



## MEMBERS' CIRCULAR 8/2020

To : All REHDA Members

From : Ir Tiah Oon Ling  
Secretary General

Cc : REHDA Branch Chairmen  
REHDA Branch Secretariats

Date : 20 May 2020

**RE : Implementation of Customer Information Validation Procedure during Home Financing Application by LPPSA**

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Dear Fellow Members,

Kindly be informed that the Public Sector Housing Financing Board (LPPSA), effective 6 November 2019, had implemented the Know Your Customer (KYC) validation process as one of the efforts to improve risk management as well as a control plan to mitigate risk and protect LPPSA and public's interest.

KYC is the process of verifying the identity of a customer and assessing the risks or possible illegal intentions during home financing application via telephone call to applicant and employee. This is due to the alarming increase of suspected fraud and falsified/forged documents cases reported recently involving purchase of property from developers. LPPSA informed that they discovered the following number of reported cases:-

- i. Using a third party neither directly or indirectly by developer as agents/intermediaries acting on behalf of customers. All applications should be handled personally by the customer i.e online application and submission of original documents; and
- ii. Developer offering cash back, rebate, in-kind and other form of inducements to attract customers and in turn increase/mark up the property price in the Sale and Purchase Agreement (SPA).

REHDA would like to caution all members that LPPSA will take stern action by blacklisting the projects/developers/lawyers if they discover any elements or attempt and illegal intention involved and appropriate legal action will be taken against any of the parties concerned.

We trust all members will take the necessary action on this matter to ensure greater compliance in your business, which we hope will help prevent the introduction of more stringent laws and regulations for the housing industry in the future.

Thank you.

Yours sincerely

**REAL ESTATE & HOUSING DEVELOPERS' ASSOCIATION MALAYSIA**

A handwritten signature in black ink, appearing to read 'IR TIAH OON LING', written over a faint horizontal line.

**IR TIAH OON LING  
SECRETARY GENERAL**