

SPECIAL FINANCIAL RELIEF PROGRAMME (MORTGAGES)

Frequently Asked Questions

1. What is this relief measure that banks and finance companies are offering for residential mortgages?

This relief measure forms part of the relief package that MAS, in collaboration with the financial industry, has put forth to help individuals affected by the COVID-19 pandemic.

This initiative offered by banks and finance companies is intended to help borrowers facing difficulties meeting repayments under their existing mortgage loans, by allowing them to defer repayment of the principal or both principal and interest up to 31 December 2020.

2. How can a mortgage repayment deferment help me?

If you are facing cash flow constraints and have difficulties repaying your residential mortgage during this difficult period, you can consider applying to your bank or finance company for a mortgage repayment deferment to lower your monthly debt payments up to 31 December 2020. Regular mortgage instalments will resume after the deferment period.

3. What are the features of a mortgage repayment deferment?

You can choose to defer up to 31 December 2020, either:

- **the principal portion of the monthly instalment**, while continuing to pay the monthly interest; or
- **the full monthly instalment**. Interest will continue to accrue on the principal amount deferred, but no interest-on-interest will be charged during this deferment period.

You can also choose to extend the tenure of your mortgage by the duration of the deferment period, to lower the monthly instalment amount following resumption of regular payments.

However, you should keep in mind that deferring payments and extending your tenure mean that you will be paying more interest in total. Therefore, it is better not to defer repayments if you do not need to.

Before applying for the deferment, we encourage you to discuss with your bank or finance company on your options and in the case of a deferment, how the payment schedule and increased interest cost will be like.

Illustrative Example

For a mortgage with \$200,000 outstanding and a remaining tenure of 20 years, and assuming a 2% interest rate, the extra interest cost over the remaining tenure will be about:

- **\$1,300** for a principal-only deferment period for 9 months, and **\$2,930** if the tenure is also extended by 9 months.
- **\$1,920** for a principal and interest deferment period for 9 months, and **\$3,570** if the tenure is also extended by 9 months.

4. Why is the interest on my principal amount not waived during the deferment period?

This is a special relief that banks and finance companies have collectively agreed to, and

introduced, to help individuals who are facing cash flow difficulties with their mortgage repayments during this COVID-19 period.

Interest would accrue as the banks and finance companies continue to bear the risks of lending. However, if you choose to defer the full monthly instalment, interest-on-interest will be waived during the deferment period.

5. Can I defer only part of my principal repayment, i.e. make lower monthly repayment that pays down both principal and interest?

You may approach your bank or finance company to discuss the option of deferring only a part of the principal repayment.

6. Will my mortgage automatically get a repayment deferment?

No. Repayment deferments are not automatic as individuals will incur higher total interest costs and not all individuals need it. If you need a mortgage repayment deferment, you would have to apply to your bank or finance company. It will process your application expeditiously upon receipt.

7. How do I know if I am eligible for a repayment deferment? If I am currently on a Debt Reduction Plan (DRP) for my mortgage, can my repayments under the DRP be deferred too?

You are eligible if you have a residential mortgage, whether it is a housing loan or a mortgage equity withdrawal loan, and your monthly instalments are not more than 90 days past due.

Repayments under your Debt Reduction Plan that is taken in connection with your residential mortgage can be similarly deferred.

8. Can I get a repayment deferment for my commercial or industrial property loan?

If you are facing difficulties repaying your non-residential property loan, you should approach your bank early to discuss suitable repayment plans or debt restructuring. If you are operating a business, you may refer to the announced relief measures for SMEs.

9. Can I get a repayment deferment for my overseas residential property loan?

If you are facing difficulties repaying your overseas property loan (including residential, commercial and industrial properties), you should approach your bank early to discuss suitable repayment plans or debt restructuring.

10. My mortgage is more than 90 days past due as at 6 April 2020. Can my bank or finance company still help?

You should approach your bank early to discuss suitable repayment plans or debt restructuring.

11. What are the costs of taking up a repayment deferment? What should I be aware of before taking up a repayment deferment?

The total interest cost of the mortgage will be higher if you take up the repayment deferment. To assist you in making a decision, your bank or finance company will provide you with an

illustration of the instalments during and after the deferment period, and the estimated increase in total interest cost.

12. Do I need to meet TDSR/MSR in order to get a repayment deferment?

No. You do not need to meet TDSR/MSR to be eligible for the repayment deferment.

13. How do I apply for a repayment deferment? Do I need to visit the branch to sign the documents after approval?

You should apply for the repayment deferment directly with your bank or finance company, via its official website, mobile app or phone hotline. Please do not visit your bank/finance company's branches unless necessary, and maintain social distancing if you do.

14. When will my application be approved?

Processing timelines may differ between bankers, e.g. it may take around 7 working days. You should check with your bank on the process.

We would like to appeal to all customers to be patient as your bank or finance company will likely be faced with a surge in customer enquiries and applications during this period of time.

15. Will taking up a repayment deferment affect my credit score?

A brief narrative description will be uploaded to indicate your participation in the programme. To maintain a good credit score, customers are advised to maintain a good payment record for all their credit facilities even while on this programme.

16. How will the narrative appear in my credit bureau report?

The narrative is akin to a footnote in the credit bureau report. It will be reported by the respective financial institution once an SFRP relief is taken up. The narrative consists of information about product type, last payment status, start date and end date of the relief programme.

17. What is the purpose of this narrative in my credit bureau report?

The record is for analytics purpose as all credit bureau information is important to financial institutions for understanding of consumers' credit behaviour and refinement of their target market strategy. Financial institutions may leverage on some of this information to provide appropriate financial advisory or tailor make suitable financial products for their customers given short term financial condition of the individual due to Covid-19 situation. For the avoidance of doubt, taking up the SFRP/ESS will not affect your ability to take up new loans with your relief-granting bank, unless specified in the terms of the individual relief, such as SFRP/ESS (Unsecured). It will also not result in FIs reducing your existing credit limits or lines with them, nor affect other FIs' decision whether to grant new loans or higher credit limits to you.

18. I received an email/call/SMS saying that my internet banking log-in details are needed to apply for a repayment deferment. Why is this needed?

You should make your application directly to your bank or finance company through its official website, mobile app, or phone hotline.

Banks and finance companies will never ask for your credit/debit card details, password, or OTP, nor request for a fund transfer to be made to another account. You should verify any unsolicited calls, messages, or emails directly with your bank or finance company through official channels.

19. What if I am still unable to resume regular repayments after the deferment period?

You should approach your bank early to discuss suitable repayment plans or debt restructuring before the end of the deferment period.

20. What will happen if the Covid-19 situation does not improve by 31 December 2020? Will banks and finance companies extend the period of the repayment deferment?

MAS and the financial industry are monitoring the situation closely, and will assess if any additional measures are needed then.