

12 DEC 1998

Mahathir-property

HIGHER FINANCING FOR FOREIGNERS TO BUY PROPERTIES IN M'SIA

KUALA LUMPUR, Dec 12 (Bernama) -- Non-residents or foreigners without work permits in Malaysia will be allowed to obtain up to 50 percent financing from local institutions to buy residential properties during the one-month Home Ownership Campaign period, Prime Minister Datuk Seri Dr Mahathir Mohamad announced today.

For non-residents with work permits, they are eligible for a maximum of 95 percent margin financing, he said when launching the campaign here.

Under normal circumstances, non-residents without work permits are not allowed to obtain loans from financial institutions in the country while non-residents with such permits are eligible for only 60 percent margin financing.

However, the prime minister said that residential properties to be purchased by non-residents are restricted to those priced above RM250,000.

Dr Mahathir said non-residents need only to notify the Foreign Investment Committee (FIC) on the purchase of residential properties in Malaysia during the period.

Under normal circumstances, they are required to obtain the approval of the FIC before buying properties here.

Stamp duty would be exempted on purchases made during the campaign period, he added.

Referring to unsold Bumiputera lots, Dr Mahathir said they could be bought by non-Bumiputeras during the campaign period but this only applied to completed units and not low-cost houses.

To facilitate the transactions, state governments would also waive the levy imposed on the purchase of Bumiputera lots by non-Bumiputeras during the one-month campaign, he said.

As part of the campaign, organised by Bank Negara Malaysia, Housing Developers Association of Malaysia and Association of Banks in Malaysia, properties are offered at a 10 percent discount with an additional five percent for Bumiputera buyers.

Dr Mahathir said the government had thought out various incentives to revitalise the property sector to hasten economic recovery.

"I do hope you (developers) can sell more than RM5 billion worth of properties (during the campaign period)," he said

He noted that there was an overhang of some RM80 billion worth properties comprising houses, hotels and other types of properties during the current economic slowdown.

He said the large overhang was due to the fault of the "previous financial administration in the country, which decided that the property market was not a priority area."

Dr Mahathir hoped property developers would cooperate in campaign and make sacrifices as had been done by the government.

He urged developers not to resort to tactics like offering bad properties for sale and putting up signs that the good ones had already been sold out.

Dr Mahathir said there was sufficient liquidity in the banking system now to cater for housing loans after the government imposed exchange controls to bring back the ringgit into the country in early September this year.

"We have brought back RM32 billion," he said, adding that Bank Negara had also released a lot of money into the system from the receipts of

foreign currency derived from the country's trade balance reserves of RM44 billion.

Association of Banks in Malaysia chairman Datuk Amirsham Abdul Aziz told reporters later that the banking system had the liquidity to sell over RM5 billion worth of residential units during the campaign period as envisaged by the prime minister.

However, he said banks would treat housing applications during the one-month campaign period with normal credit evaluation without leniency.

Earlier, in his speech, Amirsham said the property sector received 36 percent of the total loans disbursed by the financial sector.

He said in the first six months of this year, commercial banks had been approving loans to rejuvenate economic activities by not less than RM3.6 billion every month.

The amount was sufficient to finance 72 percent of private sector investment in the country.

Until September last year, the balance of the banking sector's loans amounted to almost RM420 billion, which was almost 60 percent more than the country's Gross Domestic Product (GDP), he added.

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