



Ask the Lawyer

By KHAIRUL ANUAR BIN SHAHARUDIN

10 things first-time house buyers should take note of

A lawyer and author of books related to property law offers these tips for first-time home buyers.

1 Choose your house well

There are so many types of houses and a house buyer, especially a first-timer, could be overwhelmed. Generally, there are only two types of residential properties - landed houses such as terrace houses and high-rise units such as apartments.

From a legal standpoint, a house can come with an individual title or without one. If you buy a property with a title, your startup cost, including the price of the house, will be quite high. Once you have paid the first 10% of the purchase price, you will also need to pay the stamp duty to transfer the house from the developer's name to your name. However, your monthly maintenance is lower. Whereas for a property without a title, your startup cost will be lower but you have higher monthly charges. Eventually, when the individual title is issued, you will need to pay the stamp duty charges.

2 Pay more than the first 10% as deposit

It is not a hard and fast rule to pay only 10% deposit when you buy a house. You can always pay more than the 10% in order to save on the interest on the housing loan you are taking.

The lower the margin you take, the lower the amount you need to pay back. The lower the amount you need to pay back, the less the interest

charged on the amount the bank has lent to you.

3 Understand your housing loan

Read up on housing loans and study the housing loan you want to take. Understand how you can lower your interest and how banks make money by lending you the amount to pay for your house. Study the interest rate, Base Lending Rate (BLR) and the effect of any change in either one of them. Ask the banker, lawyer or anyone involved in the housing loan product and documentation.

4 What is vacant possession?

Vacant possession is the legal term for owning a house. After paying everything and registering your name as the owner, you can lay claim to the house. The housing developer then needs to deliver the property to you on time and even has to pay you a penalty if they fail to do so. When you get vacant possession of a unit, you have full access to the house.

5 Understand the warranty for your house

Housing developers are required by law to deliver the property to you in good condition. The warranty period for a property with a title is 24 months whereas a property without a title is 36 months.

6 Understand what owning a house entails

You will now have bills to pay. For a landed property, you will need to pay assessment rates, quit rent and outgoings which can even include security fees if you live in a gated and guarded community. A high-rise house owner will have to pay nearly the same bills as a landed property owner, with maintenance charge and sinking fund added in.

7 Keep all documents of the purchase of property safe

Usually, people tend to misplace or even disregard the property purchase documents. Keep these, including the loan documents safe for future reference. If you lose any of the documents, you can always get another copy from the housing developer, banker and lawyer. However, another copy costs money. So it is better to keep a copy in the file.

8 Choose a good property lawyer

Have your own reliable property lawyer to do the work for you. There are so many types of lawyers out there. Some are specialised at defending people when they are slapped with a summon or charged with crime. Some are good at anything to do with property. It is better to let the experts deal with what they are best at.

9 Renting is okay

If you want to get acquainted with the neighbourhood where you are thinking of purchasing your property, start by renting nearby or within the vicinity. You can gauge many things about the neighbourhood as well as other pertinent considerations such as accessibility and amenities. This can only be done for the purchase of property in secondary markets. However, if you plan to relocate from Seremban to Petaling Jaya, learn about how you will be affected by the move. This can save you a lot of money.

10 Be neighbourly

This is not a legal matter. If you want a peaceful existence in your neighbourhood and do not want to get entangled in legal matters with your neighbour, be neighbourly. Know thy neighbour and interact with them. Housing communities nowadays can vary from apartments (with so many units on one level) or gated and guarded communities and *kampung* houses where each house is nearly half a mile from one another. It will be great if less fights among neighbours occur as this will ensure a peaceful existence.

>> The writer who is the author of "40 Questions You Should Ask Your Lawyer" can be contacted on his Facebook page: www.facebook.com/AskTheLawyer

Property pop quiz on GST

This section kicks off a series of property insights into the impact of the Goods and Services Tax (GST) once it is implemented in 2015 and beyond.

BY MICHELLE LIAN

TAKE this simple quiz to help you assess your understanding of the Goods and Services Tax (GST) that will be affecting the property market in Malaysia.

Any changes in the construction costs and property prices will likely affect the property buying sentiment and the decision of first-time residential property buyers.

So the question is, will you purchase your property this year or only after 2015, when GST is implemented? How do the price and cost changes in the property industry affect your cash flow in terms of property buying decisions that you need to make this year, next year or beyond?

This section will feature a GST quiz to help readers keep up with the property market that will be impacted by the GST implementation in Malaysia that will take place effective April 1, 2015.

Among those likely to be affected by GST coming into effect in 2015 are:

Residential and commercial property buyers, property agents, construction companies, property investors, landlords who collect



rental on properties and property developers.

In effect, the impact of GST will cover the entire chain of the property industry.

For the first property quiz, we will focus on the general understanding of GST affecting the property buyer



market before we move on to the other areas of the property industry.

Do make sure you follow this property section as there will be a lot of golden property nuggets to take away. Take the quiz now and test your GST knowledge in the property sector.

Please note that the Government still has not finalised its list of exempt supplies.

The comment above is subject to regulatory changes.

For more information on GST, email: info@gstmalaysia.org or visit www.gstmalaysia.org

Next Issue: The Part 2 Property Pop Quiz will touch on exempt supply, how it works and why it will affect property cost and prices.

GST Quiz

1 When is the best time to buy your first residential property?

- A. Before GST is implemented to avoid the GST effect.
- B. After GST is implemented in 2015 when there is likely to be upward pressure on construction costs and property prices.
- C. Don't know. Wait and see. Depend on mother-in-law's decision.

2 Can companies claim back GST incurred (input tax) on business purchases?

- A. No, businesses can never claim tax credit on GST incurred.
- B. Yes, if the inputs are used to make standard and zero-rated supplies. Therefore, the GST costs do not become an operating expense.
- C. Don't know.

3 Why do you think property prices for residential buildings will increase?

- A. Businesses are not aware of the anti-profiteering Act and they simply increase prices to take advantage of GST situation.
- B. Businesses are not allowed to claim back the GST incurred on inputs used to build residential buildings because they are exempt supplies, so the GST taxes are likely to be embedded in the property prices. Therefore, the property prices are likely to be higher than before the GST era.
- C. Don't know.

4 Can property developers charge GST on the sale of buildings for residential purpose?

- A. No, residential buildings are exempt from GST.
- B. Yes, GST is chargeable at the prevailing GST rate.
- C. Don't know.

5 Does the government allow property buyers to claim GST refund on residential buildings purchased for dwelling purpose?

- A. No.
- B. Yes.
- C. Don't know.

Answers: 1.A 2.B 3.B 4.A 5.A