

**Pakatan tells EPF to snub RM1.5b loan scheme**  
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**By Melissa Chi**

KUALA LUMPUR, Feb 8 — Several Pakatan Rakyat lawmakers today urged the Employees Provident Fund's (EPF) directors and investors to reject a scheme to lend RM1.5 billion to house buyers with weak credit backgrounds.

"Pakatan Rakyat leaders think that it is wrong, cruel and immoral to gamble and expose ... hard-earned workers' savings to an agency with such a poor credit level," according to the memorandum that the pact's representatives handed to the EPF deputy chief executive officer Datuk Shahril Ridza Ridzuan today.

PR lawmakers have spearheaded public resistance towards the ruling Barisan Nasional (BN) government's plan to help some 20,000 individuals buy the homes they are now renting from Kuala Lumpur City Hall (DBKL), with loans using EPF funds.

According to Prime Minister Datuk Seri Najib Razak previously, the scheme was designed to help the lower-income group who failed to obtain loans from financial institutions to own houses.

This led to accusations by PR that the government was encouraging "subprime" lending.

"These loans will be given directly to the government and the government needs to provide 2.67 times [the borrowed amount as] security [for] the loans. So the government needs to give a big amount of loans," DAP publicity chief Tony Pua told reporters here today.

Raja Nong Chik predicted that no more than "10 per cent" of borrowers would default. —  
File pic

He added that Shahril explained that the total loan will not reach the RM1.5 billion figure announced by Minister of Federal Territories and Urban Well-being Raja Datuk Nong Chik Raja Zainal Abidin, but revealed that the first batch of loans would be worth some RM300 million.

"At least we got an explanation and a reassurance from EPF that they will use tight terms and conditions so that the workers' savings will be protected," Pua said.

PAS MP Dr Dzulkefly Ahmad, one of the lawmakers present, said the names of the nine banks as well as the reasons why they pulled out from the loan scheme should be made public.

Lembah Pantai MP and PKR vice-president Nurul Izzah Anwar said Shahril explained today that EPF will provide loans to the government, which will then disburse them through a financial institution, and not the Federal Territory Foundation.

Raja Nong Chik previously said the loan would be secure as it is guaranteed by DBKL, a government agency, and that EPF would earn 5.5 per cent interest per annum from the repayments made by the 20,000 new house buyers.

The Umno senator also said he expects "not more than 10 per cent (of the borrowers) will

default”.

The government was forced last week to address fears that the housing loan scheme would result in losses for the 5.7 million active EPF contributors.

Under the scheme, applicants will receive a 100 per cent loan, with a repayment period of up to 25 years to allow borrowers to make “smaller” monthly repayments.

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