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**MONEYLENDERS ACT
(CHAPTER 188)**

**MONEYLENDERS
(AMENDMENT)
RULES 2012**

In exercise of the powers conferred by section 37 of the Moneylenders Act, the Minister for Law hereby makes the following Rules:

Citation and commencement

1. These Rules may be cited as the Moneylenders (Amendment) Rules 2012 and shall come into operation on 1st June 2012.

New rule 1A

2. The Moneylenders Rules 2009 (G.N. No. S 72/2009) (referred to in these Rules as the principal Rules) are amended by inserting, immediately after rule 1, the following rule:

“Definition

1A. In these Rules, unless the context otherwise requires, “effective interest rate”, in relation to a loan, means the effective annualised interest rate computed according to the following formula:

$$\text{Effective interest rate} = (1 + i)^n - 1$$

where i is the periodic interest rate expressed as a decimal fraction; and

n is the annualised total number of times interest is payable on the loan.

”.

Amendment of rule 8**3.** Rule 8 of the principal Rules is amended —

- (a) by deleting the words “rate of interest to be charged on” in paragraph (a) and substituting the words “effective interest rate for”;
- (b) by deleting the words “rate of” in paragraph (d) and substituting the words “effective interest rate for the”; and
- (c) by deleting the words “, payment of the interest (excluding late interest) and payment of the permitted fees (if any)” in paragraph (g)(iii) and substituting the words “and payment of the interest (excluding late interest)”.

Amendment of rule 11**4.** Rule 11 of the principal Rules is amended by deleting paragraphs (2) and (3) and substituting the following paragraphs:

“(2) The maximum rate of interest referred to in section 23(6) of the Act shall be —

- (a) in the case of a secured loan granted to an individual whose annual income on the date of the grant for the loan is less than \$30,000, the effective interest rate of 13% per annum; and
- (b) in the case of an unsecured loan granted to an individual whose annual income on the date of the grant for the loan is less than \$30,000, the effective interest rate of 20% per annum.

(3) In the case of a loan granted to an individual whose annual income on the date of the grant for the loan is less than \$30,000, the maximum rate of late interest referred to in section 23(6) of the Act shall be the effective interest rate for the amount of the loan actually disbursed.”.

Amendment of rule 12**5.** Rule 12 of the principal Rules is amended —

- (a) by deleting paragraphs (a), (b) and (c); and

(b) by re-lettering paragraphs (d), (e), (f), (g), (h) and (i) as paragraphs (a), (b), (c), (d), (e) and (f), respectively.

Amendment of rule 13

6. Rule 13 of the principal Rules is amended by deleting paragraph (d) and substituting the following paragraph:

“(d) the date on which the loan was granted, the principal or credit limit of the loan, the effective interest rate and the amount of interest charged;”.

Deletion of rule 21

7. Rule 21 of the principal Rules is deleted.

Amendment of Schedule

8. The Schedule to the principal Rules is amended by deleting Form 1 and substituting the following form:

“

FORM 1	
	Rule 10
<p>Loan Account No. _____</p> <p style="text-align: center;">NOTE OF CONTRACT</p> <p style="text-align: center;">MONEYLENDERS ACT (CHAPTER 188)</p> <p style="text-align: center;">IMPORTANT INFORMATION FOR BORROWER AND SURETY OR THEIR AGENTS</p> <p>(1) This loan is subject to the Moneylenders Act and its Rules.</p> <p>(2) For an unsecured loan granted to an individual whose annual income is less than \$30,000, the effective interest rate for the loan must not exceed 20% per annum.</p> <p>(3) For a secured loan granted to an individual whose annual income is less than \$30,000, the effective interest rate for the loan must not exceed 13% per annum.</p> <p>(4) The moneylender or his agent must inform you of the terms and conditions of the loan in writing before the loan is granted.</p> <p>(5) If you do not understand English, the moneylender or his agent is required to explain to you the terms of this Note of Contract</p>	

in a language which you understand, before this Note of Contract is signed by you.

- (6) The moneylender must attach to this Note of Contract a schedule of repayment (if the loan is a term loan), which must include the frequency of the instalment payments if there is no default, the amount of each instalment payment, a breakdown of the amounts that go to repaying principal and paying interest, and the total number of instalments, and the total amount the borrower will pay over the entire term of the loan if there is no default. The moneylender or his agent must explain the schedule clearly to you.
- (7) Except where the repayment of the loan is to be made in equal instalments and at equal intervals of time, the interest to be charged on the loan is to be calculated on a reducing balance basis.
- (8) The borrower is advised to repay the principal and interest due to the moneylender promptly on such date as agreed upon between you and the moneylender to avoid having to incur late interest and late fees.
- (9) The moneylender must, upon receiving any cash payment under the loan, issue to the payer a receipt stating, among other things, the amount paid and the date of payment. Such payment may include repayment of principal, payment of interest or late interest, and payment of late fees or other fees.
- (10) A copy of this Note of Contract duly completed, together with the repayment schedule (if any), must be given to you.
- (11) Please do not sign or accept this Note of Contract if any part of it is not properly filled in.

I. To be completed by moneylender

Business name of moneylender: _____

Business address: _____

Licence number: _____

Name of borrower: _____

† The effective interest rate per annum reflects the true borrowing cost over a one year period, as it factors in the compounding effect of the frequency of the interest payments.

II To be completed by borrower(s)

I/We*, the borrower(s), desire to borrow from the moneylender the sum of \$ _____ (hereinafter called “the principal”) and promise to repay to the moneylender the principal with interest thereon at the effective interest rate of ___ percent per annum from the date hereof until the principal and interest are fully repaid.

I/We*, the borrower(s) acknowledge receiving the principal of \$ _____, from the moneylender/moneylender’s agent*.

If the borrower or his agent does not understand English:

I/We* acknowledge that the moneylender/moneylender’s agent* has explained to me/us* the terms of this Note of Contract, including the “Important Information” and any schedule of repayment attached, and the acknowledgements above, in _____ (a language/dialect) which I/we* understand.

Signature of borrower(s)/
borrower’s agent*

Signature of moneylender/
moneylender’s agent*

Date: _____

Date: _____

III To be completed by surety(ies)

I/We*, the surety(ies), acknowledge that the moneylender has agreed to grant to the borrower a loan of \$ _____ (hereinafter called “the principal”) in accordance with the terms and conditions of this Note of Contract. I/We* jointly and severally agree that, if default is made by the borrower in repayment of the principal or in payment of the interest or permitted fees thereon (including any part of such principal interest or fees), I/we* shall pay to the moneylender such principal, interest and fees as remains unpaid.

If the Surety(ies) or his or their agent(s) does not or do not understand English:

I/We* further acknowledge that the moneylender/moneylender's agent* has explained to me/us* the terms of this Note of Contract, including the "Important Information", in _____ (a language/dialect) which I/we* understand.

Signature of
surety(ies)/agent(s)
of surety(ies)*

Signature of moneylender/
moneylender's agent*

Date: _____

Date: _____

IV To be completed by borrower(s) and surety(ies)

We, the borrower(s) and surety(ies), further acknowledge that we received a copy of this Note of Contract, including the schedule of repayment (if any), after it had been signed by us/our agent(s)* and by the moneylender/moneylender's agent*, and before/at the time* the principal was disbursed to the borrower or his agent.

If the borrower(s) or surety(ies) or his/their agents does not or do not understand English:

I/We* further acknowledge that the moneylender/moneylender's agent* has explained to me/us* this acknowledgement of receipt of the Note of Contract in _____ (a language/dialect) which I/we* understand.

Signature of
borrower/borrower's agent*

Signature of surety(ies)/agent of
surety(ies)*

Date: _____

Date: _____

*Delete whichever is inapplicable.

Savings and transitional provision

9. These Rules shall not apply to or in relation to loans granted before 1st June 2012, and the provisions of the principal Rules in force immediately before that date shall continue to apply to such loans as if these Rules had not been enacted.

Made this 8th day of March 2012.

PANG KIN KEONG
*Permanent Secretary,
Ministry of Law,
Singapore.*

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