

BNM launches RM1b Dana Rumah Mampu Milik with low interest

The scheme will be provided by 5 local lenders and comes with an interest of 3.5% annually

by DASHVEENJIT KAUR

BANK Negara Malaysia (BNM) has allocated RM1 billion of low interest loans to enable income earners of below RM2,300 to purchase houses as the government addresses the financing issue facing many purchasers in the group.

The Dana Rumah Mampu Milik which will be provided by five lenders — AmBank (M) Bhd, Bank Simpanan Nasional, CIMB Bank Bhd, Malayan Banking Bhd and RHB Bank Bhd — comes with an interest of 3.5% annually, almost half of the traditional interest rate charged by banks.

However, the loans are only applicable for homes priced under RM150,000 and purchased from developers.

Consumers from the lower-income group had regularly complained on the difficulty of getting loans for their house purchases, but the lenders' strict lending guidelines make many applicants ineligible due to their high financial commitments.

"This incentive is expected to contribute a 23% lower monthly installment compared to the present financing scheme," said the central bank governor Datuk Nor Shamsiah Mohd Yunus at the launch of the fund in Kuala Lumpur yesterday.

Besides the salary ceilings, applicants must not have any impaired financing for the last 12 months, while the maximum tenure of the borrowings is 40 years or up to 70 years. Applicants are also exempted from processing fee and stamp duty for their documentations.



(From left) Deputy Finance Minister Datuk Amiruddin Hamzah, Housing and Local Government Minister Zuraida Kamaruddin, Lim Nor Shamsiah and Credit Counselling and Debt Management Agency chairman Anuar Mohd Hassan during the launch of Dana Rumah Mampu Milik and Rumahku portal in Kuala Lumpur yesterday

Buyers cannot sell the properties within the first five years from the date of the last disbursement or a penalty of 20% on the outstanding financing will be imposed. However, Nor Shamsiah said such scheme should not be viewed as a long-term solution to home financing issues.

"The Dana Rumah Mampu Milik with the low interest charge should be viewed as a temporary facility for a limited time and executed in a frugal manner.

"To ensure that home financing continues to be sustainable, home financing rates must reflect the risk costs faced by the financial institu-

tions taking into account the fund cost, administration costs and liquidity and lending credit risks," said the central bank head.

She also highlighted a study in 2018 that showed low financial literacy and that 52% of the respondents had admitted they found it hard to save RM1,000 in the event of emergency.

"Besides that, only 24% of the people are confident they can fulfil their financial obligations for at least three months if they lose their main source of income," she said.

BNM had in the past taken a cautious stand on widespread lendings to just one sector in the event of a financial

crisis or recession as it would drag the country's financial systems.

Home lending remains the biggest segment of consumer loans totalling RM520.48 billion at the end of November from the total industry lending of RM1.6 trillion, according to the central bank monthly statistics.

Meanwhile, Finance Minister Lim Guan Eng said the rising oversupply of properties are mainly due to the difficulties in getting loans.

"This scheme will help many people who are facing difficulties in getting a housing loan owing to financial illiteracy and the lending guidelines.

"We need to come up with creative ideas continuously such as the peer-to-peer lending to solve this last-mile problem of home buyers that are not able to get financing and we are trying to reach that," he added.

Lim also announced that his ministry is working with the Real Estate and Housing Developers' Association Malaysia for a homeownership campaign for second-time and above property buyers for properties priced up to RM2.5 million. The scheme is expected to be announced in the next six months.