



Factors to consider when getting a house loan

- For variable loan rates, assess whether you can afford the loan when reference rates (e.g. base lending rate) are revised upwards since interest rates are generally pegged at a margin above the reference rates of banking institutions.
- Loan packages that offer flexibility in repayment and ability to redraw surplus money repaid are generally more expensive. Assess whether you can truly benefit from the flexibility before you make a decision.
- Loans with zero entry/moving cost will ease your initial cash flow as banking institutions will finance the fees and charges, such as legal fees, stamp duties and disbursements fees incurred. Such costs are ultimately borne by you. Assess whether it is more economical to fund the entry/moving cost yourself or obtain the funding from banking institutions.
- Most loan packages have a lock in period for the loan. This is the minimum period you need to maintain your loan with the banking institution them without being subject to any penalty.
- Find out details on these so that they may not affect your overall financial planning if you decide to settle your loan in full in advance.
- In looking at interest rates, do not look purely at the initial special deal as you could be paying more interest even though the initial interest was low.
- You should Get details when the first year rate begins, e.g. whether it is from date of offer letter or date of first drawdown of the loan as this will effect the duration where you can enjoy the lower rates.
- Some banking institutions provide the option to start principal repayments even when the house is under construction which would result in interest savings. Negotiate with your banking institution this option if you wish to start your repayment immediately.
- For refinancing of loan, you should assess whether savings from lower interest rate is enough to compensate you for all the costs related to refinancing, e.g. processing fees, legal fees, stamping and transfer fees as well as penalty charges.
- Find out whether there will be any administrative fees imposed on your loan account during the tenure of the loan as any fees imposed will increase your borrowing cost.
- You also need to Consider service quality factors such as whether the banking institution is professional in dealing with customers, the quality of service, and the ease of remitting your monthly instalments