

Beginner's guide

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all the right places

StarProperty.my guide on buying real estate in Malaysia

1 Know your budget

If it's your first property, banks will usually loan you 90% of the property price, so long as the monthly repayment instalments come up to no more than one-third of your income. If you have a good credit record, the bank may allow the monthly instalment to be as much as half of your net income.

You would need several thousand ringgit more to pay for stamp duty (or memorandum of transfer) and other legal charges.

2 Search for property

Go to StarProperty.my and key in the location that you are interested in, together with your budget. You can also search by built-up area, the number of bedrooms or bathrooms, tenure, furnishing and age of listing.

Another way is to go to StarProperty.my's Find Agent section, where you can get in touch with agents working in locations that you like. You can even do more research on the locations by clicking the Property News and Local Info tabs, where you will find a wealth of information on living or investing in these places.

3 Check it out

Once you find something interesting, call the agent and set up a viewing. A good question to ask the agent is how long he/she has been marketing this particular property. Look out for defects, such as structural cracks or leaking roof due to missing roof tiles.

Ask the agent/owner for a copy of the property title. Scrutinise it for the owner's name, tenure, official address and land size.

4 Find out more

Try to view plenty of property before you decide on one. Also, return on a later date to the property you're interested in and speak to the neighbours. Find out if there has been any house sold in that street or nearby, and at what price. This is also a good time to get the word on the ground on neighbourhood security, nasty neighbours, etc.

5 Loan and lawyer

Check with the banks on how much you can borrow.

Those who wish to withdraw from their Employees Provident Fund can get the EPF withdrawal form from the EPF office or download it from www.kwsp.gov.my.

Engage a trusted lawyer to draft the sale and purchase agreement (SPA) and loan agreement. Legal fees are regulated by law, to be calculated based on the price of the property. The legal fees for a RM450,000 property, for example, would come up to RM7,200.

Once you have committed on a property, the bank will conduct a valuation. The valuer will make an appointment with the agent/owner to visit the property. You will have to pay for the valuation report. Based on the valuation, the loan officer will give you a loan offer letter to sign, spelling out the loan amount, terms, rate and monthly instalments.

6 2% deposit

Once you've agreed on a price, sign the Letter of Offer or Offer to Purchase form, where you are also required to pay an earnest deposit of 2% of the purchase price. The 2% is usually paid to the agent as a stakeholder account (a neutral party, also called "in escrow") before the entire 10% down payment is paid upon signing the SPA.

The Letter of Offer would include the following details: legal names of vendor and buyer; legal address of property; price agreed upon; amount of deposit; any items such as fittings included in the sale; and, date before which the sale and purchase agreement must be signed.

7 Sign the SPA

You must sign the SPA usually within two to three weeks. During this time, your lawyer will conduct the relevant title searches, draft the SPA, get both sides (seller and buyer) to agree on the various clauses, and stamp a few copies of the SPA for them to be signed.

Get ready the balance 8% cash for the down payment.

8 Other documents

Your lawyer will also draft the loan agreement to be signed by both you and your bank. Even though the terms of the loan agreement are quite predictable with much protection given to the bank, you as the buyer have to

pay for the agreement.

Wherever necessary, sign the Deed of Mutual Covenant and the Memorandum of Transfer (if subdivided title has been issued).

9 Pay up the rest

Pay your lawyer the Memorandum of Transfer (stamp duty) and other charges. Your lawyer will also ensure that the vendor pays off all outstanding assessment fee and quit rent before all payment is transferred to the vendor's lawyer. You may have to keep tabs on this so that everything is paid up within the date stated in the SPA, which is usually three months from the date of the SPA.

Get your lawyer to give you a copy of the title in your name.

10 Keys to empty house

Lawyers on both sides will usually set a completion or closing day, when all payments have been made, and within the deadline set out in the SPA. Once the balance of the purchase price has been paid up, the vendor must deliver vacant possession of the property, together with the keys, within the number of days specified in the SPA.

Upon handover, make sure you get from the agent/owner statements or receipts for all the utilities showing all outstanding bills paid up. Don't accept the keys if otherwise, and the seller has to pay late delivery charges until all bills are settled.