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CAMPAIGN-PROPERTY LEAD

HOME OWNERSHIP CAMPAIGN, STEP IN RIGHT DIRECTION TO REVIVE INDUSTRY

KUALA LUMPUR, Dec 12 (Bernama) -- The Home Ownership Campaign launched by Prime Minister Datuk Seri Dr Mahathir Mohamad here today is a step in the right direction towards reviving the property sector and hastening economic recovery.

With the property sector and related activities such as construction being an integral part of the economy, its recovery is crucial in stimulating the industry which has over 100 spin-off and supporting industries.

Locals and foreigners are encouraged to buy properties through various incentives while unsold completed residential Bumiputera units can now be sold to non-Bumiputeras.

While aimed at boosting home ownership, the government has also seen to it that the interests of those in the lower income bracket are protected whereby low cost units are not included in the campaign.

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 period, Dr Mahathir said at the launch.

Government servants in permanent positions were also given a boon when those working for just a year are eligible for housing loans if they submit applications during the one-month home ownership campaign launched today.

"I do hope you (developers) can sell more than RM5 billion worth of properties (during the campaign period)," the Prime Minister said, noting that there was an overhang of some RM80 billion worth of 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 said he hoped property developers would cooperate in the campaign and make sacrifices as had been done by the government and 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.

Among the incentives are:

*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 campaign period.

*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, residential properties to be purchased by non-residents are restricted to those priced above RM250,000.

*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.

*As for Bumiputera lots, they could be bought by non-Bumiputeras during

the campaign period but this only applies 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.

*properties are offered at a 10 percent discount with an additional five percent for Bumiputera buyers.

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 had 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 reserve of RM44 billion.

Association of Banks in Malaysia chairman Datuk Amirsham A Aziz told reporters later that the banking system has 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.

The Prime Minister also cautioned property developers against raising prices excessively when the market improved.

He said he knew there was lot of money to be made in the sector as he himself was involved in property development before becoming a minister.

However, he said he only built 22 houses most of which was sold to friends with some not paying him the money.

On a lighter note, he said: "Don't sell to your friends."

Earlier in his speech, ABM's Amirsham said the property sector had so far received 36 percent out 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 1998, 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).--BERNAMA

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