Mortgage and Refinance

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Mortgage and Refinance for Property in Singapore – Legal Guide

Learn how mortgage and refinance transactions work for Singapore properties, namely private residential, commercial and industrial properties. Our conveyancing lawyers explain redemption, CPF charge approvals, lock-in periods, prepayment penalties and the documents your bank will require.



Mortgage and refinance documentation handled by our Singapore conveyancing team.

Understanding Mortgage and Refinance

If your property in Singapore is currently **under an existing mortgage with a bank** and your promotional interest rate is ending, you may consider **refinancing** — switching to another bank for mortgage financing — to obtain lower interest rates and save on loan costs.

Alternatively, if your property is **not currently mortgaged**, you may wish to obtain banking facilities in the form of an **equity loan** (also called a term loan) secured by a **fresh mortgage** over your property in favour of the bank. This allows you to unlock the value of your property while retaining ownership.

Common Mortgage and Refinance Scenarios Where We Act

We assist clients in:

1. **Refinancing an existing mortgage** — changing from your current bank to a new bank to enjoy better terms or lower interest rates.
2. **Redeeming an existing mortgage** — paying off your home loan in full, whether due to refinancing, sale of property, or early repayment.
3. **Equity term loans** — obtaining additional financing by using your fully or partially paid-up property as security for a new loan.

Typical Stages in a Mortgage and Refinance Transaction

(The process may vary depending on the bank's procedures, CPF usage, and whether there is an existing mortgage.)

Redemption of Existing Mortgage *(Property with existing bank mortgage)*

- Serving a **redemption notice** to the existing bank (mortgagee) to confirm the loan amount outstanding and the intended redemption date.
- Preparing **discharge documents** to release the bank's mortgage from the property title.

Note the difference in terminology. Redemption means repaying an existing mortgage loan so the bank releases its security, which is what happens on a refinancing. Discharge, by contrast, describes the position where the loan has already been repaid in full and the mortgagor simply wants the registered mortgage removed. Either way, we lodge a Total Discharge of Mortgage (TDM) with SLA. Our guide to redemption and discharge of mortgage explains the process in full.

CPF Board's Charge Approval and Documentation *(Property with existing CPF charge)*

- If CPF funds were used to finance the property, the CPF Board has a **charge** over the property.
- We will liaise with the CPF Board's solicitors for their consent to the refinancing or redemption and prepare the necessary discharge or new charge documents.

Importantly, you do not have to remove the CPF charge. Most mortgagors keep it, so no refund falls due and no discharge of the CPF charge is needed. If you do want it removed, you must first refund the CPF Board the principal withdrawn plus the accrued interest.

Where the CPF charge stays on the title, the CPF Board's charge ranks ahead in priority. Consequently, we must obtain the CPF Board's authority in SLA's prescribed form, commonly called an AFS, before we can lodge the TDM. In addition, SLA keeps the title suppressed while any charge remains, so it issues no physical or hardcopy title. If the property carries no CPF charge, none of this arises.

Fresh Mortgage with New Mortgagee *(Property without existing bank mortgage, or refinancing to a new bank)*

- Acting for the **new bank** (mortgagee) to prepare and execute the mortgage documentation.
- Registering the new mortgage with the **Singapore Land Authority (SLA)**.

Why Engage Loh Eben Ong LLP for Mortgage and Refinance Matters

Frequently Asked Questions About Mortgage and Refinance

- **Over 30 years' conveyancing experience** in Singapore property and financing transactions.
- **Extensive experience in preparing and handling mortgage documentation** for many local and foreign banks in Singapore.
- **Efficient coordination** with banks, CPF Board, and the SLA to ensure a smooth and timely completion.

Frequently Asked Questions (FAQ)

What is refinancing?

Refinancing means replacing your current home loan with a new loan, often from a different bank, to secure better interest rates, different loan terms, or both.

What is an equity loan?

An equity loan, also called a term loan, allows you to borrow against the value of your property that you already own. The bank secures the loan by registering a new mortgage over your property.

Do I need a lawyer for refinancing or taking an equity loan?

Yes. In Singapore, mortgage and refinancing transactions involve legal documentation that must be prepared, certified, and lodged with the SLA. Banks also require lawyers from their panel to act in the mortgage.

Can the same lawyer act for me and the bank?

If the law firm is **on the bank's panel**, or **at the bank's discretion** if it is not a panel law firm, and there is no conflict of interest, the same law firm can act for both you (the borrower) and the bank (the mortgagee). This can result in **cost savings**, because one firm streamlines the work and avoids duplicating processes.

However, the bank's appointment of lawyers to act for it is **entirely at the bank's discretion**. You should always check with the relevant bank in advance to confirm whether it will appoint our law firm to act for them in your mortgage or refinancing transaction. The bank may request our law firm's profile for its consideration.

Scenarios where the bank may require **separate legal representation** include:

- The bank is not willing to appoint the borrower's chosen law firm, even if it is on their panel.
- The borrower's lawyer is not on the bank's approved panel of law firms.
- There is a potential or actual **conflict of interest**, such as disputes over loan terms or related-party transactions.
- The transaction involves **complex financing structures** or additional security beyond the property (e.g., corporate guarantees, multiple mortgaged properties, construction loans).

If separate representation is required, you will need to bear the **legal costs of both law firms** — your own and the bank's appointed lawyers.

What is a lock-in period in a mortgage loan?

A **lock-in period** is the minimum period after taking a mortgage during which you cannot redeem the loan without incurring a prepayment penalty.

- Lock-in periods in Singapore are commonly **two to three years**, but they can vary by bank and loan package.
- If you redeem or refinance the loan during the lock-in period, you may have to pay a **prepayment penalty**, typically 1.5% of the redeemed loan amount.
  Always check your Letter of Offer or facility agreement for the exact lock-in terms.

What is a prepayment penalty and when does it apply?

A **prepayment penalty** is a fee charged by the bank if you fully or partially repay your mortgage before the end of the lock-in period, or outside of permitted prepayment terms.

- Prepayment penalties compensate the bank for the interest it would have earned.
- These penalties can also apply in certain cases of refinancing.
  Before committing to a refinancing, your lawyer can help you review your existing mortgage documents to identify any prepayment costs.

Are legal requisition searches needed in refinancing or mortgage transactions?

Yes. Even in refinancing or fresh mortgage transactions, lawyers will usually conduct **legal requisition searches** with relevant government departments and statutory boards to check for:

- Title searches
- Road widening or acquisition plans.
- Outstanding property taxes.
- Building or drainage notices.
- Environmental or land use restrictions.

These searches help ensure there are no issues that may affect the bank's security over the property or your continued ownership.

What is the role of the CPF Board in refinancing?

If you used CPF funds to purchase your property, the CPF Board has a legal charge over the property. In refinancing or redemption, we must obtain their approval and either discharge the existing charge or register a new one in favour of the CPF Board.

Disclaimer: The information on this page is for general guidance only and does not constitute legal advice. You should seek specific advice from a qualified conveyancing lawyer before committing to any property financing transaction. Laws, regulations, and bank policies in Singapore are subject to change without notice. any property financing transaction. Laws, regulations, and bank policies in Singapore are subject to change without notice.

Related guides on mortgage and refinancing

If you are repaying your loan in full, see our guide on redemption and discharge of mortgage. You may also wish to read using CPF funds to pay your mortgage after purchase, our guides on buying and selling property in Singapore, and conveyancing fees and how to engage us. For CPF housing rules, refer to the CPF Board website.