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Bank Negara Malaysia Launches RM1 Billion Fund for Affordable Homes

| by Eleena Abd Wahab |

Last month (2 November 2018), Bank Negara Malaysia (BNM) announced the formation of a RM1 billion Fund for Affordable Homes as an initiative in assisting lower-income citizens to finance the purchase of their first homes. The Fund will be available from 2 January 2019 for a period of two years, or until the allocated RM1 billion fund has been fully utilised.

Lower-income citizens who are eligible may obtain both conventional or Islamic financing at a concessionary rate from participating financial institutions, which include AmBank, Bank Simpanan Nasional, CIMB Bank, Maybank and RHB Bank.

The eligibility criteria that must be met in order to apply for assistance from the Fund are as follows:

- Applicant must be Malaysian citizens
- Maximum monthly household income of RM2,300
- Salaried employee or self-employed
- Applicant can either be a single or joint borrower(s)
- No record of impaired financing for the past 12 months.

Assistance from the Fund is also limited to properties priced at a maximum of RM150,000 and residential properties in the primary market only. Under the Fund, first-time home buyers would be able to obtain financing at the financing rate of up to 3.5% p.a. for a financing tenure of up to 40 years or up to age 70, whichever is shorter.

To help applicants better understand the financial commitments such as mortgage repayments and other relevant expenses prior to purchasing a house, BNM has introduced a mandatory online financial education module provided by the Agensi Kaunseling dan Pengurusan Kredit (AKPK, or Credit Counselling and Debt Management Agency) that the applicants must complete.

The press release issued by BNM may be viewed [here](#).

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