

Financing your dream home is easier than ever

Financing for your dream home can be tough. That's why people go for home loans. Today we are going to talk about the ins and outs of home loan for Bangladeshis with Md. Khalilur Rahman, Managing Director from National Housing Finance and Investments Limited. Mr. Khalil is a banking guru and has more than 30 years of experience in financial industry; both home and abroad.

Home loan, what's the situation in Bangladesh?

The situation of home loan scheme is directly proportional to real estate market. And the real estate scene in Bangladesh is doing much better this year compared to last couple of years. Thanks to the low interest rate, more and more people are getting in to real estate investments. As a non-banking financial institute we have lowered our cost of fund which has made it possible for us to offer loan at much lower interest rate than before. We attended the recent REHAB fair and witnessed a phenomenal response amongst people. A sense of security and assurance is now instilled in them which is great for the industry. National Housing Finance and Investments Limited (NHFIL) did an outstanding job last year by handing out a significant amount to the home loan seekers. In addition, thanks to good work of the recovery team, we have reduced our non-performing loan to 4% only. So financing for your dream is now easier than ever.



Who are eligible for home loan from NHFIL?

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Most average Bangladeshis with a decent income is eligible for home loan. We do some credit risk assessments before handing out the loans to any applicant. For

example we make sure the monthly income of the applicant is double the amount of his EMI. We cross check the property and its valuation to find out up to how much we can loan him. We also hand out loans mostly to people aged between 25 to 65. We do these to reduce the credit risk. It is a common practice globally.

What would be your advice for a first time loanee? Anything particular they need to know in advance?

Going for a home loan is a big step in a person's life. So first they need to do a mental math about the home loan. They also need to take in account about their future earnings and spendings. After clearly evaluating everything they need to go through all the documents to ensure they are investing in the right property and all the paper works are done appropriately. The next step would be evaluating all the possible options of financing the home. There are multiple home loan schemes in the market. One needs to go through all type of the products to find out which one is appropriate for him. After choosing the lender, they need to go through their terms and conditions thoroughly. After completely understanding what he is committing to then he can go ahead with the loan and sign the documents.

Are non-resident Bangladeshis eligible for home loans in Bangladesh?

Non-Resident Bangladeshis (NRBs) are a key contributor to our economy hence our loans are open for them as well. There are two ways for applying for the home loan in NHFIL. If the NRB applies while s/he is abroad, then we accept all application and the relevant necessarily documents after initial verification by Bangladeshi embassy. In the second case, the applicant applies for the loan during his/her stay in Bangladesh. In this case we ask for a guarantor or authorized person who is going to make sure the installments are paid in due time. We also check the remittance record of the appli-

cant to make sure s/he has regular transactions in Bangladesh.

What's the difference between home loan from banks and non-banking financial institutes?

There are some certain differences between home loan from banks and non banking financial institute. Banks are a more customer centric financial institute with multiple products to cater different categories of customers. On the other hand non-banking financial institutes like NHFIL are organisations that specialize on a handful product. In case of home loans, banks are authorised to offer loan up to 1.2 Crore taka whereas a non-banking financial institute like NHFIL can offer up to 10 Crore taka. Banks does provide loans at a comparatively lower rate though. Non banking financial institutes also have a long payback period. For

an eligible applicant the payback period can be as long as 20 years which for a bank can be up to 7-10 years. In addition to that, non-banking financial institutes have a smaller product footprint hence it processes loan application much faster than banks. We at NHFIL can process majority of the loan application in just 7 working days.

As a lender what are the risks/problems that you face frequently?

We at NHFIL have a strict credit assessment system. We perform the due diligence with very cautiously to minimize the risk. We also go through the paper of the properties thoroughly in order to avoid any sort of fraudulent activities. Hence the risk as a lender is really low in our organisation.

Interviewed by: Shahriar Rahman
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