

HOME BUYERS GUIDE

Your guide to
upgrading your home



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WELCOME



Upgrading and moving forward

For some, upgrading your home is a natural progression as finances improve or to celebrate career or business success. For others, it could be that the dream home that once offered room to spare is now too small to fit everyone comfortably. Whatever your reasons are for deciding to upgrade your home, we understand that there will be many things to think about and do to enhance your existing dream home or to purchase a new home. We at CIMB Bank hope this booklet serves as a useful guide to ensure that the upgrading is a smooth, easy and enjoyable experience for you.

What to expect – the buying and selling process, fees and charges, parties involved, loan settlement & expected timeline

Buying or selling your new home is a process that involves multiple parties and will take some time. Many parties aside from the buyer and seller are involved such as lawyers, banks, the EPF, the valuation company, the insurance company, government officers (e.g. at the land office), real estate agents, family members and even friends! With so many parties involved you could reasonably expect the buy/sell transaction to be completed within two to six months.

What to expect	When buying	When selling
Search and find	<ul style="list-style-type: none"> ➤ Understand your needs and wants for a new home and use this to find the right property. ➤ Scan classifieds in newspapers and online, call real estate agents, drive around your target locations, and/or visit property launches. 	<ul style="list-style-type: none"> ➤ Proactively search for a buyer through real estate agents, advertise in newspapers and online, put up a “for sale” sign at your home, and word of mouth.
Negotiate on price	<ul style="list-style-type: none"> ➤ Work out your budget to establish the amount you can afford. ➤ Research property prices in the area to estimate the market value. ➤ Have a price range to work with when negotiating. 	<ul style="list-style-type: none"> ➤ Research property prices in your area to estimate the market value. ➤ Have a price range to work with when negotiating and be clear on the price you are willing to sell the property.
Making the offer	<ul style="list-style-type: none"> ➤ Sign the offer of purchase and pay the earnest deposit/booking fee. 	<ul style="list-style-type: none"> ➤ Sign the offer of purchase and obtain the earnest deposit from the buyer.

What to expect	When buying	When selling
Sale & Purchase Agreement (S&P)	<ul style="list-style-type: none"> ➤ Appoint a lawyer with experience in property transactions or one that is on the Bank's panel to prepare the S&P and manage all the legalities and documentation e.g. Memorandum of Transfer, Land Search, Bankruptcy Search, Registration and Withdrawal of Private Caveat, etc. 	<ul style="list-style-type: none"> ➤ Appoint a lawyer with experience in property transactions or one that is on the Bank's panel to manage all the legalities and documentation associated with the S&P. The buyer's lawyer will communicate with your lawyer requesting for various documents e.g. redemption letter (if your home financing has yet to be settled), various letters of undertakings, confirmation of differential sum settled, and so forth.
Apply to EPF	<ul style="list-style-type: none"> ➤ If you previously made a withdrawal from your EPF account for your existing home, you can apply again for another EPF withdrawal to help purchase your new home provided the existing home has been sold. You must produce proof of sale of the first home. 	<ul style="list-style-type: none"> ➤ You will need to produce proof of sale of this existing home to apply for withdrawal from EPF for your next home. ➤ The buyer of your home may apply to EPF to withdraw from his/her account.
Pay/receive balance of deposit	<ul style="list-style-type: none"> ➤ There should be a specified timeframe to pay the balance of the deposit e.g. date of signing the S&P. 	<ul style="list-style-type: none"> ➤ There should be a specified timeframe to receive the balance of the deposit e.g. date of signing the S&P.
Bank financing	<ul style="list-style-type: none"> ➤ Apply for the home financing of your choice and ensure you submit all the required documents to expedite processing. ➤ The bank issues you a letter of offer once the application is approved and you have to decide whether to accept the offer. 	<ul style="list-style-type: none"> ➤ The outstanding balance that you owe the bank, if any, will need to be settled when you sell the property. ➤ The buyer's bank will liaise with your bank through the lawyers to redeem your property and settle your outstanding balance.

What to expect	When buying	When selling
Appoint a valuation company	<ul style="list-style-type: none"> ➤ If you purchase a completed property and are applying for a home financing then the bank will require you to obtain a professional valuation. 	<ul style="list-style-type: none"> ➤ You can pay a valuation company to make a formal valuation to validate the price you are asking for.
Sign the Facility Agreement	<ul style="list-style-type: none"> ➤ Follow up closely with the Bank and/or lawyer to have this financing agreement signed so that the Bank can complete the legal documentation and make disbursement to settle the balance of the purchase price. 	<ul style="list-style-type: none"> ➤ This will need to be done by the buyer if he/she takes a home financing to purchase your property.
Pay/receive the balance of purchase price	<ul style="list-style-type: none"> ➤ Follow up with your lawyer to confirm that payment is made and received by the seller's lawyer. 	<ul style="list-style-type: none"> ➤ Follow up with your lawyer to confirm that payment is received from the buyer's lawyer.
Receive/handover the keys	<ul style="list-style-type: none"> ➤ Make arrangements with the seller to collect the keys to the property. 	<ul style="list-style-type: none"> ➤ Prior to handing the keys over to the buyer you should receive full payment for the sale, clear out all belongings from the property, and disconnect/close utility accounts e.g. water, electricity, telephone.
Renovate	<ul style="list-style-type: none"> ➤ Plan your renovation by obtaining the floor plan of the property and seek quotations from various contractors. ➤ Renovation plans need to be submitted to the local town council for approval. 	<ul style="list-style-type: none"> ➤ You might want to give a face-lift to the existing property before you put it up for sale to help you fetch a better purchase price or help you sell the property faster.
Move	<ul style="list-style-type: none"> ➤ Engaging professional movers can save you a lot of stress and strain especially if you plan to move heavy and large furniture and electrical items. 	<ul style="list-style-type: none"> ➤ Arrange for interim accommodation and storage space for your belongings if you need to move out of the existing home before you are able to move into the new home.

Fees and charges that you might incur in the buying/selling process include real estate agent fees, valuation fees, home loan processing fees, legal fees, stamp duties, contractor's charges for renovations made, mover's fees, and insurance premium charges for your new property.

What to look out for

Upgrading your home should be a positive and happy event. Selling your existing home and purchasing a new one is not your only option. Instead you might decide that renovating your existing home and staying on at the existing address will suit your needs better. Whichever you decide to do here are some pitfalls to avoid:

- ▶ Making financial commitments that are beyond your means.
- ▶ Properties without a valid title deed as this will affect your financing application and property investment.
- ▶ Engage developers with established track records.
- ▶ Anyone who professes to be a real estate agent but is not approved and registered with the Board of Valuers, Appraisers and Estate Agents Malaysia. Visit www.lppeh.gov.my for a list of firms registered with the Board and information on maximum agent fees.
- ▶ If you engage an agent to sell your property read the fine print in the contract before you sign.
- ▶ Assess whether the potential buyer will be able to come up with the funds to complete the sale and purchase transaction.
- ▶ Keep contact details of other interested buyers in case the potential buyer you are dealing with does not complete the purchase of your existing home.
- ▶ Engage contractor(s) with established track records.



Rejuvenating your dream home

How much should you spend on home renovations? – sources of finance

Be clear at the start about what you **need** and what you **want** when planning your home renovation. Assess each item on your renovation wish list to determine how much it will add to (or possibly detract from) the resale value of your home in subsequent years. E.g. breaking down the wall to create a bigger bedroom out of two bedrooms might work for you but narrows your market of future prospective buyers who are looking for a home with more bedrooms. Not every ringgit spent on renovating can be recovered if or when you eventually sell the property.

Areas to budget for when making renovation plans include:

- The quoted cost of renovating.
- Cost of financing the renovation e.g. interest charges.
- Cost of higher utility bills and homeowner insurance premiums if you're enlarging the home.
- Alternative place to stay during major renovation of your existing home.
- Allocate contingency fund, in addition to the total projected renovation cost to cover any hidden or unexpected costs..

Selecting a contractor – how to select, what to look out for

Recommendations by family or friends can often be invaluable when choosing a contractor. It would be better if you have seen the quality of the contractor's prior work or if you have had a good experience dealing with the contractor.

Look for the following when selecting a contractor:

- The contractor has been in business for some time and operating under the same name.
- There are several positive references from customers.
- The contractor specialises in the type of renovation you want though it should be fine if he/she does other types of work as well.
- The contractor provides a detailed description of the scope of work, clearly states his/her assumptions for the quotation and timeline, is willing to guarantee the work, does not require final payment until the work is complete, and does not ask for unreasonable advance payment. These should be documented e.g. in the form of a signed quotation if not in a contract.
- You should be able to communicate clearly and comfortably with the contractor and be able to effectively manage the contractor.

Maximising the value of your existing home

How to maximise the value of your existing home? – how much to invest, where to invest

The right upgrades to your home can make it more appealing to a wider range of prospective buyers. Quick wins include renovated kitchens and bathrooms, landscaping, energy saving features, new flooring, fresh paint, repair of cracks in walls, ceilings and windows, and replacement of worn out doors.

Be careful not to renovate your home too extensively as you may not be able to price it competitively compared to other houses in the neighbourhood. Before committing to your renovation plan you could obtain the opinion of an appraiser or real estate agent because they are in touch with the needs and wants of current home buyers and what sort of prices the houses in the neighbourhood can fetch.

A variety of home financing choices for you

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.

How to select a loan for 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.

Debt management and consolidation

Why consolidate debt? How to manage multiple loans, how much you will save, & pros and cons

It takes time and effort to keep track of multiple loan repayments and having all your loans in one can be more convenient and easier to manage. Multiple loans could include credit cards, personal loans, hire purchase, and a home loan. Each of these loans is likely to charge a different interest rate. Loans that are collateralised usually charge lower interest rates whilst loans that are not secured by any assets will have higher interest rates. By consolidating loans that charge a higher interest rate into a financing facility that charges a much lower interest rate you can save on interest expense. The downside of consolidating loans is that you run the risk of losing your collateral (e.g. home) if the loan is not serviced on time.

Present options for debt consolidation based on existing CIMB products

If the outstanding balance of your existing home loan is much lower than the market value of your property, you have the option to refinance the existing loan with one of CIMB Home Financing products, based on prevailing market value of your existing home and financial position. Then you could utilise the additional funds from CIMB Bank to settle your other outstanding debts that carry a higher interest rate e.g. credit card, overdraft and hire purchase.

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 Loan Consultant

How to contact CIMB Bank to discuss 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.



How to apply

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 **1 300 880 900** from 7 a.m. to 11 p.m. daily including holidays, for enquiries about our financing facilities and other products.
- 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.

