

First phase of EPF home loan scheme starts tomorrow, says minister

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KUALA LUMPUR, April 15 — The first phase of Putrajaya's plan to lend an initial RM300 million from the Employees Provident Fund (EPF) to unqualified homeowners in the capital will begin tomorrow, the federal territories and urban well-being minister said today.

Datuk Raja Nong Chik Raja Nong Zainal Abidin (picture) told reporters that the initial RM300 million tranche of the RM1.5 billion plan to finance 7,000 buyers will proceed as planned.

"They will be getting the offer letters starting Monday, about 7,000 of them.

"DBKL (Kuala Lumpur City Hall) will be sending it from house to house," Raja Nong Chik told reporters here.

He stressed that the home loan would be going on as planned, and that there would be no form of delays in the matter.

The Federal Territories Foundation (FTF), which has set up a special purpose vehicle (SPV) to handle home loans for up to 35,000 city dwellers who are still renting and unable to borrow from banks, had previously said the initial RM300 million deal could only be signed by May.

It had cited "proper process of preparing legal documents" for the delay but insisted all terms set by EPF have been agreed upon.

Raja Nong Chik triggered public outcry when he disclosed the proposed loan scheme will allow unqualified City Hall tenants to buy homes with up to RM1.5 billion from the EPF, which is meant to safeguard the retirement savings of some 5.7 million contributors.

The federal territories and urban well-being minister previously said the loan would be secure as it is guaranteed by DBKL, a government agency, and that the EPF would get 5.5 per cent return on investment annually from repayments by the new home owners.

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

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