

# **Real Estate Financing**

## **- Standard Terms And Conditions**

### ***Comments from past participants***

*"Andrew Gob is knowledgeable and it was my pleasure to be able to learn from an experienced banker!"*

– Mr. Lee Say Koon David, RZB-Austria, Singapore.  
[Class of March 2008]

*"Good interaction between facilitator and participants and as a result, we had a lively discussion. Very practical!"*

– Mdm. See Beng Hoon, Singapura Finance Ltd, Singapore.  
[Class of April 2010]

*"This is really a very good seminar. The whole seminar was interactive. Andrew shared his long experience with enthusiasm. We enjoyed it very much."*

– Mr. Md. Abdul Quayum Khan, The City Bank Limited, Bangladesh.  
[Class of November 2010]

*"The seminar is relatively comprehensive in providing a good understanding of the real estate financing market in Singapore especially for those without/with some real estate background. Good sharing of practical experience/knowledge in corporate lending."*

– Ms. Chwee Shook Mun, Valenie, Mizuho Corporate Bank, Ltd, Singapore.  
[Class of March 2011]

*"Andrew is approachable with a wealth of experience to share. Seasoned practitioner with practical insights."*

– Mr. Tock Chew Tee Darren, IFS Capital Limited, Singapore.  
[Class of October 2014]

*"Mr Gob is a very patient and helpful trainer. He makes it easy for participants to ask questions. The small class size also definitely made for a more fruitful learning experience."*

– Ms Sara Tan Zhen Lin, IFS Capital Limited, Singapore.  
[Class of October 2014]

# PI ETA CONSULTING COMPANY

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## *Highlights*

- Be aware of the salient points in the Housing Developers (Project Account) Rules
- Understand the various types of land in Singapore
- Understand the financing of Residential Properties and key stages involved in the development of a project
- Know the typical schedule of progress payments, deferred payment scheme and other valuations
- Be aware of all the various project risks
- Know how to ensure a thorough financial analysis is carried out
- Know the other factors to consider in analyzing the credit
- Know the standard terms and conditions
- Understand the typical bank facilities required by developers
- Be aware of the various types of mortgages offered
- Understand financing the development of Commercial, Retail and Industrial Properties and Hotels
- Know the outlook of Residential, Commercial, Retail and Industrial Property Market and Hotel Industry
- Be aware of recent transactions
- Know the Reserve Price System

**Seminar Facilitator**  
**Mr. Andrew K. T. Goh, B.Econ.**

**Seminar Duration**  
**2 Days, 9:00am to 5:00pm**

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## Seminar Background

An intensive program covering Real Estate Financing. In particular, participants will be familiarized with the various types of land used, the key stages involved in the development of a project, and the typical schedule in progress payments made. Furthermore, a discussion on the risks involved in financing such projects, the financial analysis that should be carried out and the standard terms and conditions used will be included. Knowledge of the Housing Developers (Project Account) Rules is required.

Real estate financing is a specialized form of lending. Officers need to be specifically trained so as to ensure they know all the factors to be considered and that all risks are adequately analysed. The terms and conditions involved are quite different from a typical loan that is extended and adequate care should be taken to ensure these are incorporated.

## Seminar Content

- **Key Features of the Housing Developers (Project Account) Rules**
  - Application of moneys in a Project Account
  - Release of moneys from the Project Account
  - Withdrawal of moneys in Project Account after grant of TOP and upon project completion.
  - Withdrawal of surplus moneys in Project Account when there is no subsisting mortgage
  - Other Conditions
- **Why are the Rules important?**
- **Types of Land in Singapore**
  - State Land
  - Freehold Land
  - Leasehold Land
    - URA Land
    - JTC Land
- **Financing Development of Residential Properties**
- **Key Stages of Development of Project**
  - Developer and Architect prepare preliminary/detailed development plan for submission to Building and Construction Authority (“BCA”)
  - Application for Developer’s License made to Controller of Housing (“CH”)
  - Sale of development can commence once CH’s approval obtained
  - Building contract signed
  - Contractor submits claims for work done to Architect for certification
  - Contractor completes building and Architect issues certificate of Practical Completion
  - BCA issues Temporary Occupation Permit
  - BCA issues Certificate of Statutory Completion

- **Typical Schedule of Progress Payments (Standard Payment Scheme)/Deferred Payment Scheme/Other Variations**
- **Project Risks**
  - Marketability/Market Conditions
  - Location
  - Completion
  - Cost Overrun
  - Interest Rate
- **Project Analysis**
  - Percentage advance on Land Loan and Construction Loan
  - Total Site Area, Plot Ratio, Gross Floor Area, Net Floor Area
  - Breakeven Analysis for Borrower and Bank versus market price
  - Security including mortgage on the property financed, legal assignment of sales proceeds and tenancy agreements, contractor's all risk policy, assignment of building contracts drawings etc and assignment of project account
  - Undertaking to launch project by "x" date, commence construction by "x" date and obtain TOP by "x" date
  - Undertaking not to sell below a certain price on a per square foot basis
- **Other Factors to consider in Analyzing the Credit**
- **Standard Terms and Conditions**
- **Typical Bank Facilities required by Developers**
  - Bridge Loan
  - Land Loan
  - Construction Loan
  - Conversion of a Construction Loan to an Investment Loan
- **Types of Mortgages Offered**
  - Legal Mortgage
  - Equitable Mortgage
  - Simple deposit of Title Deeds
- **Difference between Registered Land and Unregistered Land**
- **Financing Other Developments**
  - Commercial and Retail (Shop Units) Properties
  - Industrial (Factory/Warehouse) Properties
  - Hotels

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- **Real Estate Investment Trust**
  - REIT (“Real Estate Investment Trust”)
  - Some key characteristics of a REIT
  - Some key factors to be considered before investing in a REIT
- **Market Outlook**
  - Residential Property Market
  - Commercial Property Market
  - Retail (Shop Units) Property Market
  - Industrial (Factory/Warehouse) Property Market
  - Hotel Industry
- **Recent Government Measures to curb speculation**
- **Recent Transactions**
- **Reserve Price System**
- **Key Factors to consider in financing properties for investment purposes**
- **Key Risks to consider in financing properties for investment purposes**

## Benefits of Attendance

Upon completion of this program, participants will:

- Learn the Housing Developers (Project Account) Rules that govern such financing
- Be aware of the various types of land in Singapore
- Be familiar with the key stages of development of a project
- Know the typical schedule of progress payments, deferred payment scheme and other variations
- Ensure that all risks are covered and a thorough financial analysis carried out
- Be aware of other factors to consider in analyzing the credit
- Know the standard terms and conditions
- Be aware of the typical bank facilities required and the types of mortgages offered
- Know the key factors and risks to consider in financing investment properties
- Be familiar with financing the development of Commercial, Retail, Industrial Properties and Hotels
- Be aware of the market outlook of Residential, Commercial, Retail and Industrial Property Market and Hotel Industry
- Know recent transactions made
- Be familiar with the Reserve Price System

## Who should attend?

Credit and financial analysts, portfolio managers, credit officers, corporate bankers, commercial bankers, risk managers and analysts.

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## Seminar Facilitator

**Mr. Andrew K. T. Goh** is a Business Domain Expert Facilitator with PI ETA Consulting Company. He has 32 years of banking experience having held senior banking positions in both international and local banks. Andrew is also an Independent Non-Executive Director of HL Global Enterprises Ltd, a listed company of the Hong Leong Group of Companies.

Andrew has a successful track record in Corporate Banking, Trade Finance, Specialized Lending, Lending to Small and Medium Enterprises and Credit Audit.

Prior to his current appointment, he was a Senior Audit Manager in Credit Risk Review with Overseas-Chinese Banking Corporation. He spent almost 5 years reviewing the corporate loans of the organization. Before this appointment, he was the Head of Corporate Banking with American Express Bank for 13 years. Andrew also spent 3 years with United Overseas Bank, first as Head of Consumer Banking and Credit Administration before assuming the position of Head of Corporate Banking. His first job was with Bank of America, having spent 11 years with this financial institution. He was appointed the first Chairman of the Bank's Marketing Committee and was also the Bank's Asia Specialist for Energy. Andrew spent 2 years in Houston Texas financing oil traders, major oil companies, oil field supply equipment manufacturers and other oil related industry players. He was also a Section Head of the Bank's Energy, Shipping, Chemical and Aerospace Department and made Senior Credit Officer of the Bank's Jurong Branch. Andrew also spent a year in the Bank's Specialised Lending Department handling the problematic accounts.

Andrew graduated with a Bachelor of Economics degree from the University of Adelaide, South Australia. He was also a part-time lecturer for 5 years in the 1990s lecturing on the subject of "Bank Lending" at the Nanyang Technological University of Singapore. This subject was offered to second year students of the School of Accountancy and Business.

**For more information, please contact PI ETA Engagement Resource (PEER) Group at**  
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