

More information about DBS Home Loan / Commercial Property Loan Reduced Instalment Plan

1. What is DBS Home Loan / Commercial Property Loan Reduced Instalment Plan?

Reduced Instalment Plan is part of the Extended Support Scheme to help home loan / commercial property loan customers who continue to be impacted by COVID-19 pandemic and experience difficulty in paying their monthly instalment fully.

Through the Reduced Instalment Plan, you will pay a lower monthly instalment, pegged at 60% of your monthly instalment amount, for up to 9 months, or till 31 December 2021 (whichever is earlier). During this period, your monthly instalment will be used to pay interest and part of the principal amount. As the payment towards principal amount is lower, the total interest payable over the entire loan tenure will be higher.

At the end of the Reduced Instalment Plan, your monthly instalment amount will be re-computed based on the outstanding principal amount and a shorter remaining loan period. The revised monthly instalment amount is likely to be higher and you will be required to pay the full amount.

Here is an illustration on how it works:

Mr Tan applied for DBS Home Loan Reduced Instalment Plan for his home loan on 15 December 2020.	
Outstanding principal amount:	\$225,000
Outstanding loan period:	22 years
Interest rate:	2% p.a.
Monthly instalment amount:	\$1,055
<u>Under the Reduced Instalment Plan</u>	
Reduced monthly instalment amount:	\$633
Period:	January 2021 to September 2021
At the end of the Reduced Instalment Plan, the monthly instalment amount will be re-computed based on the outstanding principal amount and remaining loan period.	
Revised monthly instalment amount	\$1073

As there is lower payment towards the principal amount during Reduced Instalment period, please note that you will be incurring higher interest amount over the loan tenure by taking up this plan.

2. How could I be eligible?

You can apply if you are:

- Impacted by COVID-19, with total income from all borrowers reduced by at least 25% after 1 Feb 2020. You would have to provide proof of income/employment impact; and
- Your home loan / commercial property loan account must not be more than 90 days in arrears

An illustration on income eligibility:

	Meet at least 25% reduction in income		Does not meet at least 25% reduction in income	
	In Feb 2020	In Oct 2020	In Feb 2020	In Oct 2020
Mr Tan's Gross Monthly Income	\$6,000	\$3,500	\$10,000	\$9,000
Mrs Tan's Gross Monthly Income	\$4,000	\$4,000	\$10,000	\$7,000
Total Gross Monthly Income	\$10,000	\$7,500	\$20,000	\$16,000
% reduction in Total Gross Monthly Income	25%		20%	

3. I do not meet your eligibility criteria but have difficulties with my home loan / commercial property loan payment. How could you help?

You may email us at loans@dbs.com and we will get in touch with you to review your loan.

4. How will I be notified of the application status?

We will update you on the status via SMS within 14 working days of your application, followed by a letter.

5. Will I be paying much more interest with Reduced Instalment Plan?

The interest amount will be higher compared to if you have been paying your monthly instalment fully. As your monthly instalment is reduced to 60% during this period, there will be lower payment towards the principal amount. Thus, higher interest is payable. For financial prudence, we advise that you opt for Reduced Instalment Payment plan only if needed.

6. I use CPF funds to pay for my monthly instalment. Will this arrangement continue?

If you have been using your CPF funds to pay your loan, this arrangement remains unchanged. During this period, any funds we receive from your CPF account will be used to pay the interest first following by principal amount.

7. Could I make any payment during the Reduced Instalment Plan period?

Yes, you may make adhoc payment. Please email us at loans@dbs.com and we will assist you.

8. What if I continue to experience difficulties in payment after the Reduced Instalment Payment plan?

You may email us at loans@dbs.com. We will assist you to review your home loan / commercial property loan.

10. I did not apply for payment relief plan earlier. Am I eligible for Reduced Instalment Plan?

Yes, you may apply for the new Reduced Instalment Payment plan if you meet the eligibility criteria, regardless of whether you have previously taken up payment relief.