

# MANAGING HOUSING LOAN ARREARS WITH FINANCIAL INSTITUTIONS – WHAT ARE MY OPTIONS?

## I have trouble repaying my housing loan from a Financial Institution (FI). What can I do to better manage my loan repayments?

Here are some options to help you with managing your housing loan.

Do approach your FI early to work out options to repay your arrears or to meet upcoming monthly mortgage instalments. This will help in reducing incurring additional costs such as interest penalties.

| Your options   | Things to note   | Are you eligible?   |
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| 1. <b>Refinance/reprice your property loan</b> to take advantage of lower interest rates | <ul style="list-style-type: none"> <li>For loans within the lock-in period, you may have to pay a refinancing fee depending on the terms of your loan. However, you can try to discuss with your bank to see if a fee waiver is possible.</li> <li>Total debt servicing ratio (TDSR) rules do not apply to the refinancing of owner-occupied housing loans.</li> </ul>   | <ul style="list-style-type: none"> <li>This is available for owner-occupied property loans, and also investment property loans.</li> <li>You are <u>not allowed</u> to refinance your existing bank loan with an HDB loan.</li> </ul> |
| 2. <b>Use CPF savings for arrears or monthly instalments</b>                             | <ul style="list-style-type: none"> <li>For members reaching age 55, you can reserve your Ordinary Account (OA) savings from the sweep to Retirement Account (RA) at age 55 to pay for future housing instalments.</li> <li>Apart from the Ordinary Account, the Special, Retirement, and Medisave account are intended for retirement and healthcare, therefore cannot be used for housing.</li> <li>Make a request to use CPF savings for your housing payments with the CPF E-service <ul style="list-style-type: none"> <li>CPF E-service: <a href="http://www.cpf.gov.sg/Members/Services/forms-and-e-app">www.cpf.gov.sg/Members/Services/forms-and-e-app</a>.</li> <li>Note that there are limits on the CPF usage.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>If you have available balance in your CPF (OA) and have not been using it for your housing repayments.</li> </ul>  |
| 3. <b>Extend loan tenure</b> to reduce monthly instalment                                | <ul style="list-style-type: none"> <li>You will pay more interest in total with a longer loan tenure.</li> </ul>   | <ul style="list-style-type: none"> <li>If your loan is not at the maximum tenure, you may discuss this option with your FI.</li> </ul>  |

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| <p>4. <b>Add a co-owner</b> (e.g. your child) to help with the housing loan repayments using his/her CPF Ordinary Account (OA) savings, on top of cash payments</p> | <ul style="list-style-type: none"> <li>• Should HDB grant a housing loan to you and the incoming co-owner, the incoming co-owner will only be eligible for <b>one more HDB concessionary rate loan*</b> in the future. The quantum of the second HDB concessionary housing loan will be reduced using the CPF refund and up to 50% of the cash proceeds (if any) from the disposal of the existing flat.<br/>*Each person is only able to take up to a maximum of two HDB concessionary loans</li> <li>• The incoming co-owner needs to relinquish his/her interests in your flat by way of a transfer of flat ownership or resale of part-share to eligible family members when he/she buys a flat in future.</li> <li>• The proposed owners who are taking over the flat ownership will need to have sufficient finances to: <ul style="list-style-type: none"> <li>a) Redeem the outstanding housing loan for the flat;</li> <li>b) Pay the CPF refund for monies withdrawn and accrued interests to the outgoing owner's CPF account; and</li> <li>c) Pay the legal and stamp fees involved in the transactions.</li> </ul> </li> <li>• The proposed owners may finance the sum required using their CPF Ordinary Account savings, cash and/or a fresh housing loan.</li> </ul> | <ul style="list-style-type: none"> <li>• You are eligible if the proposed incoming owner(s) meet the eligibility conditions on HDB website:<br/><br/> <a href="https://www.hdb.gov.sg/cs/infoweb/residential/living-in-an-hdb-flat/changing-owners-occupiers/change-in-ownership/change-in-flat-ownership/eligibility">https://www.hdb.gov.sg/cs/infoweb/residential/living-in-an-hdb-flat/changing-owners-occupiers/change-in-ownership/change-in-flat-ownership/eligibility</a> </li> </ul> |
| <p>5. <b>Rent out spare bedroom(s) or the whole flat</b> for more income</p>  | <ul style="list-style-type: none"> <li>• You will need to get HDB's approval to rent out the whole flat or spare bedroom(s). There will be a \$20 administrative fee for renting out your flat and a \$10 administrative fee for renting out each bedroom.</li> </ul>   | <ul style="list-style-type: none"> <li>• Find out more on the eligibility conditions for rental of spare bedroom(s) and whole flat on HDB website:<br/><br/> <a href="https://www.hdb.gov.sg/cs/infoweb/residential/renting-out-a-flat-bedroom">https://www.hdb.gov.sg/cs/infoweb/residential/renting-out-a-flat-bedroom</a> </li> </ul>  |

## **I also have other unsecured loans. Are there any options to help me?**

If you have multiple unsecured loans, **Credit Counselling Singapore (CCS)** can help you with your debt problem through financial counselling, education and where suitable, facilitated debt repayment arrangement.

Contact CCS:

- Website: [www.ccs.org.sg](http://www.ccs.org.sg)
- Email: [enquiry@ccs.org.sg](mailto:enquiry@ccs.org.sg)
- Hotline: 6225 5227

For debt-counselling, support group sessions and financial literacy workshops to assist you in managing debts, you can get help from Social Service Agencies (SSAs):

- **Adullam Life Counselling**
  - General line: 6659 7844 / 9423 8832
  - Email: [admin@adullam.org.sg](mailto:admin@adullam.org.sg)
- **Arise2Care Community Services**
  - General line: 6909 0628
  - Email: [admin@arise2care.sg](mailto:admin@arise2care.sg)
- **Association of Muslim Professionals (AMP)**
  - AMP helpline: 6416 3960
  - Email: [corporate@amp.org.sg](mailto:corporate@amp.org.sg)

## **I need financial assistance. Who can I approach to seek help?**

**Social Service Offices (SSOs)** provide financial assistance to households that are unable to afford basic living expenses, based on their needs and circumstances. SSOs also facilitate access to relevant government agencies and community partners, if the household requires other forms of assistance or services.

- Locate your nearest SSO for help from the MSF website: [www.msf.gov.sg/ssolocator](http://www.msf.gov.sg/ssolocator) or contact the ComCare call hotline at 1800-222-0000.

**Family Service Centres (FSCs)** serve low-income and vulnerable individuals and families who need help addressing their family-related and social-emotional needs, to enhance their stability and wellbeing.

- Locate your nearest FSC from the MSF website: [www.msf.gov.sg/fsclocator](http://www.msf.gov.sg/fsclocator) or contact the ComCare call hotline at 1800-222-0000.

## I need help finding a job. Are there any resources that can help me?

Access the **Employment Support Guide on LifeSG app** to explore job opportunities, book an appointment to meet a career coach and search for relevant government resources to aid in your job search.

- The employment support guide can be found on LifeSG app at:  
<https://go.life.gov.sg/M6zS>.

### **What happens if I or my co-owner passed on, suffered a terminal illness or total permanent disability; and I am unable to pay the loan instalment?**

Check the coverage of your mortgage insurance to see if you can make insurance claims.

Mortgage insurance can help to pay off the outstanding mortgage loan in the event of death, terminal illness or total permanent disability of the borrower (being the life insured under the insurance policy). Check if you or your co-owner have any of the following:

#### **1) Home Protection Scheme (HPS)**

- HPS covers you up to age 65 or until the housing loans are paid up, whichever is earlier.
- If you or your co-owner are covered under HPS and eligible for a claim, CPF B will settle the outstanding housing loan, up to the insured sum, with the Financial Institution directly.
- To check the details of your HPS coverage, you may access the link below:  
<https://www.cpf.gov.sg/members/FAQ/schemes/Housing/Home-Protection-Scheme/FAQDetails?category=Housing&group=Home Protection Scheme&folderid=12061&ajfaqid=2187486>
- To claim HPS benefits, you may access the link below:  
<https://www.cpf.gov.sg/members/FAQ/schemes/Housing/Home-Protection-Scheme/FAQDetails?category=Housing&group=Home Protection Scheme&folderid=12124&ajfaqid=6537078>

#### **2) Mortgage insurance from private insurers**

- The claiming process will differ depending if your policy has been assigned to an FI (being the mortgage lender)

- If your policy has already been assigned<sup>1</sup>, your insurer will repay the outstanding housing loan to the FI directly. The FI may contact the claimant (being the life insured or the beneficiary, as the case may be) if the sum insured is higher than your outstanding housing loan and there is excess money left.
- If your policy has not been assigned, your insurer will pay the claimant (being the policyholder or the beneficiary)<sup>2</sup> after a valid claim has been made. The claimant may then use the proceeds to repay the outstanding housing loan accordingly. The claimant will need to contact the insurance company to check the details of any mortgage insurance coverage and apply to claim the insurance benefits.

**Please inform your FI if you or your beneficiary have lodged a HPS/mortgage insurance claim.**

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<sup>1</sup> Where your insurance policy has been assigned to the FI, any insurance pay-out will go to the FI instead of you or your co-owner. An insurance policy can be assigned to another party as a form of security or collateral in relation to a financial dealing, such as taking out a housing loan.

<sup>2</sup> If you or your co-owner suffered a terminal illness or total permanent disability, the insurance pay-out will be made to the policyholder. In the event of death, the insurance pay-out will be distributed to the nominees. In cases where no nomination was made, the insurance pay-out will be distributed under the intestacy laws or Muslim inheritance laws.