

Headline	'Fund My Home is an alternative, not a free lunch'		
MediaTitle	The Edge Financial Daily		
Date	19 Nov 2018	Color	Full Color
Section	Home Business	Circulation	4,549
Page No	1,2	Readership	13,647
Language	English	ArticleSize	543 cm ²
Journalist	Rachel Chew	AdValue	RM 5,952
Frequency	Daily	PR Value	RM 17,856



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'FundMyHome is an alternative, not a free lunch'

Scheme does have government subsidy but spearheaded by the private sector

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PETALING JAYA: EdgeProp Sdn Bhd chairman Datuk Tong Kooi Ong emphasised that FundMyHome is an alternative scheme that enables homeownership among first-time homebuyers in Malaysia and not about giving the group a "free lunch" on the government's dime.

At the FundMyHome public forum held at the Sheraton Petaling Jaya yesterday, Tong stressed that it is a scheme to help responsible young Malaysians own a house, but not by the handout of a free home.

"FundMyHome is not a free lunch, it does not have government subsidy. It is spearheaded by the private sector. It is to encourage homeownership among young responsible Malaysians who want to own a home, but cannot get a mortgage yet. It is the scheme to help this group of people by providing the first step of owning a home. It is not giving out a free house," said Tong when answering a question about whether a person can stay more than five years after putting down the 20% down payment.

FundMyHome is a digital platform that brings first-time homebuyers and institutional investors together in a mutually-supportive relationship. Homebuyers pay 20% of the purchase price to own and occupy a home. The remaining 80% is raised from institutions. The process is fast, simple and transparent.

The standing-room only forum, which saw more than 550 participants showed up, featured a presentation on FundMyHome followed



Tong: FundMyHome is spearheaded by the private sector. It is to encourage homeownership among young responsible Malaysians who want to own a home, but cannot get a mortgage yet. Photo by Sam Fong

by a question and answer Q&A session with Tong.

An often-repeated question by the audience was about what happens after the first five years of the scheme.

In response, Tong said homeowners can choose to sell, buy or refinance the home, sharing the returns from any changes in the value of the home with investors.

"Six months before the five years come to the end, a professional valuation will be done by professional valuers who are approved by FundMyHome and they are likely from major banks in Malaysia.

"When the price is determined, the owner will be asked to make a decision to sell or own the house. If they choose to sell, the house will be sold and the distribution of the money will be as per agreed. If you decide to stay in the same house,

there are two choices — to take the house by normal mortgage or the second option, try to stay on for another five years by searching for another crowd of investors in the platform," he noted.

He also answered concerns about buyers' rights to the property under FundMyHome.

Tong explained that buying a house on the FundMyHome platform is just like buying a house in the traditional way, except that the buyer will need to fork out a down payment of 20% of the property while the rest of the 80% is funded by institutions.

"The S&P (sales and purchase agreement) is signed when you've paid up your 20% down payment, not only after five years. This is why you own the home. It is just like forking out a 10% down payment, and getting a 90% mortgage from bank.

"So you are just like any other homeowner who gets a mortgage, you have the right to renovate your property and you have to take care of your property to upkeep the property value," he shared.

Tong also explained that the buyers' losses will be capped at the 20% downpayment even if the property market crashes after five years.

"The first 20% value depreciation goes to the homebuyer, but you do not lose any more than that because this is what you had paid and that's it. Yes, you have a risk of losing the 20% but if the worst happened, you still get to stay free for five years," Tong noted.

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