provided the Individual is able to produce the Notice of Land Acquisition issued under Section 8 of the Land Acquisition Act⁶ to the FI;
- or

¹ 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.

² MAS Notices on Computation of Total Debt Servicing Ratio for Property Loans refer to MAS Notice 645 issued to banks, MAS Notice 831 issued to finance companies and MAS Notice 1115 issued to merchant banks.

³ For the avoidance of doubt, “individual” refers to a natural person.

⁴ Where the date of the Notice of Land Acquisition is before 6 October 2012, please refer to the circular dated 3 September 2013.

⁵ That is, the Individual does not have an outstanding credit facility for the purchase of any other Residential Property.

⁶ A sample of the Notice of Land Acquisition (issued under Section 8 of the Land Acquisition Act) is at Annex 1.

- (ii) where the Individual has outstanding credit facilities for the purchase of Residential Property other than the acquired residential property⁷, provided the Individual is able to produce the Notice of Land Acquisition issued under Section 8 of the Land Acquisition Act and give a written declaration to the FI that he has not declared any residential property, other than the Replacement Property, as being purchased to replace his acquired residential property.⁸

The minimum cash down payment is required to be at least 5% of the property value.

3 The actual LTV of the loan (subject to the maximum 80% limit) will be determined by the FI following its credit assessment of the Individual.

Maximum loan tenure

4 An FI may grant an Individual a credit facility for the purchase of the Replacement Property, a tenure which does not exceed the higher of:

- (i) 35 years⁹; and
- (ii) the remaining tenure on the credit facility for the purchase of the acquired property.

Total debt servicing ratio (“TDSR”) and mortgage servicing ratio (“MSR”)

5 An FI may, subject to its credit assessment and underwriting criteria, grant an Individual a credit facility for the purchase of the Replacement Property that exceeds the TDSR threshold of 60% stated in the Guidelines on the Application of Total Debt Servicing Ratio for Property Loans under MAS Notices 645, 1115, 831 and 128 (the “Guidelines”). The FI should, on a monthly basis, continue to report such facilities for which the TDSR is not computed.

6 Where the Replacement Property is a HDB Flat or an EC purchased directly from a Property Developer, an FI need not apply the MSR limit of 30% in paragraph 6 of the TDSR Notices when granting an Individual a credit facility for the purchase of the Replacement Property.

Borrower-mortgagor rule

7 An FI also need not apply the borrower-mortgagor rule in paragraph 25 of the RPL Notices when granting an Individual, a credit facility for the purchase of a Replacement Property.¹⁰

⁷ This is regardless of whether the outstanding credit facilities include facilities for the purchase of the acquired property.

⁸ A sample of the written declaration is attached in Annex 2.

⁹ 30 years, if the Replacement Property is a HDB flat.

¹⁰ For the avoidance of doubt, paragraphs 27 and 30(b)(ii) of the RPL Notices shall continue to apply.

8 Notwithstanding the above, the RPL Notices, TDSR Notices and Guidelines will continue to apply where the property owner is not an individual or where the acquired property is not a Residential Property.

9 Should an FI 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 in that Notice.

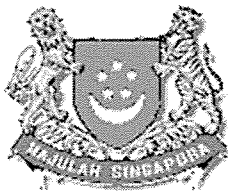
Yours faithfully

(sent via MASNET)

LIM TUANG LEE
EXECUTIVE DIRECTOR
PRUDENTIAL POLICY DEPARTMENT

DR LAM SAN LING
EXECUTIVE DIRECTOR
MACROECONOMIC SURVEILLANCE
DEPARTMENT

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Date: 15 August 2014

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 Thomson – East Coast Mass Rapid Transit (MRT) Line

under the Land Acquisition Act (Cap. 152)

- 2 Declaration dated 7 August 2014, first published in the Government Gazette, Electronic Edition, on 15 August 2014

- 3 The Schedule Referred to above :-

<u>Owner</u>	<u>Lot No</u>	<u>Mukim</u>	<u>Area (sq m)</u>	<u>Title</u>
Tan Aah Limm	1234	1	123.0	Grant 1234

Chargee

Mortgagee
ABC Bank Pte Ltd

- 4 All persons interested in this land are hereby called upon to appear personally or by any person authorized in writing in that behalf at this Office on the date and time stated below to state the nature of their interests in the land, the amount and particulars of their claims to compensation for those interests, the basis or mode of valuation by which the amount claimed is arrived at and their objections, if any, to the measurements of the land to be acquired.

Date and Time of Inquiry

1 Sept 2014 at 8.30 a.m.

Lim Ai Tan
Collector of Land Revenue
Singapore
DID: 6123 4567

File Ref : SLA/1.1.1234M32.1234

Revenue

Correspondence Address
The Collector of Land

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]