



Are You Financially Ready To Buy A House In Malaysia?

For aspiring Malaysian home owners, here are 3 things to determine if you're financially ready to undertake this life-changing endeavour:

1. Do you have enough for the upfront costs?

Most banks offer home loans of up to 90% of the property's price (margin of financing) for your first 2 residential properties. So you'll need to prepare a 10% down payment to cover the rest of the price.

2. Do you have extra cash for miscellaneous fees and charges?

Buying a home takes more than just the deposit and the loan. It also involves a list of other charges that include:

Stamp duty for the transfer of ownership title (also known as a memorandum of transfer or MOT)	Stamp duty Fee 1% : For First RM100,000 Stamp duty Fee 2% : next RM 400,000 Stamp duty Fee 3% : next RM 500,000 Stamp duty Fee 4% : on subsequent amount
Sale & Purchase Agreement (SPA) legal fees	For The First RM500,000.00 – 1.0% (Subject to a minimum fee of RM500.00) For The Next RM500,000.00 – 0.80% For The Next RM2,000,000.00 – 0.70% For The Next RM2,000,000.00 – 0.60% For The Next RM2,500,000.00 – 0.50%
Stamping for SPA	Less than RM100
SPA legal disbursement fee	Ranging between RM 1000 – RM 1500
Loan agreement legal fees	For The First RM500,000.00 – 1.0% (Subject to a minimum fee of RM500.00) For The Next RM500,000.00 – 0.80% For The Next RM2,000,000.00 – 0.70% For The Next RM2,000,000.00 – 0.60% For The Next RM2,500,000.00 – 0.50%
Stamp duty for loan agreement	0.5% of loan amount
Loan Facility Agreement legal disbursement fee	Ranging between RM 1000 – RM 1500
Valuation Fees for Completed Properties	First 100,000 – 0.25% Residue up to RM 2 Mil – 0.20%
Government tax on legal agreements	6% of total lawyer fees
Bank processing fee for loan	RM50 to RM300

*Note: The percentages are based on recommended numbers and industry averages. Actual figures may differ.

Here's what your major initial costs could look like:

Purchase price	Down payment (10%)	SPA legal fees	Stamp duty on MOT	Loan agreement legal fees	Stamp duty for loan agreement	Total
RM300k	RM30,000	RM3,000	RM5,000	RM3,000	RM1,500	RM42,500
RM400k	RM40,000	RM4,000	RM7,000	RM4,000	RM2,000	RM57,000
RM500k	RM50,000	RM5,000	RM9,000	RM5,000	RM2,500	RM71,500
RM600k	RM60,000	RM5,800	RM12,000	RM5,800	RM3,000	RM86,600
RM700k	RM70,000	RM6,600	RM15,000	RM6,600	RM3,500	RM101,700

Home Ownership Campaign (HOC)

Home Ownership Campaign (HOC) 2019 is a Government initiative whereby Malaysian house-buyers will be exempted from stamp duties for purchase of residential units made between January to December 2019.

Subject to Stamp Duty (Exemption) (No. 2) Order 2019 gazetted vide P.U. (A) 81 on 19 March 2019 and Stamp Duty (Exemption) (No. 3) Order 2019 gazetted vide P.U. (A) 82 on 19 March 2019, stamp duty exemptions are given for residential properties which are sold during the period between 1 January 2019 to 31 December 2019.

The stamp duty exemption is applicable to the following in relation to the purchase of residential property by an individual Malaysian citizen:

Instruments of Transfer

House Price	Stamp Duty (1 January 2019 - 31 December 2019)
First RM100,000	Exempted
RM100,001 - RM500,000	Exempted
RM500,001 - RM1,000,000	Exempted
RM1,000,001 - RM2,500,000	3%

Instruments on Securing Loans

House Price	Stamp Duty (1 January 2019 - 31 December 2019)
Up to RM2,500,000	Exempted

3. Can you afford the monthly instalment?

Based on the current market rate of 4.5% p.a. interest for a standard home loan and a 10% down payment, here's how much you pay in monthly instalments:

Monthly instalment (based on 4.5% interest rate, 35-year tenure)

Purchase price	Down payment (10%)	Monthly instalment
RM300,000	RM30,000	RM1,278
RM400,000	RM40,000	RM1,704
RM500,000	RM50,000	RM2,130
RM600,000	RM60,000	RM2,556
RM700,000	RM70,000	RM2,982

Most financial experts recommend that you allocate no more than one-third of your total income to pay off your home loan, this means you or your household should have an income of at least RM6,390 per month to afford an RM500,000 home.

Start off by using Hong Leong Bank's [home loan calculator](#), you can easily calculate your loan eligibility and your monthly repayment!

Taking the leap to become a home owner is a major financial milestone. [Find out available schemes](#) to help you own your home.

For more ways to DuitSmart and get in better financial shape, go to www.hlb.com.my/duitsmart

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