



BUYING A PROPERTY BY WAY OF APPLYING BANK LOAN

1. Check Your Eligibility And Affordability

Firstly, when you are planning to purchase a property by way of bank loan, please make sure that your financial credit records are clean and you are not blacklisted under CTOS and/or CCRIS. In a situation where you are blacklisted, it is highly likely that you will not be eligible to obtain a loan facility from any registered financial institution. In that case, you can get your CCRIS report printed from Bank Negara to check and keep track of your credit score. As such, take stock of your personal finances and try to improve it as possible. The better your score is, the easier it will be for you to get approved for a loan.

Secondly, you have to determine your affordability before you proceed to decide on which property to purchase. The purchase price and/or the ideal loan amount to be applied for has to match your budget based on the monthly installment amount that you can afford to pay. General practice in Malaysia is that your monthly installment should not exceed one-third of your household income. For example, if your household income is RM6,000.00 your monthly installment amount must not be more than RM2,000.00.

2. Decide Which Property to Buy

Based on your affordability, fix a budget and look for a property that can match your budget range and your interest / purpose. Take note of the chosen property that you are interested in where you are advised to contact the real estate agent or the owner of the property to convey your interest to purchase.

In your research, you may also look into the property's locality, market value, property's potential for rent, etc. Make sure you get some pertinent information of the property i.e. leasehold or freehold, title details (if property is still under master title) or request for a copy of the property's title as this is to ensure that the said purchase is to be purchased from the rightful owner and for your onward transmission to the mortgage banker (for purposes of loan application).

3. Pre-Approval Process for Loan

Survey on the banks' mortgage interest rates, once you have decided which bank that provides an ideal rate, you may proceed to engage with a mortgage banker. Subsequently, you can provide your financial information / documents as such savings account bank statements, pay slips, EPF statement, hire purchase account statements (if any), a copy of the property's title (which you intend to purchase) or details, booking form, documents of an existing loan / commitment (if any), etc. to the banker for verification purposes and/or to do a preliminary background check on your financial status and credit score. This will allow the Bank to review and estimate on your loan amount eligibility.

Subsequently, once you got estimated loan amount eligibility, you can then decide whether the property you intend to purchase and the monthly loan installments can be committed by you. If yes, you can proceed to engage a solicitor to draft the sale and purchase agreement, etc.

Address: C4I-2, Jalan Danau Lumayan, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Malaysia.

Opening Hours:
9.00am – 6.00pm

Contact No.:
+6011-5620 0223 (Litigation)
+6011-5620 0293 (Conveyancing)

Fax:
03-9544 4485

Email:
yslingco@gmail.com

Website:
www.yslingco.com

4. Prepare the Earnest Deposit of 10% of the Purchase Price

The common standard in Malaysia is that the Bank may approve a loan up to 90% of the purchase price of the property. Therefore, normally you (the purchaser) will be required to pay the balance 10% of the purchase price. For example, if the purchase price of the property is RM500,000.00 where RM450,000.00 (90%) may be the approved loan amount by the bank, and thus, you have to make payment of RM50,000.00 being the balance 10%. Normally, this 10% is to be paid upon the execution of the sale and purchase agreement.

Nonetheless, the margin of the loan approval may vary according to the type of property purchased (residential / commercial) and your financial credibility at that point of time.

5. Execution of Letter of Offer

Upon approval of the loan facility, the bank will prepare a Letter of Offer where the mortgage banker will inform you to execute / sign the Letter of Offer.

6. Appointment of Solicitors

The bank will be engaging their panel solicitors to act and prepare all the loan documentations on behalf of the bank. Nonetheless, you (the borrower) have all the rights to be represented by an independent solicitor of your own choice, however, it is preferable for you (the borrower) to engage the bank's panel solicitors.

Also take note that in some situations, your solicitors acting on your behalf for the sale and purchase of the property, can act on your behalf to prepare the loan documentations too, however, your solicitor will need to request for the bank's approval.

Lastly, once the loan documentations are ready, you will be informed by your solicitors to execute / sign the loan documents.

7. Disbursement of Loan and Vacant Possession

After execution of the loan documents, your solicitors will proceed with sale and purchase transaction and thereafter, all you have to do is to wait for the loan amount to be disbursed / released to the seller and vacant possession of the property will be delivered to you in accordance to the terms and conditions in the sale and purchase agreement.

Thereafter, you will be required to make payment for your monthly loan instalments to the bank.

Should you have any enquiries on matters pertaining to the sale and purchase of any property, please do not hesitate to contact us via whatsapp for further advise @ 011-1120 0223.

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