The Star - Letter
Wednesday April 8, 2009 House buyers, take note of differences in systems WE at the HBA view with interest some housing project advertisements in the newspapers recently. They prominently state 10-90 as the mode of payment and went on to say, ﷺPay 10% and no payment until vacant possession.ﷺ It would appear as if the mode of payment is similar to the Build-then-sell (BTS) 10-90 that HBA has been lobbying for and for which the Government is offering incentives to developers to adopt the system. HBA feels that it is incumbent upon us to explain to potential house buyers the differences between the advertised 10-90 and the BTS 10-90 promoted by the Government under the amended Housing Act . The advertised 10-90 system is actually a loan package deal whereby the buyer pays 10% upon signing the Sales and Purchase Agreement and the balance is progressively paid through the buyer﷽s housing loans. The loan is progressively disbursed to the developer as he builds the houses. Hence the ﷺ no payment until vacant possession﷽ is not wholly true because, in actual fact, the buyer﷽s loan is used to progressively pay the developer. However, the interest payable for the progressive payments during the construction phase is shouldered by the developer. In the BTS 10-90 system, the buyer pays 10% upon signing the SPA and does not make any more payment until the house is completed, with all the certifications obtained. Only then does the housing loan kick in and the buyer then pays the remaining 90%. The vital difference between the advertised 10-90 system and the BTS 10-90 is that in the advertised 10-90 system, should the developer abandon the project, the buyer is left with a partially disbursed housing loan to settle. The primary borrower is still the buyer and it is his sole responsibility to continue with the proper conduct of his loan from the financiers. Banks have not been known to be sympathetic to victims of abandoned projects and the loans still have to be settled, house or no house. This is the predicament presently faced by tens of thousands of na﷽e and innocent buyers. We would like to categorical﷽ly state that we are by no means implying that the advertised project is likely to be abandoned. This letter is only to inform potential buyers the differences between the advertised 10-90 and the BTS10-90 systems. CHANG KIM LOONG,
Secretary General,
National House Buyers Association.
No, 31, Level 3, Jalan Barat, Off Jalan Imbi,
 55100, Kuala Lumpur, Malaysia
Tel: 03-21422225 | 012-3345 676 Fax: 03-22601803