

## MONETARY AUTHORITY OF SINGAPORE

**FREQUENTLY ASKED QUESTIONS (FAQs) ON NOTICES ON RESIDENTIAL  
PROPERTY LOANS FACT SHEET (FACT SHEET)**

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MAS amended Notices 632A, 1106A, 825A and 115A (collectively, the “Notices on Residential Property Loans Fact Sheet”) on 14 December 2023. The FAQs are meant to provide guidance to the industry on complying with the Notices on Residential Property Loans Fact Sheet.

**General information****Q1. Should the “ \_\_\_%” figure in footnote 1 refer to the percentage of loan amount or the regulatory maximum loan-to-value (LTV) limit?**

Footnote 1 is intended to state the regulatory maximum loan amount that a borrower can take up with the financial institution (FI). This is derived by multiplying the applicable LTV limit the borrower is subject to under Notices 632, 1106, 825 or 115, by the lower of:

- (i) The adjusted purchase price of the property after deducting any developer’s discount/benefit; and
- (ii) The current market valuation for the property.

The “Loan Amount” field may be less than or equal to the loan amount reflected in the “regulatory maximum loan amount” indicated in footnote 1. This could be due to various reasons, for instance due to the FI’s internal credit assessment or borrower’s financial prudence, resulting in a lower loan amount being taken out compared to the regulatory maximum allowable amount.

**Q2. Do footnotes 1 and 2 apply to refinancing and restructuring property loan applications?**

Footnotes 1 and 2 are less relevant for refinancing and restructuring property loan applications. Hence, FIs are not required to include both footnotes in the Fact Sheet of such property loan applications or can retain them with fields filled in as “N.A.”.

**Q3. What should the FI do if it makes changes to key features of the loan after the issuance of the Fact Sheet? Must an FI reissue a Fact Sheet if it does so?**

If an FI makes changes to the key features of the loan, by exercising the right of review (RoR) clause<sup>1</sup> or otherwise, it would be required to re-issue the Fact Sheet to comply with paragraph 4(1)e of the

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<sup>1</sup> FIs should ensure that customers are aware of RoR clauses in their contractual agreements and what their rights may be in the event that FIs exercise the clause. FIs should refrain from exercising such RoR clauses except in extraordinary and unforeseen circumstances. Should FIs exercise the RoR clause in such circumstances, MAS expects FIs to minimally develop and maintain a robust governance process to approve the exercise of the RoR clause, offer customers alternative arrangements (eg. waiver of lock-in mechanisms), and provide customers with sufficient advance notice before the changes take effect by disclosing these changes early and in writing.

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Notices on Residential Property Loans Fact Sheets. This would enable borrowers to examine the revised terms and features of the mortgage.

Where FIs make such changes to key features of the loan, beyond what was agreed upon with borrowers and reflected in the Fact Sheet, FIs would be expected to offer borrowers with an appropriate alternative arrangement (e.g. waiver of remaining lock-in period and penalty fees for repricing/refinancing purposes).

**Fact Sheet Section: “WHAT ARE THE ESTIMATED INTEREST RATES AND ESTIMATED REPAYMENT?”**

To clarify, the illustrative example in Form 2 provides an example of how FIs can fill out the table for “fixed rate” and “floating rate” components of a mortgage loan. Please refer to the column “Years 1 – 2” for “fixed rate” components and columns “Year 3” and “Years 4 – 30” for floating rate components. For avoidance of doubt, FIs should minimally indicate the fixed interest rate, monthly repayment, and yearly repayment for the period where interest rate is fixed.

**Q4.Can an FI modify the way information is presented in the Fact Sheet (e.g. swap the orientation of rows and columns in selected tables in the Fact Sheet template)?**

MAS has redesigned the presentation of interest rates/estimation repayments in the table within the Fact Sheet from row to columns, following user testing and feedback that it is more intuitive to read timeline-based information horizontally (i.e. by columns, chronologically). To aid borrowers’ comparability of Fact Sheet from different FIs, FIs should retain the revised format of the Fact Sheet. FIs may choose to present the table in landscape orientation page rather than in portrait orientation.

However, to align with the terms and conditions used in FIs’ contractual agreements with borrowers, MAS will allow FIs the discretion to change the unit of measurement from “\_\_\_\_months” to “\_\_\_\_days” for the field setting out the required advance notice period when an FI changes any component of a property loan that is not fixed. Notwithstanding, FIs may wish to note that it is good practice for banks to offer borrowers a minimum of 30 days of advance notice before changing any component of the loan that is not fixed. This is set out in MAS’ information paper “Residential Mortgage Pricing and Disclosure Practices - Observations and Supervisory Expectations from Thematic Inspections”.

**Fact Sheet Section: WHAT IS THE “MONTHLY REPAYMENT” BASED ON DIFFERENT INTEREST RATES?****Q5.How should the monthly repayment in the illustration table be computed?**

The table on monthly repayments is intended to illustrate how borrowers’ monthly repayment in absolute amounts will vary when the FI’s reference rate changes to 2%, 4% etc.

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To calculate the monthly repayment (second row), FIs should use the rates applicable thereafter the lock-in/ promotional period, inclusive of the applicable thereafter rate's spread. This is because the intent of the Fact Sheet is to assist borrowers in their financial planning over a longer period of time, beyond the first few years where promotional rates tend to be offered for floating rate loans or when interest rate components are fixed for fixed rate loans.

Where applicable, FIs can explain to borrowers that the Fact Sheet is to assist borrowers in their financial planning over a longer period of time, beyond the period where promotional rates are offered or when interest rate components are fixed.

**Q6. Are FIs expected to indicate the highest rate for the specific reference rate used?**

To clarify, MAS has provided footnote <sup>^</sup> as a guide to borrowers that reference rates could reach as high as 7.75% as the 3M Singapore Interbank Offered Rate (SIBOR) did in January 1998, notwithstanding that SIBOR has been phased out. The sentence is not intended to be editable. Nonetheless, FIs have the discretion to supplement the footnote with further information as applicable (e.g. with the highest rate of the relevant reference rate for the loan (e.g. the 3M compounded Singapore Overnight Rate Average) as of the date of the Fact Sheet. MAS will continue to monitor the industry's practices and data on applicable reference rates, and update the Fact Sheet when necessary.

**Fact Sheet Section: "WHAT ARE THE OTHER INTEREST RATE COMPONENTS?"****Q7. What should an FI do if it is not aware of the fees and charges imposed by third-parties in relation to property-related services? And what if an FI provides subsidies or waivers of such fees and charges?**

MAS understands that some FIs do not liaise with third-party service providers directly to be able to inform borrowers of fees and charges such parties charge accurately (e.g. legal fees). In such cases, MAS expects FIs to minimally indicate a range or description to elaborate how these property loan related fees are charged under certain scenarios or based on their industry knowledge. This approach would be useful in highlighting additional fees and charges that borrowers might not be aware of. Alternatively, FIs may direct borrowers to the relevant third-parties' resources (e.g. websites, brochures etc) which contains information on the relevant fees and charges.

To clarify, where subsidies are offered, or where fees or charges are partially waived or absorbed by the FI, the net relevant fees and charges should still be listed in the table for fees and charges. FIs may additionally opt to list the gross fees and the subsidies provided by the FIs outside of this table (e.g. via an additional page or table to the Fact Sheet). Terms and conditions (e.g. conditions for clawback) of such subsidies should also be clearly communicated to customers.

In general, FIs have the discretion to expand on, but not edit the format for applicable fees and charges related to property loans. This is to aid borrowers' comparability of Fact Sheets from different FIs.

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**Implementation Matters**

**Q8. In light of required system enhancements, are FIs allowed a longer implementation timeline?**

MAS understand that FIs will need more time to make system changes and accommodate the new Fact Sheet format. In this regard, MAS will provide an extension to the 6-month transition period provided earlier, till 14 December 2023, for the amendments to take effect. 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.

**Disclaimer: The FAQs are meant to provide guidance to the industry on complying with the Notices on Residential Property Loans Fact Sheet. They do not constitute legal advice. MAS expects industry participants to retain their independent legal counsel to advise them on how their business operations should be conducted in order to satisfy the legal/regulatory requirements and to advise them on all applicable laws of Singapore.**