

Form 2 – Illustrative Example

Your name Date produced

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.

*Can the FI make changes to:	Type of Reference Rate**	Spread**	Note: The value of a reference rate may change over time even though the type of reference rate remains unchanged.
Year 1 and 2	N.A.	N.A.	
From Year 3	Yes	No	

* 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 both only under the following circumstances:

- Type of reference rate: in the event that the 3M SIBOR is no longer available.

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

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

- 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).
- 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.
- 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.
- 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.
- 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) and the Singapore Swap Offer Rate (SOR) 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 at 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> 05/01/2016
Applicant's Signature Date

I acknowledge that I have explained this Fact Sheet to the applicant(s): <signature> 05/01/2016
Staff's Signature Date