



MAS NOTICE 1106A

30 November 2011

NOTICE TO MERCHANT BANKS
MONETARY AUTHORITY ACT, CAP 186

RESIDENTIAL PROPERTY LOANS – FACT SHEET

1. This Notice is issued pursuant to section 28(3) of the Monetary Authority Act (Cap. 19) (the “Act”) and applies to all merchant banks in Singapore.

Interpretation

2. In this Notice,
 - (a) “Borrower” means any individual who expresses interest in applying for a credit facility to be granted specifically for the purchase of Residential Property;
 - (b) “Letter of Offer” means a document, issued by the merchant bank, setting out the terms and conditions of the credit facility for acceptance by the Borrower; and
 - (c) “Representative” in relation to a merchant bank, means a person, by whatever name called, in the direct employment of, or acting for, or by arrangement with, the merchant bank, and authorized by the merchant bank to recommend, introduce or market credit facilities offered by the merchant bank for the purchase of Residential Property and includes an officer of the merchant bank.
3. The expressions used in this Notice, shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Act and MAS Notice 1106.

Fact Sheet

4. A merchant bank shall provide the Borrower with a fact sheet in the form attached as Form 1 (“Fact Sheet”), when either the merchant bank or Borrower initiates discussions with the other on the key features of the credit facility, which shall include –
 - (a) the tenor of the credit facility;

- (b) the amount of credit extended under the credit facility; or
- (c) the repayment schedule of the credit facility.

An illustrative example of how Form 1 is to be completed is attached at Form 2.

5. A merchant bank shall also provide the Borrower with a Fact Sheet as and when there are changes to the key features of the proposed credit facility.
6. At the time of or prior to the issue by the merchant bank of the Letter of Offer for the credit facility, a merchant bank shall obtain a written self-declaration by the Borrower acknowledging that he has received a Fact Sheet which contains the key features of the credit facility as contained in the Letter of Offer. The declaration shall be in the form attached as Form 1 and signed by the Borrower. The merchant bank shall keep the Fact Sheet with the declaration signed by the Borrower in its records.
7. A merchant bank shall also provide the Borrower with a Fact Sheet where the Borrower wishes to re-finance or restructure an existing credit facility for the purchase of Residential Property. Paragraphs 4, 5 and 6 shall apply accordingly.
8. The Fact Sheet may be provided in written, printed or any electronic form, with a copy retained by the merchant bank.
9. A merchant bank shall ensure that every Representative of the merchant bank complies with every requirement imposed on the merchant bank in this Notice when the Representative acts on behalf of the merchant bank.

Effective Date

10. This Notice shall take effect on 1 March 2012.

Form 1 - Residential Property Loans Fact Sheet

Under MAS Notice 1106A

Your name

Date produced

General information

Name of financial institution (FI)	<input style="width: 95%;" type="text"/>	Name of staff and branch	<input style="width: 95%;" type="text"/>
Product	<input style="width: 95%;" type="text"/>		
Loan amount	\$ <input style="width: 80%;" type="text"/>	Loan period	<input style="width: 10%;" type="text"/> years
Description of interest rate for loan (See footnote 1.)	1 st year: <input style="width: 10%;" type="text"/> ¹ + <input style="width: 10%;" type="text"/> %	Lock-in period (if any)	<input style="width: 10%;" type="text"/> years
	2 nd year: <input style="width: 10%;" type="text"/> ¹ + <input style="width: 10%;" type="text"/> %		
	3 rd year: <input style="width: 10%;" type="text"/> ¹ + <input style="width: 10%;" type="text"/> %	Can the financial institution make further changes to the interest rate?	Yes/No
4 th year and onwards: <input style="width: 10%;" type="text"/> ¹ + <input style="width: 10%;" type="text"/> %	- During the lock-in period?	Yes/No	

Repayment details

Year (See footnote 2.)	Interest rate	Principal + interest = repayment (every <input style="width: 10%;" type="text"/>) (The principal is the amount you borrow.)	Principal + interest = Repayment (every year)
Year 1	<input style="width: 10%;" type="text"/> %	\$P ₁ + \$I ₁ = \$ <input style="width: 100%;" type="text"/>	\$P ₅ + \$I ₅ = \$ <input style="width: 100%;" type="text"/>
Year 2	<input style="width: 10%;" type="text"/> %	\$P ₂ + \$I ₂ = \$ <input style="width: 100%;" type="text"/>	\$P ₆ + \$I ₆ = \$ <input style="width: 100%;" type="text"/>
Year 3	<input style="width: 10%;" type="text"/> %	\$P ₃ + \$I ₃ = \$ <input style="width: 100%;" type="text"/>	\$P ₇ + \$I ₇ = \$ <input style="width: 100%;" type="text"/>
Year 4 and onward (see footnote 3.)	<input style="width: 10%;" type="text"/> %	\$P ₄ + \$I ₄ = \$ <input style="width: 100%;" type="text"/>	\$P ₈ + \$I ₈ = \$ <input style="width: 100%;" type="text"/>

Estimated total repayment (principal plus interest) during entire loan period of years. (See footnote 4.)

\$

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

Monthly loan repayment based on different interest rates

Note: The interest rate on your loan can change during the loan period.

Current <input style="width: 10%;" type="text"/> is:	<input style="width: 10%;" type="text"/> %				
If <input style="width: 10%;" type="text"/> changes by: (See footnote 5.)	+1%	+2%	+3%	+4%	+5%
The interest rate on the loan (from year <input style="width: 10%;" type="text"/>) will be: (See footnote 3.)	<input style="width: 10%;" type="text"/> %				
Your repayment (every month) will be:	\$ <input style="width: 100%;" type="text"/>				

- 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.

All fees and charges due (Your financial institution must tick those which apply.)	Your financial institution will charge the following fees and charges in the following circumstances. <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr><td>Processing your loan</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>If you reject the loan after accepting the letter of offer</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>If you make a late payment</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>If you change the loan terms (for example, the loan period)</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>If you switch to a different loan package during the period of your existing loan</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>If you repay part or all of the loan during the lock-in period</td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>Any other fees or charges (for example, legal fees, recovering subsidies and so on)</td><td style="text-align: center;"><input type="checkbox"/></td></tr> </table> <p>If any of the above are ticked, you should discuss the details, including the estimated amount of fees and charges, with your loan officer.</p> <p>[Note: Your financial institution should specify how they work out these penalties. For example, that you may have to pay x% of the prepaid amount in penalties.]</p>	Processing your loan	<input type="checkbox"/>	If you reject the loan after accepting the letter of offer	<input type="checkbox"/>	If you make a late payment	<input type="checkbox"/>	If you change the loan terms (for example, the loan period)	<input type="checkbox"/>	If you switch to a different loan package during the period of your existing loan	<input type="checkbox"/>	If you repay part or all of the loan during the lock-in period	<input type="checkbox"/>	Any other fees or charges (for example, legal fees, recovering subsidies and so on)	<input type="checkbox"/>
Processing your loan	<input type="checkbox"/>														
If you reject the loan after accepting the letter of offer	<input type="checkbox"/>														
If you make a late payment	<input type="checkbox"/>														
If you change the loan terms (for example, the loan period)	<input type="checkbox"/>														
If you switch to a different loan package during the period of your existing loan	<input type="checkbox"/>														
If you repay part or all of the loan during the lock-in period	<input type="checkbox"/>														
Any other fees or charges (for example, legal fees, recovering subsidies and so on)	<input type="checkbox"/>														

I hereby acknowledge that I have received the above Fact Sheet: _____

Signature
Date

Important notes

- 1 If you sell your property after buying it, you may have to pay a Seller's Stamp Duty (SSD). The SSD rate will depend on how long you have owned the property. 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 financial institution 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, the national financial education programme for Singapore, and the Association of Banks in Singapore. You can ask your financial institution for a copy of the guide or you can download a copy at MoneySENSE's website www.moneysense.gov.sg. As well as the main questions and home loan basics, the guide contains a list of things you should consider before you commit to taking out a home loan. This includes whether you can afford the loan and the fees or charges which apply. The guide also reminds you to ask your financial institution if certain terms will apply to you, and to compare loan packages carefully.
- 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 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 (WL) and CPF Valuation Limit (VL). You should also know that you need to set aside the Minimum 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. The website also provides a CPF Housing Withdrawal Limits Calculator to give you an idea of when you will reach your VL and WL.
- 6 If you miss a monthly repayment, your financial institution can:
 - a declare 'an event of default' and make you repay the full loan;
 - b charge you a higher rate of interest;
 - c 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
 - d bring bankruptcy proceedings against you.

To avoid these situations, you should :

- not commit yourself to a loan that you cannot afford;
- contact your financial institution 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.

Footnotes

¹ [redacted] refers to [redacted]. Your financial institution should tell you where you can find the reference interest rate, how often this interest rate may be re-set, and under what circumstances this interest rate may be changed for the purpose of the loan.

[Note: To be replaced with the reference interest rate that the bank is using - e.g. Board rate, SIBOR]

² We have assumed 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.

³ If the loan has promotional rates for Y years, the financial institution must give you illustrations of up to Y+1 years.

⁴ This figure is based on the assumption that: (1) there are no changes to the period of the loan; and (2) there are no further changes in the interest rate.

⁵ The actual changes in the reference interest rate may be higher or lower than the examples we have given.

Form 2 – Illustrative Example

Under MAS Notice 1106A

Your name Peter Tan Date produced 01/03/2012

General information

Name of financial institution (FI)	ABC Bank	Name of staff and branch	Penny Tay (Shenton Branch)
Product	Housing Start Package		
Loan amount	\$800,000	Loan period	30 years
Description of interest rate for loan (See footnote 1.)	1 st year: 3M SOR 2 nd year: 3M SOR + 0.1% 3 rd year: 3M SOR + 2.5% 4 th year and onwards: 3M SOR + 2.5%	Lock-in period (if any)	3 years
		Can the financial institution make further changes to the interest rate? - During the lock-in period?	Yes/ No Yes/ No

Repayment details

Year (See footnote 2.)	Interest rate	Principal + interest = repayment (every month) (The principal is the amount you borrow.)	Principal + interest = Repayment (every year)
Year 1	0.243%	\$P ₁ + \$I ₁ = \$2,304	\$P ₅ + \$I ₅ = \$27,653
Year 2	0.343%	\$P ₂ + \$I ₂ = \$2,338	\$P ₆ + \$I ₆ = \$28,052
Year 3	2.743%	\$P ₃ + \$I ₃ = \$3,195	\$P ₇ + \$I ₇ = \$38,345
Year 4 and onward (see footnote 3.)	2.743%	\$P ₄ + \$I ₄ = \$3,195	\$P ₈ + \$I ₈ = \$38,345

Estimated total repayment (principal plus interest) during entire loan period of 30 years. (See footnote 4.)

\$1,129,363

This means you will pay back **\$1.41** for every \$1 borrowed.

Monthly loan repayment based on different interest rates

Note: The interest rate on your loan can change during the loan period.

Current 3M SOR is:	0.243%				
If 3M SOR changes by: (See footnote 5.)	+1%	+2%	+3%	+4%	+5%
The interest rate on the loan (from Year 3) will be: (See footnote 3.)	3.743%	4.743%	5.743%	6.743%	7.743%
Your repayment (every month) will be:	\$3,600	\$4,031	\$4,486	\$4,963	\$5,461

- Your loan will have an effective interest rate of 5% when 3M SOR reaches 2.5%.

Over the past 20 years:

- The highest 3M SOR was 9.567% which happened in Jan 1998.
- The lowest 3M SOR was 0.136% which happened in Feb 2011.

Note: These past trends may not reflect how high or low future interest rates may be.

All fees and charges due (Your financial institution must tick those which apply.)	Your financial institution will charge the following fees and charges in the following circumstances.	
	Processing your loan	✓
	If you reject the loan after accepting the letter of offer	✓
	If you make a late payment	✓
	If you change the loan terms (for example, the loan period)	
	If you switch to a different loan package during the period of your existing loan	✓
	If you repay part or all of the loan during the lock-in period	
	Any other fees or charges (for example, legal fees, recovering subsidies and so on)	
<p>If any of the above are ticked, you should discuss the details, including the estimated amount of fees and charges, with your loan officer.</p> <p>[Note: Your financial institution should specify how they work out these penalties. For example, that you may have to pay x% of the prepaid amount in penalties.]</p>		

I hereby acknowledge that I have received the above Fact Sheet: 01/05/2012
Signature Date

Important notes

- 1 If you sell your property after buying it, you may have to pay a Seller's Stamp Duty (SSD). The SSD rate will depend on how long you have owned the property. 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 financial institution 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, the national financial education programme for Singapore, and the Association of Banks in Singapore. You can ask your financial institution for a copy of the guide or you can download a copy at MoneySENSE's website www.moneysense.gov.sg. As well as the main questions and home loan basics, the guide contains a list of things you should consider before you commit to taking out a home loan. This includes whether you can afford the loan and the fees or charges which apply. The guide also reminds you to ask your financial institution if certain terms will apply to you, and to compare loan packages carefully.
- 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 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 (WL) and CPF Valuation Limit (VL). You should also know that you need to set aside the Minimum 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. The website also provides a CPF Housing Withdrawal Limits Calculator to give you an idea of when you will reach your VL and WL.
- 6 If you miss a monthly repayment, your financial institution can:
 - a declare 'an event of default' and make you repay the full loan;
 - b charge you a higher rate of interest;
 - c 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
 - d bring bankruptcy proceedings against you.

To avoid these situations, you should :

- not commit yourself to a loan that you cannot afford;
- contact your financial institution 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.

Footnotes

¹ SOR refers to Singapore Swap Offer Rate for SGD. Your financial institution should tell you where you can find the reference interest rate, how often this interest rate may be re-set, and under what circumstances this interest rate may be changed for the purpose of the loan.

² We have assumed 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.

³ If the loan has promotional rates for Y years, the financial institution must give you illustrations of up to Y+1 years.

⁴ This figure is based on the assumption that: (1) there are no changes to the period of the loan; and (2) there are no further changes in the interest rate.

⁵ The actual changes in the reference interest rate may be higher or lower than the examples we have given.