

Sub-sale property market PART 2

> Residential buy checklists, tips and advice

CONTINUING from last week's article on the sub-sale market in which we defined the term and disclosed the local scene and statistics, this week we highlight dos and don'ts in purchasing a sub-sale residential property in Malaysia.

POINTS TO CONSIDER

According to personal finance guide KC Lau, there are a few important matters one needs to consider when intending to purchase a sub-sale or "secondhand" residential property. Other than the location, which is numero uno, one needs to deliberate on these other important issues:

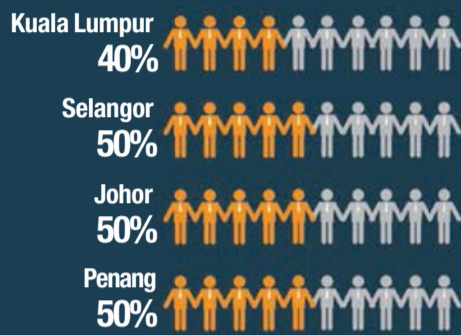
- ▶ Property type i.e. landed property or high-rise/serviced
- ▶ The size
- ▶ Number of bedrooms
- ▶ Facilities
- ▶ The age and "lifespan" of the property
- ▶ The tenure
- ▶ Purpose of purchase i.e. investment to rent or re-sell, or stay
- ▶ Amenities and conveniences
- ▶ Safety features
- ▶ Market value
- ▶ Selling price

Once all the above are contemplated and decided on, the next thing to do is check the sub-sale listings, one of which we recommend being iproperty.com.my, under the REA Group, recently tying up with India's Elara Technologies. The online property site gives access to 4.5 million property listings across 72 countries via various portals.

In the meantime, while hunting for that perfect place to call home or to invest in, it is best to check with the banks if you plan on taking up a loan. Do research to find the best home loans.

Websites like iproperty.com.my makes life easier by providing a "loan

PURCHASED PROPERTY BELOW 1,000 SQ FT – TOP STATES



calculator". You could also check with individual banks on loan packages and offers, and get the bank to do a valuation and assessment on the property you intend to buy. It is advised that you get three "independent" banks to do the valuation.

PLAN AND BUDGET

Next step is to plan your budget, irrespective of buying cash or taking a bank loan. This is due to the various fees and charges incurred when buying sub-sale property.

According to Lau, the proportion or percentage of down payment is crucial. This will give the buyer a sense of how much cash he needs to put upfront. Other payments that need to be considered include:

- ▶ Legal fees
- ▶ Property stamp duty charges
- ▶ Loan agreement stamp duty
- ▶ Disbursement fees which cover registration of charge, land search and bankruptcy search
- ▶ Loan processing fee

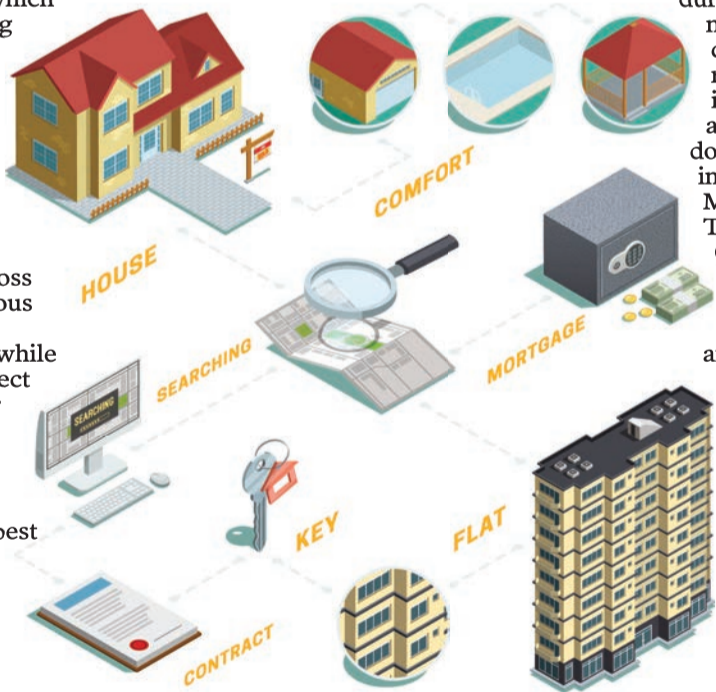
An earnest deposit is usually required when one has already decided to buy a particular sub-sale property. The amount is usually 1% to 2% of the agreed property price. Once this sum is paid, a deal is made and buyer and seller are bound.

As the purchaser, you will need to appoint a lawyer to act on your behalf.

In the meantime, your bank loan/mortgage plan will need to be settled. This covers loan type, amount, description of property, duration of loan, fees, monthly service charge, interest and repayment, instalments, security and insurance documents, excess interest rates, Mortgage Reducing Term Assurance (MRTA) or Group Mortgage Term Assurance (GMTA) if any, and other conditions.

HOUSE CONTENTS AND CONDITION

A major area many overlook when buying sub-sale property is the recce, also known as the "fact finding visit"



List of documents required for standard bank loan application

- ▶ Copy of IC
- ▶ 3 months' payslips (fixed salary)
- ▶ 3 months' bank statement showing crediting of salary
- ▶ Previous year's income tax return with payment receipt
- ▶ Latest EPF statement
- ▶ Liquidity backup i.e. fixed deposit, saving/current account
- ▶ Other source of income such as rental income substantiated by stamped tenancy agreement and bank statement
- ▶ Booking form
- ▶ Application form

List of disbursements and legal fees involved

Legal Fees

- ▶ Sale and Purchase Agreement
- ▶ Entry & withdrawal of private caveat
- ▶ Submission of Borang CKHT 2A
- ▶ 6% government tax.

Disbursements

- ▶ Stamp duty on the Sale and Purchase Agreement
- ▶ Stamp duty on the transfer
- ▶ Title search
- ▶ Registration fee on the transfer
- ▶ Registration fee on the entry and withdrawal of private caveat
- ▶ Bankruptcy/winding up search
- ▶ Affirmation fee on surat akuan
- ▶ Transport charges
- ▶ Telephone charges

according to Lau. One needs to draw up an inventory list, stating items the seller will leave within the property and those he/she will remove. Best state the condition the said "items" are in.

The signing of the "Sales and Purchase Agreement", otherwise known as the SPA, is next, along with settlement of any outstanding payments, and the solicitor's bill. As the buyer, it is good to ensure that the condition of the premises and its contents are correctly described in the SPA.

A valuation report will be conducted by the bank of which you will need to bear the report charges. A home loan account will be set up along with the bank loan agreement.

If buying a high-rise sub-sale unit i.e. condominium unit, there should be a master insurance policy maintained by the company in charge of managing the

building, of which the charges are usually incurred in your monthly condominium maintenance fee.

Partial and full disbursements will need to be settled by this time. This is when the seller will need to settle all outstanding loans/amounts with his/her bank on the property and you, the buyer, will need to make all necessary payments between your bank and the seller's bank.

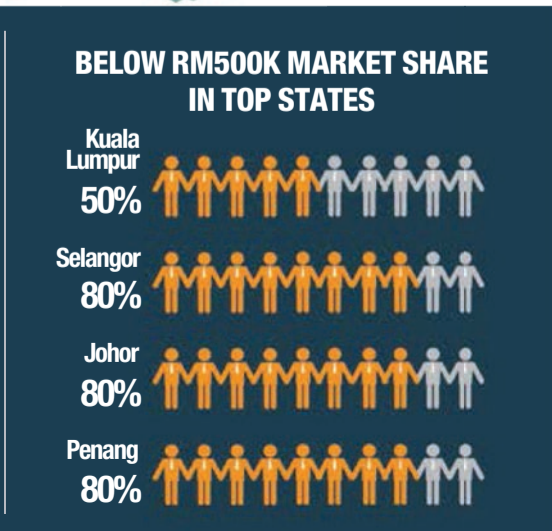
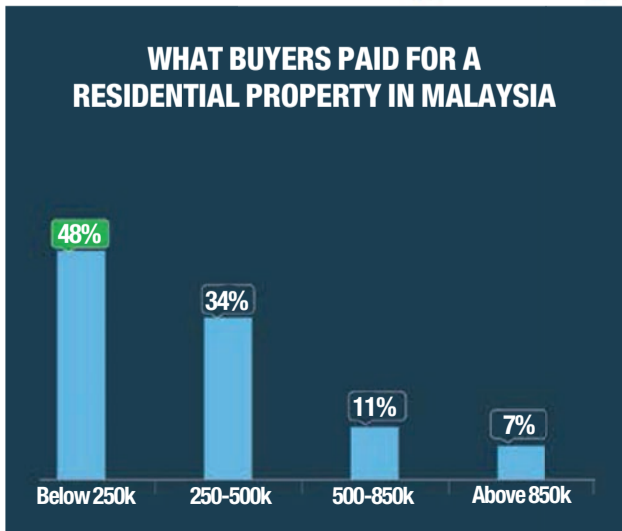
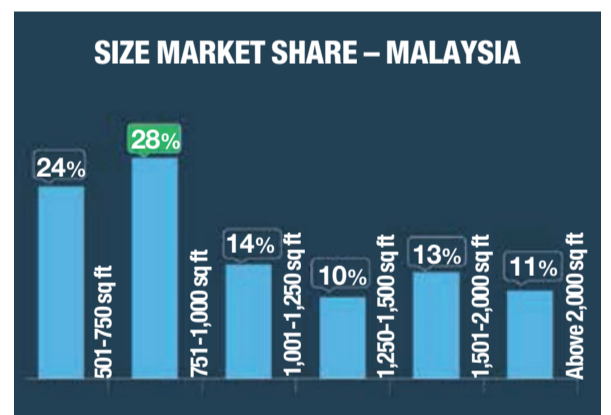
This is also a crucial period when the seller will need to deliver "vacant possession" of the sold premises within a specified timeframe according to the SPA.

For a detailed step-by-step guide, samples of forms and checklists, visit the KCLau.com website. For a comprehensive listing of sub-sale properties, visit iproperty.com.my

Follow our property section next week for additional information on the sub-sale market.

[Lists, information and charts retrieved from KC Lau and iProperty.com]

▶ Email your feedback and queries to: propertyqs@thesundaily.com



DOES SIZE MATTER?

50%

Bought a property below 1,000 sq ft