



Headline	First time homebuyers can now see the light
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# First time homebuyers can now see the light

The Prospa Rent-to-Own scheme makes it even easier and safer

THE government has recently teamed up with public limited company Prospa Bhd and Sekretariat Komuniti Prefer Malaysia (SKPM) to undertake a rent-to-own (RTO) scheme for households that earn a minimum of RM5,000 per month.

This may be the answer that first time homebuyers have been longing for.

A recent research conducted by *Real Spaces* indicated that 80 per cent of tenants have desires to own a home but are afraid to take the first step in making their desire a reality.

Amongst the many areas that are stopping them from stepping forwards is the fear of getting their loan rejected as they don't qualify, the fear of taking ownership of such a big obligation and they don't believe that they are ready to make such a bold step.

The other 20 per cent are either contented with renting a home to live in or live with their parent and other family members.

Now, with the rise of property prices in areas like Klang Valley as well as the inflated rates to purchase a home in other prime locations have increased the fear of first time homebuyers even further.

In order to address this issue, and to ensure that first time homebuyers aren't shunned off completely from owning a home, the government has over the years introduced many affordable schemes such as PR1MA Homes by Perbadanan PR1MA Malaysia and many others home ownership schemes.

Perbadanan PR1MA Malaysia was established under the PR1MA Act 2012 to plan, develop, construct and maintain high-

quality housing with lifestyle concepts for middle-income households in key urban centres.

PR1MA homes come in various types and sizes within an integrated community; sensibly designed to suit different household needs. Priced between RM100,000 to RM400,000, you can now own a home that is well within your reach.

Earmarked for development in key strategic urban areas nationwide, PR1MA is open to all Malaysians with a monthly household income between RM2,500 to RM15,000.

To make it even more accessible, PR1MA does not charge any registration fees neither does it select any agent or third party to offer form-filling services or special allocations for PR1MA homes and you may even apply for a PR1MA home as a second home.

Now, after PR1MA Homes and other various alternative first time home buyer initiatives have been introduced, Prospa's Rent-to-Own scheme may be an even better solution for those who have been holding back from making that first move.

Although the Ministry of Finance as well as the Domestic Trade Ministry have not yet responded to questions regarding the particulars of the collaboration with both entities, SKPM has been appointed to oversee 50,000 houses under the RTO scheme.

SKPM also owns the scheme, while Prospa is the holding company responsible for acquiring properties.

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The RTO will allow those who are afraid to make their first step into home ownership feel braver and more open to the idea.

Prosma and SKPM launched the RTO scheme in 2015 and began interviewing the first batch of applicants in 2016. Since then, they have approved 3,000 applicants, but they still need to screen about 71,000 other applicants.

According to Zamri Abdullah, CEO of Prosma, the company has allocated RM500 million to RM1 billion this year to purchase houses under the RTO scheme.

“This is a private initiative. We get funding from the bank and the funding is backed by the Domestic Trade, Cooperatives and Consumerism Ministry, from whom we have already obtained consent of RM200,000 per house for up to 50,000 units”, explained Zamri.

He noted that the initiative is intended for families with a minimum household income of RM5,000 per month. These homes will have a minimum size of 900 sq ft, costing between RM300,000 and RM500,000 depending on its location.

The rental prices of the RTO units also depend on the cost of the home. For instance, a flat worth RM200,000 will be leased for approximately RM700 per month, depending on its location.

“We are about to sign contracts with

the first batch of successful applicants this month and by end of 2017 we expect to deliver at least 240 units in Perak and 133 units in Penang.”

Zamri also explained that the 10 per cent down payment will only be charged to qualified applicants and they have the option of paying in cash, use their Employees Provident Fund (EPF), or pay in instalments during construction.

On top of all that, applicants need not obtain housing loans, as Prosma will handle this matter. After paying rent for 30 years,

the tenant will eventually own the unit, and the rental money gathered will be used to pay the bank.

“Applicants only need to pay rent, which includes maintenance fee and quit rent. If they have extra funds, they can claim the unit earlier, after 10 or 15 years, instead of the full 30-year period.”

“We hope more private developers will come and collaborate with us, especially those who have unsold units. We can negotiate to buy those units for our RTO scheme,” he added.

This initiative, once in action should be one of the best schemes offered to first time homebuyers. With the RTO, it would feel as if the applicant is just paying rent so he or she may not feel the ‘feared burden’ of

ownership obligation, even though they will own the home at the end of the day.



After paying rent for 30 years, the tenant will eventually own the unit, and the rental money gathered will be used to pay the bank.