

HOME BUYERS GUIDE

Your guide to buying your first home



Content

| | |
|---|----|
| Own your home sooner than expected | 3 |
| Plan and budget your money | 5 |
| Find your dream home | 6 |
| Property Inspections | 8 |
| Organise the purchase | 9 |
| Home Financing for Everyone | 10 |
| Insurance to protect your home | 11 |
| If you are a foreigner | 12 |
| Face to face with our CIMB Home Financing Consultant | 12 |
| Next Steps | 14 |



WELCOME

We at CIMB Bank would like your first home ownership experience to be a pleasant one. We hope this booklet will help guide you through this whole process.

What to expect – the buying process, parties involved, how long does it take

Owning a home is a process that involves multiple parties and requires patience. Searching for your dream home marks the start of the buying process and along the way, besides the buyer and seller, other parties such as lawyers, banks, the EPF, valuation companies, insurance companies, government officers (e.g. land office), real estate agents, family members and even friends come into play. With the exception of some who might take years to find their dream home, buying the home of your choice could reasonably be completed within two to six months.

Own your home sooner than expected

Tips to fast track your home buying experience

| What to expect | Tips to fast track |
|--|---|
| Find your dream home | <ul style="list-style-type: none"> ▶ Determine the type of home you are looking for e.g. condominium, terrace, semi-detached, or bungalow. ▶ Check various sources to avoid wasting time travelling e.g. browse through the classifieds in newspapers and online, and contact real estate agents in your preferred locations. ▶ Save time by short listing to one or two locations before driving out to those areas. ▶ Visit the developer's sales office or development site if you are looking for a new property. |
| Negotiate on purchase price* | <ul style="list-style-type: none"> ▶ Work out your budget and determine what amount you can afford. ▶ Have a price range to work with when negotiating. ▶ To estimate a property's market value, scan the classifieds, talk to residents in the neighbourhood you are interested in, and enquire about other properties that are for sale in that area. |
| Sign Offer of Purchase & place earnest deposit/ booking fee | <ul style="list-style-type: none"> ▶ Engage a lawyer or agent to prepare this for you or or you may prepare one yourself.* ▶ Agree the offer and terms with the seller * ▶ Have ready the earnest deposit (usually 2% of the purchase price)* or the booking fee. |

| What to expect | Tips to fast track |
|--|--|
| Get Sale & Purchase Agreement (S&P) prepared and signed | <ul style="list-style-type: none"> ➤ Appointing a lawyer with experienced in the property purchase process or one who is from the Bank's panel will expedite much of the legalities and documentation that need to be completed. |
| Apply to EPF to withdraw from Account II | <ul style="list-style-type: none"> ➤ Visit www.kwsp.gov.my for the relevant application form and a detailed list of documents required. ➤ Ensure that you have all the required supporting documents together with your application to EPF. |
| Pay balance of deposit | <ul style="list-style-type: none"> ➤ Follow up closely with your lawyer and the EPF office if you are withdrawing from EPF to help pay for the deposit. |
| Apply for a bank financing | <ul style="list-style-type: none"> ➤ Walk in to any CIMB Bank branch or speak to a CIMB Home Financing Consultant to apply for a bank financing that suits your needs. ➤ Follow up closely with the Bank and/or Bank's lawyer to ensure all necessary documents are signed as soon as possible e.g. the Letter of Offer. |
| Appoint Valuation Company | <ul style="list-style-type: none"> ➤ Appointing a valuation company that is on the Bank's panel can help expedite communication between the Bank, the valuation company and yourself. A valuation is usually required if you buy a completed property. |
| Sign Facility Agreement | <ul style="list-style-type: none"> ➤ Follow up closely with the Bank and/or Bank's lawyer to have this agreement signed as soon as it is prepared. |
| Pay balance of purchase price | <ul style="list-style-type: none"> ➤ Follow up with your lawyer to confirm payment is made and received by the seller's lawyer. |
| Get the keys | <ul style="list-style-type: none"> ➤ Make arrangements with the seller to acquire the keys to the property. |
| Renovate | <ul style="list-style-type: none"> ➤ Plan your renovation by obtaining the floor plan of the property and seek quotations from various contractors. ➤ Planning ahead helps save time because you will need to submit your renovation plans to the local town council for approval. |
| Move in! | <ul style="list-style-type: none"> ➤ Obtain quotes from movers/transport providers if you are moving large/heavy items. ➤ Packing early would let you move your things as soon as you get the keys to your new home. |

**Applicable to second hand properties*

Plan and budget your money

What can you afford? - assessing your financial capacity

Purchasing your home is a major financial commitment and you should review your present cash flow to determine how much surplus you have each month. For example:

Your income

- From your salary/business
- From your investments

Minus your living expenses

- Food
- Transport
- Clothes
- Rent
- Utilities
- Entertainment
- Insurance
- Other family expenses

Once you have calculated your monthly surplus you can use it to set yourself a savings goal to save for the deposit. As a rule of thumb, most buyers purchase properties that cost between 1.5 to 2.5 times their annual income and the monthly instalment should not exceed 1/3 of your gross monthly income.

To help save your money, you might consider opening a savings account and set up a standing instruction to transfer a set amount from your salary account each month as soon as your salary is credited. CIMB Bank offers a range of savings accounts including the Money Multiplier Account which is an interest bearing account that offers high interest rate with withdrawal flexibility.

Things to take into consideration when buying your house:

- Purchase price
- Lawyer's fees for the S&P Agreement and financing facility agreement
- Processing fees for the financing application
- Valuation fee
- Maintenance fee & deposit if you are purchasing a condominium
- Renovation
- Deposits with utility companies e.g. PUAS, TNB, TM.
- Quit Rent, assessments
- Mover's fee
- Insurance premium for Group Mortgage Term Assurance (GMTA) or GMTT
- Insurance premium for Home Owner's Insurance

How much can you borrow?

Make use of our home loan affordability calculator which is available at www.cimbbank.com.my to calculate the amount that is recommended for you to borrow. Factors that determine your financing amount will include the property purchase price/market value, interest/profit rate, financing tenure, your income, and your payment capability.

Find your dream home

Know your needs - how do you know where to live, what type of home to get

The location of your new home is very much dependent on your needs and financial situation. If the preference is to move into a home as soon as possible, then an established neighbourhood would be recommended. However, if you are able to wait for a few years, you could explore new developments that are still under construction. Some important factors to consider are the appreciation of the property value in the future, and whether the location of your new home will suit your present and/or future lifestyle.

Know the market - source of information

Research is the key to finding the right location and home. Knowing the market and the options available increases the likelihood of finding a home in an area that meets your needs and at a price that you are happy with. Get an overall idea of the market then shortlist one or two locations and find out more about those areas. Take a walk around the neighbourhood to observe if the streets and properties well maintained, and whether you will be comfortable with the neighbours.

Buying at new launches – how to choose a developer, what are the procedures, how to sign up

It is important to choose a reputable and reliable developer to avoid disappointments. You should make sure the developer has a valid license issued by the Ministry of Housing and Local Government and a valid advertising and selling permit issued by the relevant local authority. Once you decide on the location and the developer, visit the property site or sales office to get more information. If you decide to purchase the property, you will need to pay a booking fee and select the unit that you want. You should then apply for a home financing to ensure you can finance the purchase.



Buying from an estate agent - how to choose an estate agent, fees and charges, procedures, what to look out for

Recommendations by family and friends can often be invaluable when choosing an estate agent. Find an agent who advertises his/her contact number in the classifieds or on the 'For Sale' sign of the properties in the areas you are looking at. All practicing estate agents in Malaysia are required to be approved and registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, which is under the purview of the Ministry of Finance. Visit www.lppeh.gov.my for a list of firms registered with the board and information on maximum agent fees. Real estate agent's fee is usually paid by the vendor. Read the contract thoroughly before signing.

Other sources – Buying direct from the owner and online – fees and charges, procedures, what to look out for

Online searches help you save time and get a glimpse of the properties that are for sale. However, if you find a property online, you will still need to make a site visit for a physical inspection. Buying direct from the owner can be relatively straightforward if there is co-operation and good communication. Once the purchase price is negotiated, you will need to sign the Offer of Purchase and place an earnest deposit with the seller to hold the property for the period it takes you to sort out your S&P agreement, EPF application, financing application and so forth.

Property inspections

Before you decide to purchase the property, you should inspect both the inside and the outside of the place.

Site visits - how to arrange it and what to expect

Arranging for a site visit is as easy as making a phone call to the seller, estate agent or sales office and agreeing on a date and time to visit. If you are already at the construction site you could drive over to the sales office to enquire if the sales staff is available to show you the house. You should ask as many questions as possible about the property.

What to look out for – new development, existing homes, apartments and condos, shop houses

Walk around the property and the neighbourhood to get a feel of the area and to check the quality of the construction work and buildings. Look at the surrounding area and find out what changes are likely to happen.

Here is a simple checklist of the things you should look out for when viewing an existing property:

- Roof, ceiling and walls – watch out for leaks, water marks
- Floor – check for damages caused by water, etc.

- Doors and windows – check for rotten wood and cracks in glass surfaces
- Pests – keep an eye out for termites and other pests especially in wooden areas
- Electrical and wiring system – test electrical outlets
- Existing renovated areas – renovations normally need approval from the local town council so request for a copy of such approvals from the seller

Organise the purchase

How to make an offer – how to negotiate, types of offers and what to look out for

Once you've found the home you want to purchase you will need to negotiate on the property price. Usually the seller will indicate the selling price of the property and you can make a counter offer. Items to factor into the negotiations could include timing of the payment, repairs that need to be done by the seller, landscaping, paintwork, and occupancy time frame. Think about who is in a stronger bargaining position – the person with a greater need and urgency to buy/sell will normally be in a weaker bargaining position.

Once you agree on the purchase price formalise the offer by signing an Offer of Purchase document and by placing an earnest deposit with the seller. The earnest deposit is normally 2% of the Purchase Price and placed with the seller.

How to close the sale – finalising the sale, contracts, fees and charges, procedures, what to look out for

Once the offer is formalised, the following key steps will usually take place to close the sale and purchase process and realise your dream home.

- Engage a lawyer to prepare and/or to advise on the Sale and Purchase Agreement (S&P)
- All parties sign the S&P
- Apply for bank financing
- Obtain a copy of the floor plans so that you can start planning for renovations (if any)
- Appoint a valuation company to prepare the Valuation Report if applicable
- Apply to EPF to withdraw from Account II to help fund the purchase, if applicable
- Pay the balance of the purchase price to the seller (usually through your lawyer)
- Receive the keys
- Renovate
- Move in!

Home financing for everyone

How to shop for a property financing

Each person's dream home and financial needs differ and you should take a home financing that meets your unique needs. That is why at CIMB Bank we offer a range of home financing products for you to choose from.

Types of property financing packages offered by CIMB Bank

HomeLoan - a traditional term loan facility that offers the certainty of paying a fixed amount each month, enabling better control of your monthly expenses. In addition, part of the financing facility can be in the form of an overdraft to provide added flexibility. The Bank offers a high margin of financing and no processing fees.

HomeFlexi - a home loan combined with a current account. Suitable for those who have variable incomes and can save more money at different times. With this loan package, you will be able to use your savings to reduce your loan outstanding balance. So the more you save in your account, the more you will be able to reduce your interest. It also allows you to withdraw excess payments which you could use for any purpose.

Variable Home Financing-i - a home financing package which is developed based on Islamic principles. The home that you wish to acquire will first be purchased by the bank and subsequently sold to you at a mutually agreed price with a profit margin for the bank. You then pay this price to the Bank via fixed monthly instalments throughout the financing period. The Bank offers a high margin of financing and no processing fee.

Which Financing is most suited to your needs?

With so many different types of home loans available you might wonder which loan to take.

- If you are earning a fixed salary, the conventional HomeLoan or Variable Home Financing-i may be more appropriate for you. Both require regular monthly repayments that would assist you in your budgeting.
- If you aspire to own your home sooner, then choose a home financing product that allows you to repay the principal amount earlier without any penalty or opt for HomeFlexi.
- If financial flexibility is important to you, then the HomeFlexi offers you the freedom to pay more into your account when you have excess funds and withdraw excess payments from your account in times of need. Alternatively, opt for an overdraft facility as part of your home loan package and enjoy flexibility of the facility. You can draw funds from the account up to the approved overdraft limit whenever you need. Excess funds, if any, can be used to pay-down the overdraft outstanding balance to reduce interest cost without restrictions.

Visit www.cimbbank.com.my for more information about CIMB Bank's range of home financing products.

Insurance to protect your home

Purchasing a home is a major investment and requires financial commitment on your part. Therefore it is wise to protect against unfortunate events that might happen.

Do you need home insurance? Types of insurance

At CIMB Bank we offer all three types of insurance which are relevant when you purchase your home.

- ▶ Group Mortgage Term Assurance (GMTA) and Group Mortgage Term Takaful (GMTT) - this insurance ensures that your home loan will be settled in the remote and unfortunate event of death or total permanent disability.
- ▶ Homeowner Insurance - this protects your property against loss or damage to buildings due to fire, lightning, thunderbolts and adverse weather conditions.
- ▶ Homeguard - An insurance cover specially designed to indemnify the customer against loss or damage to household goods and personal effects caused by fire, lightning, explosion, aircraft damage, hurricane cyclone, typhoon, windstorm, earthquake, volcanic eruption, flood and theft or house break-in.

How to select the insurance for your needs

Purchasing the GMTA or GMTT will give you peace of mind as you know that you will be able to meet your repayment obligations in the event of death or total permanent disability. You will also want to protect your home and its contents and deciding which insurance to purchase depends on your situation. If you purchase a condominium find out whether it already comes with the homeowner insurance as this might already have been arranged on a group basis by the condominium management on behalf of all the owners. If coverage already exists and is sufficient then consider the Homeguard to insure your home contents and belongings instead. If you purchase a house or other property that is without the homeowner insurance then it makes sense to take up the homeowner and householder insurance to protect both your property and your home contents.

If you are a foreigner

Additional requirements for foreigners - additional information, financing limits & regulatory requirements

Foreigners who plan to set up a home in Malaysia can purchase residential property valued at RM250,000 and above, without needing to obtain approval from the Foreign Investment Committee (FIC). If the property value is below RM250,000 then approval must be obtained from the FIC. CIMB offers financing to foreigners residing in Malaysia to purchase their homes.

At CIMB Bank we also offer the Malaysia My Second Home (MM2H) Financing Package which is available to foreigners who participate in the MM2H programme*. The MM2H Financing Package is for completed residential properties with Certificate of Fitness at minimum prices of RM250,000 and offers loan tenures from 5 years to 20 years or up to 70 years of age, whichever is earlier, with a margin of financing of up to 85%. To apply, bring the completed application form (available from www.cimbbank.com.my) together with your passport, letter from the Ministry of Tourism certifying participation in the MM2H programme, and the S&P to your nearest CIMB Bank branch.

*For more information about MM2H programme visit www.mm2h.gov.my.

Face to face with our CIMB Home Financing Consultant

How to contact CIMB Bank to your financing needs – what you can expect

A face to face discussion with our CIMB Bank Home Financing Consultant gives you the opportunity to have all your detailed financing questions answered. To prepare for the discussion you should print and fill up the property financing application form (downloadable from www.cimbbank.com.my) and bring this together with the required supporting documents. Documents required are photocopy of NRIC, latest 3 months bank statements, latest EA Form/Form B with proof of tax payment/EPF Statement, sales and purchase agreement or booking receipt or copy of the title deed, valuation report (if available) and latest loan/financing statement (if refinancing). On top on that, if you are a salaried applicant, you must also present your latest 3 months salary slip and letter from employer. On the other hand, if you are a self employed applicant, additional documents that you need to provide are profit and loss statement and business registration A & D or Forms 24 & 49.



Next steps

Here's how you can find out more:

- Visit any of our CIMB Bank branch and speak to our sales staff.
- Visit www.cimbbank.com.my

Call the following numbers:

- For enquiries about our financing facilities and other Bank's products, call **1 300 880 900** from 7 a.m. to 11 p.m. daily including holidays.
- For enquiries about GMTA/GMTT call CIMB Aviva Assurance Berhad at **1 300 885 055** from 9 a.m. to 5 p.m. on Mondays to Fridays.
- For enquiries about Homeguard or Houseowner Insurance call Allianz General Insurance Company (Malaysia) Berhad, our exclusive general insurance partner company at **1 300 881 028**.

Alternatively, call **1 300 880 900** or visit www.cimbbank.com.my to arrange for our CIMB Bank Home Financing Consultant to meet with you.

Property financing application forms can be downloaded from www.cimbbank.com.my, obtained at your nearest CIMB Bank branch or from any of our CIMB Bank Home Financing Consultants.

Important Notices

This booklet provides general information current as at the time of production. The information in this booklet is intended as a guide only; it is not intended to be a substitute for professional advice and should not be relied upon as such.

All application for loans are subject to CIMB's normal credit approval criteria. Terms and conditions, fees and charges apply.

This material does not take into account your personal need and financial circumstances and you should consider whether it is appropriate for you.