

Notice No : **MAS Notice 642 (Amendment) 2016**
Issue Date : **26 May 2016**

MOTOR VEHICLE LOANS

Introduction

1 This Notice is issued pursuant to section 55 of the Banking Act (Cap. 19) and amends MAS Notice 642 on Motor Vehicle Loans [“the Existing Notice”] dated 25 February 2013.

Amendments

2 The Existing Notice is hereby amended by –

(a) deleting paragraph 2(b) and substituting the following paragraph:

“(b) enter into any hire-purchase agreement for the hiring of a motor vehicle to a hirer where the aggregate of –

(i) the hire-purchase price; and

(ii) the balance outstanding under any credit facility granted to the Borrower for the purchase of that motor vehicle,

exceeds the Relevant Amount.”;

(b) deleting paragraph 3 and substituting the following paragraph:

“3. Where the date on which the agreement to purchase a motor vehicle is on or after 26 February 2013 but prior to 27 May 2016, or where there is no agreement to purchase the motor vehicle, the date on which the Borrower or hirer, as the case may be, successfully obtains a COE is on or after 26 February 2013 but prior to 27 May 2016, a bank shall not –

(a) grant any credit facility for the purchase of the motor vehicle to any Borrower where the tenure of the credit facility exceeds 5 years;

(b) enter into any hire-purchase agreement for the hiring of the motor vehicle with any hirer where the period of hire exceeds 5 years; or

(c) in the case where the Borrower has entered into any hire-purchase agreement for the hiring of the motor vehicle, grant any credit facility for the purchase of that motor vehicle to the Borrower, where the sum of –

(i) the period of hire under the hire-purchase agreement;

(ii) in the case where there is any subsequent hire-purchase agreement, the sum of –

(A) the period of hire under the subsequent hire-purchase agreement; and

(B) the period between the date the subsequent hire-purchase agreement is entered into and the date the first hire-purchase agreement was entered into for the hiring of the motor vehicle; and

(iii) the tenure of the credit facility, exceeds 5 years.”;

(c) inserting immediately after paragraph 3, the following paragraph:

“3A. Where the date on which the agreement to purchase a motor vehicle is on or after 27 May 2016, or where there is no agreement to purchase the motor vehicle, the date on which the Borrower or hirer, as the case may be, successfully obtains a COE is on or after 27 May 2016, a bank shall not –

(a) grant any credit facility for the purchase of the motor vehicle to any Borrower where the tenure of the credit facility exceeds 7 years;

(b) enter into any hire-purchase agreement for the hiring of the motor vehicle with any hirer where the period of hire exceeds 7 years; or

(c) in the case where the Borrower has entered into any hire-purchase agreement for the hiring of the motor vehicle, grant any credit facility for the purchase of that motor vehicle to the Borrower, where the sum of –

(i) the period of hire under the hire-purchase agreement;

(ii) in the case where there is any subsequent hire-purchase agreement, the sum of –

(A) the period of hire under the subsequent hire-purchase agreement; and

(B) the period between the date the subsequent hire-purchase agreement is entered into and the date the first hire-purchase agreement was entered into for the hiring of the motor vehicle; and

(iii) the tenure of the credit facility, exceeds 7 years.”;

(d) deleting the words “paragraphs 2, 3 and 4” wherever they appear in paragraph 5 and substituting the words “paragraphs 2, 3, 3A and 4”;

(e) deleting paragraph 9(d) and footnote 2;

(f) deleting paragraph 11 and substituting the following paragraph:

“11. A bank may only grant a Re-financing Facility for the purchase of a motor vehicle where the sum of –

- (a) the tenure of the Re-financing Facility;
- (b) the period between the first time monies are disbursed under the Re-financing Facility and the first time monies were disbursed under the first credit facility granted to the Borrower for the purchase of that motor vehicle;
- (c) in the case where the Borrower has entered into any hire-purchase agreement for the hiring of that motor vehicle, the period of hire under the hire-purchase agreement; and
- (d) in the case where there is any subsequent hire-purchase agreement, the sum of –
 - (i) the period of hire under the subsequent hire-purchase agreement; and
 - (ii) the period between the date the subsequent hire-purchase agreement is entered into and the date the first hire-purchase agreement was entered into for the hiring of the motor vehicle,does not exceed 7 years.”;

- (g) inserting immediately after paragraph 11, the following paragraph:

“11A. Notwithstanding paragraph 11, where the date on which the agreement to purchase a motor vehicle is before 26 February 2013, or where there is no agreement to purchase a motor vehicle, the date on which the Borrower successfully obtains a COE is before 26 February 2013, a bank may grant a Re-financing Facility for the purchase of the motor vehicle where the tenure of the Re-financing Facility does not exceed the remaining validity period of the COE of that motor vehicle.”;

- (h) deleting paragraph 12 and substituting the following paragraph:

“12. A bank may only enter into a subsequent hire-purchase agreement for the hiring of a motor vehicle where the sum of –

- (a) the period of hire under the subsequent hire-purchase agreement; and
- (b) the period between the date the subsequent hire-purchase agreement is entered into and the date the first hire-purchase agreement was entered into for the hiring of that motor vehicle,

does not exceed 7 years.”;

- (i) inserting immediately after paragraph 12, the following paragraph:

“12A Notwithstanding paragraph 12, where the date on which the agreement to purchase a motor vehicle is before 26 February 2013, or where there is no agreement to purchase a motor vehicle, the date on which the hirer successfully obtains a COE is before 26 February 2013, a bank may enter into a subsequent hire-purchase agreement for the hiring of the motor

vehicle where the period of hire under the subsequent hire-purchase agreement does not exceed the remaining validity period of the COE of that motor vehicle.”;

- (j) deleting the word “hire” in paragraph 13(d)(ii) and substituting the word “hiring”;
- (k) deleting the word “hire” in paragraph 13(d)(iii)(C) and substituting the word “hiring”;
- (l) deleting paragraph 13(d)(iii)(D) and substituting the following paragraph:

“(D) a copy of any of the following:

- (I) a letter certifying payment of claims to the physically disabled person under any severe disability insurance policy taken out with an approved insurer under the ElderShield Scheme;
- (II) a letter certifying payment of claims to the physically disabled person under the Interim Disability Assistance Programme for the Elderly;
- (III) a letter certifying payment of claims to the physically disabled person under the Pioneer Generation Disability Assistance Scheme;
- (IV) a letter from SG Enable granting a car park label which is valid at the time of application for the credit facility for the purchase of, or entering into a hire-purchase agreement for the hiring of, the motor vehicle, to the physically disabled person under the Car Park Label Scheme and a copy of the report by a fully registered medical practitioner which has been submitted to SG Enable, certifying that the physical disability of the person is permanent;
- (V) a medical assessment form completed by a rehabilitation physician practising in the Department of Rehabilitation Medicine at the Tan Tock Seng Hospital, certifying that the physically disabled person is permanently physically disabled but medically fit and functionally able to drive safely, together with a front and back copy of a driving licence of the physically disabled person; or
- (VI) a medical assessment form completed by a fully registered medical practitioner authorised by the Ministry of Health³ to certify that the physically disabled person is permanently physically disabled and requires maximal or total assistance in the mobility aspect of his activities of daily living, certifying that the physically disabled person is permanently physically disabled and requires maximal or total assistance in the mobility aspect of his activities of daily living;”;

³ The list of fully registered medical practitioners authorised by the Ministry of Health for this purpose is available on MAS’ website at <http://www.mas.gov.sg/~media/MAS/FAQ/Aug%202014%20List%20of%20Appointed%20Medical%20Assessors.pdf>.

(m) deleting the word “hire” in paragraph 13(e)(ii) and substituting the word “hiring”;

(n) deleting the word “and” at the end of paragraph 13(e)(iii)(D);

(o) deleting paragraph 13(e)(iii)(F) and substituting the following paragraph:

“(F) a copy of any of the following:

(I) a letter certifying payment of claims to the physically disabled person under any severe disability insurance policy taken out with an approved insurer under the ElderShield Scheme;

(II) a letter certifying payment of claims to the physically disabled person under the Interim Disability Assistance Programme for the Elderly;

(III) a letter certifying payment of claims to the physically disabled person under the Pioneer Generation Disability Assistance Scheme;

(IV) a letter from SG Enable granting a car park label which is valid at the time of application for the credit facility for the purchase of, or entering into a hire-purchase agreement for the hiring of, the motor vehicle, to the physically disabled person under the Car Park Label Scheme and a copy of the report by a fully registered medical practitioner which has been submitted to SG Enable, certifying that the physical disability of the person is permanent;

(V) a medical assessment form completed by a rehabilitation physician practising in the Department of Rehabilitation Medicine at the Tan Tock Seng Hospital, certifying that the physically disabled person is permanently physically disabled but medically fit and functionally able to drive safely, together with a front and back copy of a driving licence of the physically disabled person; or

(VI) a medical assessment form completed by a fully registered medical practitioner authorised by the Ministry of Health to certify that the physically disabled person is permanently physically disabled and requires maximal or total assistance in the mobility aspect of his activities of daily living, certifying that the physically disabled person is permanently physically disabled and requires maximal or total assistance in the mobility aspect of his activities of daily living;”;

(p) deleting paragraph 13A;

(q) deleting the words “the Centre for Enabled Living” in paragraph 14(ab) and substituting the words “SG Enable”;

(r) deleting the definition of “physically disabled person” in paragraph 14(gb) and substituting the following definition:

“(gb) “physically disabled person” means any person who –

- (i) qualifies for the payment of claims under any severe disability insurance policy taken out with an approved insurer under the ElderShield Scheme;
 - (ii) qualifies for the payment of claims under the Interim Disability Assistance Programme for the Elderly;
 - (iii) qualifies for the payment of claims under the Pioneer Generation Disability Assistance Scheme;
 - (iv) holds a car park label under the Car Park Label Scheme administered by SG Enable, and whose disability has been assessed by a fully registered medical practitioner to be permanent;
 - (v) is certified by a rehabilitation physician practising in the Department of Rehabilitation Medicine at the Tan Tock Seng Hospital to be permanently physically disabled but medically fit and functionally able to drive safely for the purposes of excluding any credit facility granted to or hire-purchase agreement entered into with a physically disabled person or a caregiver of a physically disabled person under paragraphs 13(d) and (e) respectively; or
 - (vi) is certified by a fully registered medical practitioner authorised by the Ministry of Health to certify that the physically disabled person is permanently physically disabled and requires maximal or total assistance in the mobility aspect of his activities of daily living, to be permanently physically disabled and requires maximal or total assistance in the mobility aspect of his activities of daily living;”;
- (s) inserting, immediately after paragraph 14(gb), the following paragraph:
- “(gc) “Pioneer Generation Disability Assistance Scheme” means the government assistance scheme, administered by the Agency for Integrated Care, providing financial help to pioneers with moderate to severe functional disability;”;
- (t) deleting paragraph 14(j) and substituting the following paragraph:
- “(j) “Relevant Amount”, in relation to the purchase or hiring of a motor vehicle, as the case may be, under a scenario specified in the second column of the tables below, means $LTV\% \times [\text{purchase price} - \text{amount of discount, rebate, or any other benefits offered by the vendor of the motor vehicle or any other person}]$, where “LTV%” is the loan-to-value ratio specified in the first column of the tables:

LTV%	Scenario
60%	In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where – (a) the OMV is \$20,000 or less;

	<p>(b) the date on which the agreement to purchase the motor vehicle is on or after 26 February 2013 but prior to 27 May 2016, or where there is no agreement to purchase the motor vehicle, the date on which the Borrower or hirer, as the case may be, successfully obtains a COE is on or after 26 February 2013 but prior to 27 May 2016; and</p> <p>(c) the motor vehicle has not been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276).</p>
50%	<p>In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where –</p> <p>(a) the OMV is more than \$20,000;</p> <p>(b) the date on which the agreement to purchase the motor vehicle is on or after 26 February 2013 but prior to 27 May 2016, or where there is no agreement to purchase the motor vehicle, the date on which the Borrower or hirer, as the case may be, successfully obtains a COE is on or after 26 February 2013 but prior to 27 May 2016; and</p> <p>(c) the motor vehicle has not been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276).</p>
70%	<p>In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where –</p> <p>(a) the OMV is \$20,000 or less;</p> <p>(b) the date on which the agreement to purchase the motor vehicle is on or after 27 May 2016, or where there is no agreement to purchase the motor vehicle, the date on which the Borrower or hirer, as the case may be, successfully obtains a COE is on or after 27 May 2016; and</p> <p>(c) the motor vehicle has not been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276).</p>
60%	<p>In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where –</p> <p>(a) the OMV is more than \$20,000;</p> <p>(b) the date on which the agreement to purchase the motor vehicle is on or after 27 May 2016, or where there is no agreement to purchase the motor vehicle, the date on which the Borrower or hirer, as the case may be, successfully obtains a COE is on or after 27 May 2016; and</p>

	(c) the motor vehicle has not been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276).
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LTV%	Scenario
60%	<p>In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where –</p> <p>(a) the value of $\{OMV - [(a - b)/(120 - b)] \times OMV\}$ is \$20,000 or less;</p> <p>(b) the date on which the agreement to purchase the motor vehicle is on or after 26 February 2013 but prior to 27 May 2016; and</p> <p>(c) the motor vehicle has been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276),</p> <p>where –</p> <p>“a” is the date of the agreement to purchase the motor vehicle minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month; and</p> <p>“b” is the date of first registration of the motor vehicle in Singapore minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month.</p>
50%	<p>In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where –</p> <p>(a) the value of $\{OMV - [(a - b)/(120 - b)] \times OMV\}$ is more than \$20,000;</p> <p>(b) the date on which the agreement to purchase the motor vehicle is on or after 26 February 2013 but prior to 27 May 2016; and</p> <p>(c) the motor vehicle has been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276),</p> <p>where –</p> <p>“a” is the date of the agreement to purchase the motor vehicle minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month; and</p> <p>“b” is the date of first registration of the motor vehicle in Singapore minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month.</p>
70%	<p>In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where –</p>

	<p>(a) the value of $\{OMV - [(a - b)/(120 - b)] \times OMV\}$ is \$20,000 or less;</p> <p>(b) the date on which the agreement to purchase the motor vehicle is on or after 27 May 2016; and</p> <p>(c) the motor vehicle has been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276),</p> <p>where –</p> <p>“a” is the date of the agreement to purchase the motor vehicle minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month; and</p> <p>“b” is the date of first registration of the motor vehicle in Singapore minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month.</p>
60%	<p>In the case of a credit facility granted for the purchase of a motor vehicle or a hire-purchase agreement entered into for the hiring of a motor vehicle, as the case may be, where –</p> <p>(a) the value of $\{OMV - [(a - b)/(120 - b)] \times OMV\}$ is more than \$20,000;</p> <p>(b) the date on which the agreement to purchase the motor vehicle is on or after 27 May 2016; and</p> <p>(c) the motor vehicle has been registered before with the Registrar under section 10 of the Road Traffic Act (Cap. 276),</p> <p>where –</p> <p>“a” is the date of the agreement to purchase the motor vehicle minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month; and</p> <p>“b” is the date of first registration of the motor vehicle in Singapore minus the date of first registration of the motor vehicle outside Singapore, rounded down to the nearest month.</p>

(u) deleting paragraph 14(ma).

Commencement

3 This Notice shall take effect on 27 May 2016.