

RESPONSE TO FEEDBACK RECEIVED

14 December 2022

Response to Feedback Received – Proposed Amendments to Notices on Residential Property Loans Fact Sheet

MAS

Monetary Authority of Singapore

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1 Preface

1.1 On 18 November 2021, MAS issued a consultation paper seeking comments on proposed amendments to:

- facilitate the process for Financial Institutions (FIs) to obtain digital acknowledgements from borrowers on the Fact Sheet (e.g. through electronic signatures) or from an authorised joint-borrower on behalf of other borrowers; and
- require disclosures in the Fact Sheet on possible interest rate changes as well as alternative arrangements that FIs will provide to borrowers should the FIs make unexpected interest rate changes after borrowers have committed to a property loan.

1.2 The consultation period closed on 14 January 2022, and MAS would like to thank all respondents for their contributions. The list of respondents is in Appendix A.

1.3 MAS has considered carefully the feedback received and has incorporated them where it has agreed with the feedback. Comments that are of wider interest, together with MAS' responses are set out below.

2 Facilitating the process for digital acknowledgement of the Fact Sheet

2.1 In the consultation paper, MAS proposed to allow borrowers to:

- a) digitally acknowledge the Fact Sheet, instead of signing on a physical copy;
- b) review the Fact Sheet and Letter of Offer concurrently, before they commit to a property loan; and
- c) authorise another joint-borrower to provide acknowledgements in relation to the Fact Sheet on his or her behalf.

2.2 MAS notes that respondents are largely supportive of the proposals and some respondents only sought clarifications on operational issues.

Digital acknowledgements and authorisations

2.3 Two respondents sought clarification on whether digital acknowledgement of Fact Sheet includes responses made by borrowers via email or FIs' portals. Three respondents enquired if the written authorisation of B by A (i.e. joint-borrowers) needs to be in physical writing. Two respondents sought confirmation on whether the proposal to allow FIs to provide both the Fact Sheet and Letter of Offer to borrowers concurrently would apply to both cases where loan applications are received through digital channels and where borrowers opt to receive physical documents.

MAS' Response

2.4 We confirm that digital modes of acknowledgement of the Fact Sheet and digital forms of authorisation by borrowers or joint-borrowers that comply with Section 7 of the Electronic Transactions Act, including e-mails, are acceptable. This applies to situations where FIs provide both the Fact Sheet and Letter of Offer to the borrowers concurrently too.

Authorisation for another joint-borrower to provide acknowledgements on behalf

2.5 One respondent suggested for MAS to consider allowing Fact Sheet acknowledgement from either one of the joint-borrowers without obtaining a written authorisation, as this would create additional processes for FIs.

MAS' Response

2.6 As the joint-borrowers are jointly and severally liable to service the property loan, it is important for them to review the terms of new and refinanced property loans. Where borrowers prefer the option of authorising a joint-borrower to engage FIs, FIs should obtain and retain records of written acknowledgements of the authorisations, whether digitally or in physical copy. The process ensures that borrowers are aware that they are delegating authority to a joint-borrower to commit to a property loan on his/her behalf. MAS will therefore retain the requirement for written authorisation before allowing one joint-borrower to acknowledge on behalf of another.

3 Enhancing disclosures in the Fact Sheet

3.1 In the consultation paper, MAS had also proposed to enhance disclosure of

a) components of the interest rate of the loan (e.g. floor rate), the type of reference rate and spread, and circumstances under which these components may be changed; and

b) alternative arrangements that FIs may provide for in the event that FIs make changes to the components of the interest rate of the loan, in circumstances other than that provided for in the Fact Sheet or when FIs exercise the right of review clause in the loan contract (“unexpected interest rate changes”).

3.2 MAS notes most respondents are supportive of the objectives of the proposals to require enhanced disclosure and some respondents sought clarification and guidance on the disclosures to be provided to customers.

3.3 One respondent provided feedback that it may not be practical for FIs to exhaustively disclose all circumstances under which FIs may change interest rate components and list the relevant options available to customers, where interest rate changes may be required. The respondent highlighted that this requirement could limit the actions that FIs can take in the future and create potential disputes.

3.4 A few respondents also sought MAS’ guidance on the language and form of disclosures of the circumstances under which FIs may exercise their contractual rights to revise loan interest rates. They asked if it is acceptable to refer customers to the exact clauses in the Letter of Offer and to provide summarised descriptions of the exceptional circumstances under which FIs may make such a move (e.g. changes in market conditions).

MAS’ Response

3.5 FIs should provide their borrowers with clear, relevant and adequate information in the Fact Sheet to help borrowers make informed borrowing decisions and to facilitate a shared understanding of how the terms of their property loans are expected to be effected under different circumstances. In this regard, it is critical for FIs to make upfront disclosures of when the interest rate components may be revised, so that borrowers can plan their finances to cater for possible interest rate changes before taking a property loan.

3.6 We note the feedback that there may be challenges in setting out the circumstances for making such revisions exhaustively. FIs should make changes to interest rates components only in extraordinary and unforeseen circumstances (e.g. cessation of a specific property loan reference rate). This is in line with the broader industry practice to ensure that it does not create an impression that a product has certain characteristics that it does not have¹. In the same vein, FIs are expected to keep fixed rates unchanged during the period for which the rate is stated as fixed, and to not change interest rates components in relation to the property loan after it has been committed to.

3.7 Where FIs opt to retain the right of review clause, we will require FIs to disclose in the Fact Sheet that this clause is present, and to disclose the alternative arrangements available for borrowers should they exercise the clause during the contract period. As FIs' exercise of the right of review clause will affect existing borrowers who have taken property loans, we expect FIs to minimally provide these borrowers with advance notice and to waive any fees or penalties so that they can switch out of the loan. MAS has also issued a consultation on amendments to the Guidelines on Fair Dealing – Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers, including proposed safeguards and governance controls that FIs should put in place before exercising the right of review clause.

Fluctuations in the property loan reference rate

3.8 Two respondents sought clarifications on whether a change in the value of FIs' "Cost of Funds" (i.e. the internal rate that the property loan is pegged to and that is dependent on the FI's liquidity costs / money market movements) is considered a change of interest rate component or a change of value to be included in the enhanced disclosures.

MAS' Response

3.9 MAS would like to clarify that where the FI's "Cost of Funds" or internal rate is the "Type of Reference Rate" that the property loan is pegged to (e.g. "FI Base Rate + 1.2%"), the FI is already required to disclose that the value of this reference rate may fluctuate over time. In addition, the FI should disclose that the FI's rate is internally

¹ This would be in line with ABS Code of Advertising for Banks.

determined by the FI rather than the market, unlike rates like the Singapore Overnight Rate Average (SORA).

3.10 Where changes in the FI's internal rate would trigger changes in the spread of the loan or cause the FI to revise the "Type of Reference Rate" that the property loan is pegged to, the FI should make the enhanced disclosures to borrowers (specifically, the circumstances under which the FI may make such changes and the alternative arrangements that would be offered to customers).

Changes to enhance readability of the Fact Sheet

3.11 We have received feedback from FIs that the Fact Sheet format could be enhanced to improve readability. We have thus worked with MAS' Behavioural Insights and Research Unit to simplify and reorganise the content in the Fact Sheet, after conducting multiple focus group discussions and surveys with existing and potential borrowers. A copy of the revised Fact Sheet template is appended in Annex C.

4 Implementation Timeline

4.1 MAS will provide for a 6-month transition period, from the date of the revised Fact Sheet Notices issuance, for the amendments to take effect. This takes into account time needed for FIs to make system changes and accommodate the new Fact Sheet format. Notwithstanding, we urge FIs to implement the changes as soon as practicable to enhance disclosures in Fact Sheets, as the enhanced disclosures will help borrowers make informed financial decisions in a high interest rate environment.

MONETARY AUTHORITY OF SINGAPORE

14 December 2022

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON
PROPOSED AMENDMENTS TO NOTICES ON
RESIDENTIAL PROPERTY LOANS FACT SHEET**

1. BNP Paribas
2. Credit Suisse AG
3. Citibank Singapore Limited
4. DBS Bank Limited
5. EFG Bank AG, Singapore
6. HSBC Bank (Singapore) Limited
7. Maybank Singapore Limited
8. Oversea-Chinese Banking Corporation Limited
9. United Overseas Bank Limited
10. 1 respondent requested for confidentiality of their identity and submission

Please refer to Annex B for the submissions.

**SUBMISSION FROM RESPONDENTS TO THE CONSULTATION ON
PROPOSED AMENDMENTS TO NOTICES ON
RESIDENTIAL PROPERTY LOANS FACT SHEET²**

S/N	Respondent	Responses from Respondent
1	BNP Paribas	<p><u>Question 1</u></p> <p>MAS clarified in 2011 via its response to feedback on Residential Property Loans Fact Sheet that FIs will not be required to provide the Fact Sheet to its Private Banking (“PB”) and High Net Worth Individuals (“HNWIs”) customers for non-standard customized loan structures where it is difficult to illustrate the residential property loan terms on a standalone basis in the Fact Sheet format. MAS went on to highlight that where the loan to PB and HNWI customer is a standard loan to purchase residential property without, FIs should still provide the customer with the Fact Sheet.</p> <p>Following MAS’ clarification above, we have noted that the MAS 632A in respect of Residential Property Loans - Fact Sheet was further revised between 2016 and 2018 to include Section D “Fees and charges due” and definition of “Credit Facility” respectively. Under the revised MAS 632A, “Credit Facility” was defined as “a credit facility for the purchase of Residential Property or a credit facility otherwise secured by Residential Property”. The definition of “Credit Facility” here, specifically under the second limb, would therefore include non-standard customized loan structures.</p> <p>In 2011 when MAS provided the abovementioned clarification, MAS did not provide for the definition of “Credit Facility” and the initial Fact Sheet did not contain Section D “Fees and charges due” To this end, considering the subsequent revisions made to MAS 632A and the Fact Sheet,</p>

² We have not published feedback where respondents had requested that their submissions be made confidential.

		we would like to seek clarification with MAS on whether non-standard customized loan structures would continue to be excluded from the Fact Sheet requirement.
2	Credit Suisse AG	<p><u>Question 2</u></p> <p>Feedback (a): Private Banks generally use and specify their internal “Cost of Funds” or bank base rate instead of SIBOR/SORA as the reference rate for mortgage credit facilities and such terms are defined in the credit facility letters. The definition would highlight the different components (e.g. applicable reference rates, costs in connection with liquidity and funding arrangements, costs arising from capital, reserve, special deposit or other internal or regulatory requirements etc.) and also indicate that a zero rate would be assigned if any component is determined to be less than zero. Would the provision of the definition of the “Cost of Funds” or bank base rate in Section B of the Fact Sheet fulfil the requirements of paragraph 2.4(i) of the consultation paper?</p> <p>Feedback (b): Paragraph 2.5 of MAS Information Paper on Residential Mortgage Pricing and Disclosure Practices highlights MAS’ expectation for banks to disclose clearly in their mortgage contracts that minimum 30 days’ notice will be given to customers and references the ABS Consumer Guide to Housing Loans and ABS Code of Consumer Banking Practice which are relevant best banking practice guides for retail banks. Could MAS confirm if the minimum 30 days’ notice requirement would be applicable to Private Banks, which do not target the retail market, as part of the proposed amendments to the Fact Sheet Notices?</p> <p>Feedback (c): It appears from the revised Fact Sheet (Form 1) that banks are required to add an additional column for each additional Interest Rate Components and then indicate in the rows below whether the component would change (‘yes’/‘no’) and if yes is indicated, to indicate the circumstances where they may change, is this correct? If not,</p>

		<p>where should “Yes/No be indicated? Given the limited space in the Fact Sheet, if the description of the interest rate component and the circumstances where it may change is too lengthy, can banks refer to the relevant clause in the facility letter instead? For example, one type of floor rate is as follows: ‘for Term of less than one month, the Bank Base Rate applied shall be the higher of (a) one-month Bank Base Rate and (b) the Bank Base Rate for such Term of less than one month.</p> <p>Feedback (d): In the existing Fact Sheet (Form 1), there is a field that guides readers as follows “Can the FI make changes to:”. This has been removed in the revised Fact Sheet. Please confirm that banks are required to indicate ‘yes/no’ against each listed interest rate components. Please also clarify the illustration in Form 2 which currently sets out ‘3M SIBOR’ under type of reference rate for year 1, rather than ‘yes/no’.</p>
3	Citibank Singapore Limited	<p><u>Question 1</u></p> <p>We seek clarification from MAS on para 8(B) where it provided that A must provide authorization “in writing” to FI and the FI is required to retain a record of such authorization for at least 5 years post redemption, refinancing or restructuring (as the case may be). Could MAS clarify if the requirement for "in writing" can be similarly satisfied by the Electronic Transactions Act and need not be something obtained physically on paper.</p>
4	DBS Bank Limited	<p>Our Product team and folks have reviewed the Consultation Paper on the Fact Sheet and advised that they have no issues with the proposed.</p>
5	EFG Bank AG, Singapore	<p><u>Question 1</u></p> <p>We would like to seek a confirmation that MAS’ proposal for FIs to provide both the Fact Sheet and Letter of Offer to the borrower at the same time would apply to cases where these are provided through physical means as well, and not just digitally.</p> <p>With respect to the proposal for allow for a joint-borrower (A) to authorize another joint-borrower (B) to provide acknowledgements in relation to the Fact Sheet on his or her behalf, we would like to highlight that this may lead to</p>

		<p>potential issues where the borrower A may not understand the Fact Sheet even though this has been acknowledged by borrower B, notwithstanding that the Fact Sheet has been provided to A.</p> <p>We suggest an amendment to paragraph 8A(d)(i) of the draft Notice, to ensure that it is clear that the bank is obliged to provide or ensure its Representative provides the Fact Sheet to both joint-borrowers A and B: Paragraph 8A(d)(i): the obligation of the bank to provide, or to ensure its Representative provides, a Fact Sheet, to both A and B, in accordance with paragraph 4, 5 or 6.</p> <p><u>Question 2</u></p> <p>For FIs that use an internal rate (as the reference rate) that is dependent on the FI's liquidity costs / money market movements, we seek a confirmation that a change in the value of the rate is not considered a change of interest rate component but a change of value.</p> <p>For the circumstances that FIs may revise the reference rate, spread or interest rate component, we seek clarification if exceptional / unforeseen circumstances e.g. changes in market or regulatory conditions or requirements are expected to be listed in the Fact Sheet.</p>
6	Oversea-Chinese Banking Corporation Limited	<p><u>Question 1</u></p> <p><u>Paragraph 8A & 8B</u></p> <p>We would like to suggest the below to distinguish the acknowledgement process between new & existing loans</p> <ul style="list-style-type: none"> • For new loans, all borrowers will acknowledge Fact Sheet and Letter of Offer at the same time. • For existing loans specifically repricing, as all borrowers are already jointly & severally liable, either one party can accept the SLO and Fact Sheet. Acceptance of Fact Sheet can follow the Bank's practices which can include requiring only one of the joint borrowers to initiate or to accept the Fact Sheet and SLO. We would like to suggest for a declaration to be provided from A that B does not object to the terms of the SLO and Fact Sheet and the Fact Sheet does not need to be sent to all joint borrowers. <p><u>Paragraph 8B</u></p>

		<ul style="list-style-type: none">Regarding the requirement that A must authorise B <u>in writing</u> to provide acknowledgements on A's behalf, we would like to share our understanding that authorisation by way of electronic records via digital channels would be acceptable too in accordance with section 7 of the Electronic Transactions Act. <p><u>Footnote 4</u> We would like to propose to MAS to consider the emailing of Fact Sheet to a Borrower as analogous as Fact Sheet provided through a Digital Channel. This is because only a minority of banks handle repricing through a secured portal. Email and sending of encrypted files via email is a key avenue to increase processing efficiency.</p> <p><u>Form 1 – Signature Section</u> We would like to suggest the removal of the following paragraphs to accommodate digital acceptance whereby the acknowledgement is recorded (checkboxes, submission date and time) during the digital acceptance journey, and acknowledgement fields do not need to be populated with the proposed text.</p> <ul style="list-style-type: none">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 acknowledgement 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. <p><u>Question 2</u></p> <p><u>Form 1</u></p> <ul style="list-style-type: none">As the Letter of Offer and Fact Sheet are provided together, and according to the Information Paper, the Letter of Offer must incorporate details of the changes allowed on reference rate, spread or other interest rate components, we would like to propose the modification of the following sections. This will simplify the Fact Sheet and minimise errors as there may be customisations
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		<p>made in the Letter of Offer which is not possible to detail in the Fact Sheet.</p> <p><i>** 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 certain circumstances which are specified in detail in the Letter of Offer.</i></p> <p><i>When your FI makes changes to the interest rate components of your loan beyond what has been listed in the Letter of Offer, 30 days' notice will be given. Please refer to the Letter of Offer for details.</i></p> <ul style="list-style-type: none"> • We would like to suggest the removal of URLs for IRAS, MoneySense, CPF and ABS under Section F of the Form 1 to avoid providing clickable links in our documents.
7	United Overseas Bank Limited	<p><u>Question 2</u></p> <p>Request for clarification from MAS:</p> <p>The Bank understands that the intention of MAS' proposal to enhance the disclosures in the Residential Property Loans Fact Sheet is to allow borrowers to make more informed decisions with regard to their housing or residential property loans which are major long-term financial commitments for most borrowers. Is it also MAS' intention to require FIs to provide borrowers with Fact Sheets in relation to business loans granted to sole proprietorships ("SPs") that are secured by residential properties? Such business loans can come in the form of performance guarantees, standby letters of credit, letters of credit, trust receipt financings and short term working capital loans which are generally granted for the purpose of providing cash flows for the SPs' trade and business facilities. Moreover, these trade and business facility loans, unlike housing or residential property loan, are not long-term financial commitments for SPs. Instead, they are usually short-term (equal to or less than a year) and revolving in nature so as to facilitate the SPs in managing their cash flows for their trade and business activities. Hence, the Bank is of the view that this Fact Sheet may not cater for this type of business loan.</p> <p>Feedback to MAS:</p>

		<p>As the Bank needs to plan in advance for system enhancements in order to incorporate the proposed amendments in the consultation paper, the Bank would like to request that a grace period of 6 months (from the effective date of the amendments) is given to financial institutions (“FIs”) in order to implement all the necessary changes.</p> <p>We had previously obtained clearance from MAS that the Bank does not need to reflect the highest and lowest interest rates under section C of the Fact Sheet** but can refer the customer to MAS’ website instead. The Bank would like to confirm if it is able to continue with this approach given that it is not operationally feasible for the Bank to be able to reflect the highest & lowest Singapore Overnight Rate Average (“SORA”) for the past 20 years. ** “Over the past 20 years: • The highest ___ was ___ % which happened in ___. • The lowest ___ was ___ % which happened in ___.”</p>
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REVISED RESIDENTIAL PROPERTY LOANS FACT SHEET

Please note that only **highlighted** portions can be edited accordingly.

Your name	<input type="text"/>	Date produced	<input type="text"/>
Financial Institution (FI)	_____	Loan Amount	\$_____ ¹
Name of Staff and Branch	_____	Loan Tenure	_____
Product	_____	Regulatory Minimum Cash Down Payment	\$_____ must be paid in cash ²
Purchase Price	\$_____ (After deducting any developer's discount / benefit)	Remaining Amount to be Paid Using Cash or CPF Savings (one-time payment)	\$_____
Indicative Market Valuation	\$_____		

¹ The maximum loan amount is **75%** of the Purchase Price *OR* the Indicative Market Valuation, whichever is lower. In your case, the maximum loan amount is \$_____ (**75%** x \$_____).

² The minimum cash down payment is **5%** of the Purchase Price *OR* the Indicative Market Valuation, whichever is lower. In your case, the minimum cash down payment is \$_____ (**5%** x \$_____). Ask your FI if you are required to pay additional cash on top of the regulatory minimum requirement.

WHAT ARE THE ESTIMATED INTEREST RATES AND ESTIMATED REPAYMENT?

Lock-in Period: ___ years from date of first loan disbursement

During the lock-in period, penalties may apply if you make additional repayments, repay your entire loan early, or re-finance your loan. Ask your FI what re-financing rules apply (e.g. loan tenure limit).

Your FI **must not** change a **fixed component** during the period for which the component is stated as fixed. Your FI must give **advance notice of ___ months** to change any component that is **not fixed**.

RESPONSE TO FEEDBACK RECEIVED ON PROPOSED AMENDMENTS TO NOTICES ON RESIDENTIAL
PROPERTY LOANS FACT SHEET
DECEMBER 2022

COMPONENT	YEAR ^{3,4}		
Type of reference rate ⁵			
Current value of reference rate			
Spread (Only for floating rate)			
Interest Rate (Current value of reference rate + Spread)			
Monthly Repayment (Principal + Interest)			
Yearly Repayment (Principal + Interest)			

Estimated total repayment during entire loan tenure of ___ years assuming **no** changes to the loan tenure and/or interest rates:

\$ _____

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

³ Assuming that the loan is given to you in full in Year 0, with repayments beginning in Year 1. For uncompleted properties under construction, loan amount is given in phases and Year 1 refers to the 1st year after the loan has been given to you in full.

⁴ If the Lock-in Period of the loan is Y years, the FI must give you illustrations for a minimum of Y+1 years.

⁵ SORA refers to the Singapore Overnight Rate Average. Its value will vary according to market movements. Ask your FI where to find the rate, how often it may be adjusted, and under what circumstances it may be changed.

WHAT IS THE MONTHLY REPAYMENT BASED ON DIFFERENT INTEREST RATES?

Interest rates may change during the loan tenure and amount of monthly repayment can change significantly. The table below provides an illustration, but the actual changes in _____ may differ.

An illustration of how changes in _____ can affect your monthly repayment:

Current _____: ____% (*Not fixed, based on market movements⁶*)

If _____ changes to [^] :	2%	4%	6%	8%	10%
Your monthly repayment will be ⁷ :	\$ ____	\$ ____	\$ ____	\$ ____	\$ ____

⁶To learn more about SORA and its trends, refer to Monetary Authority of Singapore's website on SORA Interest Rate Benchmark.

⁷Ask your FI about how changes in interest rates or the value of the relevant reference rate will affect your Effective Interest Rate.

[^]As a guide, a reference rate reached 7.75% in January 1998 (3M Singapore Interbank Offered Rate (SIBOR)).

WHAT WILL HAPPEN IF I MISS A MONTHLY REPAYMENT?

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 interest rate;
- (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:

- Be financially prepared for the unexpected and do not overestimate your future financial capacity;
- Contact your FI immediately for help to restructure your loan if you face an unexpected financial situation (e.g. sudden job loss) and foresee difficulty with repayments; and
- Not wait until you miss a repayment before taking appropriate action.

WHAT ARE THE OTHER INTEREST RATE COMPONENTS?

Besides the interest rate components listed in Page 1 table, there are other components specified in your loan contract. Your FI may change the following where “YES” is indicated below and only under the following circumstances:

COMPONENT		

In addition, your loan contract **includes/does not include** a “right of review” clause. **Ask your FI if you are unclear how and when the “right of review” clause can be exercised and how it can impact you.**

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

- _____
- _____

WHAT ARE THE FEES AND CHARGES?

Your FI will charge these fees and charges in the following circumstances and must disclose them (where applicable). Ask your FI if you are unclear how the fees and charges are derived.

Fees and charges	Amount
Processing your loan	\$ ____
Legal fees	\$ ____
If you reject the loan after accepting the letter of offer	\$ ____
If you make a late payment	Late payment is charged an interest rate of ____% per annum
If you re-finance your loan with the <u>same</u> FI	\$ ____ if loan is re-financed <u>after</u> lock-in-period.
If you re-finance your loan with a <u>different</u> FI	\$ ____ if loan is re-financed <u>after</u> lock-in-period.
If you make additional repayments or pay entire loan	____% of the outstanding loan amount to be paid
Any other fees or charges (e.g. Mortgagee Interest Policy charges, fire insurance charges, valuation fees, recovering subsidies, etc). Please specify the corresponding fee or charge.	

Please note that FIs may require different fees and charges to process and underwrite the loan.

Ask your FI if Mortgagee Interest Policy (MIP) is required as it will increase the fees and charges you have to pay. MIP 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 (e.g. fire) and the FI has concerns over your loan repayment. **You remain liable for the outstanding property loan amount** repayable to the insurer when the FI claims on the policy. Please refer to the Association of Banks in Singapore's website for more information on MIP.

OTHER INFORMATION

To find out more about financing considerations and guides, go to:

- (i) The loan's terms and conditions; and
- (ii) The consumer guide 'About Home Loans – Key Questions to Ask the FI Before Taking a Home Loan' by MoneySense and the Association of Banks in Singapore. Ask your FI for a copy or scan QR code.



ABS Website:
Consumer Guide on
Home Loans

There are conditions to use CPF savings to buy a property (e.g. CPF Withdrawal Limit, CPF Valuation Limit, Relevant Retirement Sum at age 55)

To find out more about using CPF savings to buy the property, go to:

- (i) CPF website by scanning the QR code for the rules on CPF usage.



CPF Website: Use of
CPF under the CPF
Housing Scheme

To find out more about your tax compliance if you sell your property, go to:

- (i) IRAS website by scanning the QR code for details on Seller's Stamp Duty.



IRAS Website:
Seller's Stamp Duty
for Residential
Property

If you are unable to resolve matters with your FI, you may consider contacting the Financial Industry Disputes Resolution Centre Ltd (FIDReC) for assistance by scanning the QR code.



FIDReC Website:
Process to file a
complaint

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

<signature>

Applicant's Signature

_____ Date

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

<signature>

Staff's Signature

_____ Date

CURRENT RESIDENTIAL PROPERTY LOANS FACT SHEET

Form 1 – Residential Property Loans Fact Sheet

Your name Date produced

A. General information						
Financial institution (FI)			Name of staff and branch			
Product						
Loan amount	\$__ (See footnote 1)	Loan tenure		__ years		
Regulatory minimum cash down payment	\$__ must be paid in cash (See footnote 2)	Remaining amount to be paid using cash or CPF savings		\$		
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		__%	__%	\$	\$	
Year 2		__%	__%	\$	\$	
Year 3		__%	__%	\$	\$	
From Year (See footnote 6)		__%	__%	\$	\$	
Estimated total repayment during entire loan tenure of __ years: (See footnote 7)						
\$ _____						
This means you will pay back \$__ 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 _____	_____	_____				
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 both only under the following circumstances:

Advance notice of ___ 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 ___ 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 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 \$_____ 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 shall 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 shall 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 shall 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 shall 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) 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 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.

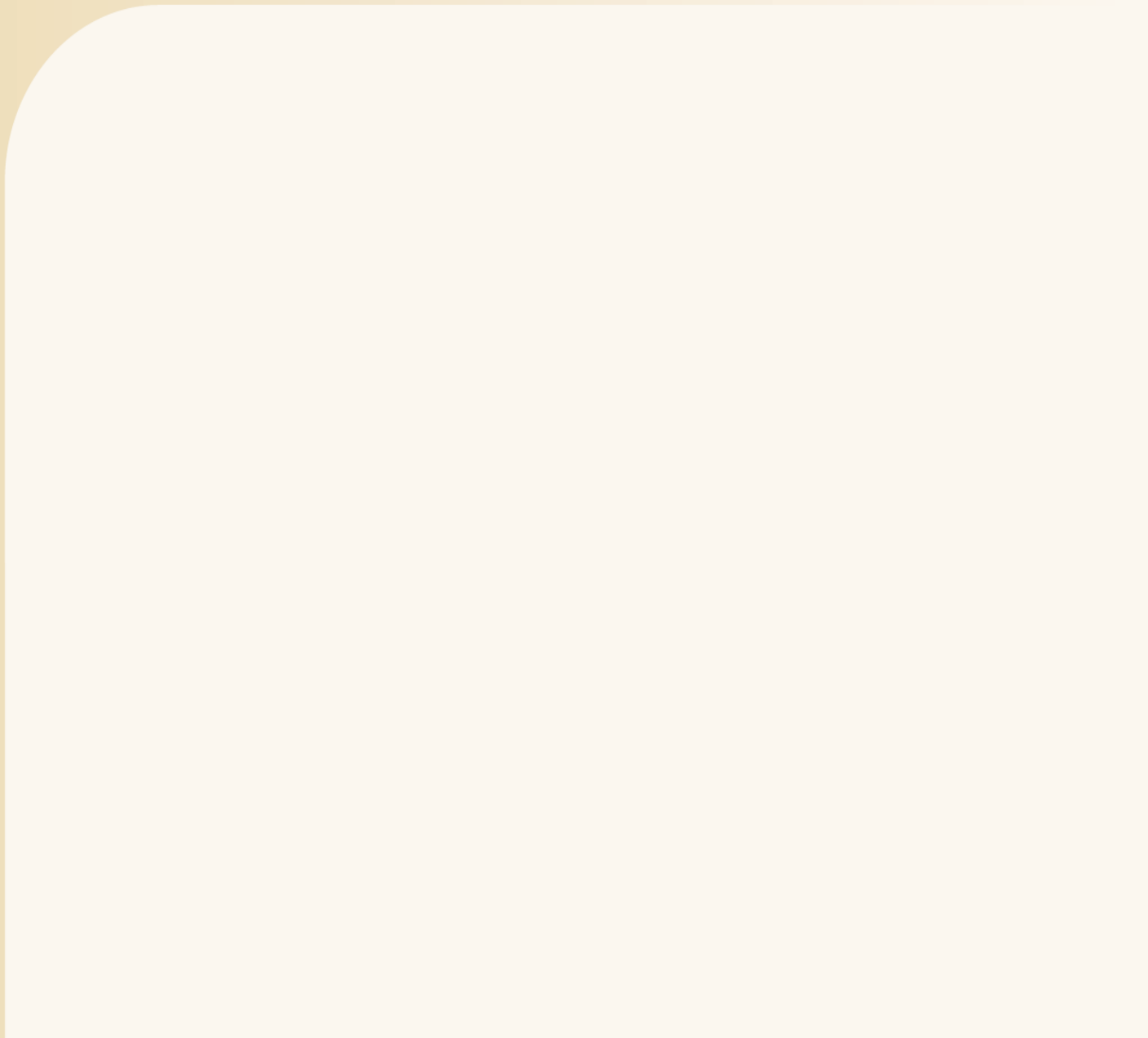
- 8 Should you re-finance your property loan, certain financing rules (e.g. loan tenure limit) may apply. You should approach your FI for further information.

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

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, a FI shall indicate this field as "not applicable".



Monetary Authority of Singapore