

Notice No : MAS Notice 1106A (Amendment) 2016
Issue Date : 29 September 2016

RESIDENTIAL PROPERTY LOANS – FACT SHEET

Introduction

1 This Notice is issued pursuant to section 28(3) of the Monetary Authority of Singapore Act (Cap. 186) and amends MAS Notice 1106A on Residential Property Loans – Fact Sheet [“the Existing Notice”] dated 19 January 2016.

Amendments

2 Form 1 and Form 2 of the Existing Notice are hereby amended by –

(a) inserting in Section D, the following paragraph:

“If your property is a private apartment or condominium, please check with your FI if a Mortgagee Interest Policy is required.”

(b) deleting the numbering in the sub-paragraphs of paragraph 6 in Section F and substituting the following sub-paragraphs:

“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.”;
- and

(c) deleting paragraph 7 in Section F and substituting the following paragraphs:

“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.”.

Commencement

- 3 This Notice shall take effect on 1 November 2016.