
NEWS RELEASE

UOB survey finds one in three home buyers are unsure about the new framework for property loans

Singapore, 9 May 2014 – One in three home buyers (34 per cent) are unaware or do not understand the new Total Debt Servicing Ratio (TDSR) framework for property loans, according to a recent United Overseas Bank (UOB) survey¹.

The survey also revealed that the top two uncertainties home buyers have under the rules introduced in June 2013 were how the existing cooling measures affected their loan application (42 per cent) and how the framework applies to their personal situation (43 per cent).

Ms Chia Siew Cheng, Head of Secured Loans, UOB Group said, “Ten months on, our survey shows there is still a significant group of potential home buyers who are not familiar with the rules. The TDSR framework requires a more holistic view of the home buyer’s total debt obligation for property loans. Most of the time, home buyers bring inadequate or incorrect documents to support their application or are not aware that loans are granted based on an assessment of their total outstanding debt including credit cards.”

While many respondents felt they are aware of how debt is calculated in the new framework (64 per cent), home buyers still do not understand that banks have to take into account all their debt obligations, including repayments for unsecured loans and their obligations as a guarantor. As a result, potential borrowers often do not bring along their credit card statements from all card issuers, information on their vehicle loans and documents showing that they are a guarantor for any other loans.

To mitigate this issue, UOB has produced a home loan application checklist for all of its customers. To simplify the home loan application process, the Bank is also working with several industry bodies to access more comprehensive credit bureau information.

¹ United Overseas Bank (UOB) conducted a survey between 20 to 27 March 2014 to understand home buyers’ awareness of the TDSR framework introduced in June last year. The online survey polled 210 Singaporeans and Permanent Residents aged 21 to 65 who have bought a property in the past 9 months or are looking to purchase a property within the next two years. These respondents included a mix of first-time and experienced home buyers (95 and 115 respondents respectively).

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Experienced home buyers consult experts to help them understand new regulations

When it comes to searching for a home loan, UOB's survey revealed that first time home buyers typically prefer to do their own research online (42 per cent) while experienced home buyers (60 per cent) prefer to speak to a mortgage specialist to find out more the application process and help on choosing the most suitable loan option.

To help home buyers understand the process of applying for a home loan, UOB conducted a series of roadshows at heartland branches. The Bank's experienced mortgage specialists were on hand to advise potential home buyers on the steps and different mortgage options available to help them buy their dream home.

The next roadshow will be happening at UOB Toa Payoh and UOB Tiong Bahru on 10 and 11 May, 9am to 4pm.

– Ends –

About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. In Asia it operates through its branches and representative offices as well as banking subsidiaries in China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

UOB plays an active role in the community, focusing on the arts, education and children. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year. In recognition of its contributions to the arts, UOB was conferred the National Arts Council's Distinguished Patron of the Arts Award for the ninth consecutive year in 2013. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in Singapore, Malaysia, Indonesia, Thailand and mainland China.

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