

Making Your Dream of Homeownership a Reality

Even a decade ago, individuals relied on their savings to purchase a house. However, with the introduction of diverse home loan options, the mindset has shifted. The younger generation now aims to invest in apartments or flats early in their careers.

SARAH BINTAY SAKHAWAT

Owning a home is a cherished dream for many, as it offers a sense of security and a place to call one's own where they can live in peace and happiness with their loved ones. However, realizing that dream may become daunting for a middle or low-income individual due to the skyrocketing price of the real estate industry. Such was the case for Mohamad, a young professional who wanted to buy a flat in Dhaka to call it a 'home' but could not afford the additional financial burden. Fortunately, he came to know about the various home loans available in several banks in Bangladesh. It helped him to buy a flat at his desired location without exhausting his accounts.

The Bangladeshi home loan market has witnessed significant growth in recent years, fueled by the presence of banks and non-banking financial institutions (NBFIs) that provide a wide range of home loan products to consumers. Initially limited to Dhaka in the past, the concept of apartment or flat living has now spread to all megacities, majorly due to the increased number of smaller families.

Even a decade ago, individuals relied on their savings to purchase a house. However, with the introduction of diverse home loan options, the mindset has shifted. The younger generation now aims to invest in apartments or flats early in their careers. "The home loan process has become easier than before, especially if the required documents are provided properly. The bank evaluates the return capacity of the customer, and whether he will be able to pay the monthly instalments depending on his cash flow. Our experience so far has been good with home loans", says Shah Md. Moinuddin, DMD & Chief Credit Officer IFIC Bank.

Age maturity is another basic criterion for home loans. Loan

at high age also creates a threat for lenders. Moinuddin adds, "The maximum repayment duration we offer is 25 years. So if someone takes a home loan at the age of 30, he will be able to pay the loan by the time he reaches 55."

Furthermore, Md Rashed Akter, Head of Retail Distribution at Midland Bank, elaborates that a joint account with a spouse may help in home loan approval. He explains, "In case of a joint application by husband and wife, it always gives additional comfort to the bank. Usually, whenever a person applies for a home loan, the bank takes his/her spouse as a co-applicant. If the spouse has any income, then it will bring down the overall debt burden ratio for the customer. Therefore, customers will be entitled to get additional loan amounts if required. On the other hand, the lending

institution feels more comfortable as the spouse also shares the burden of the hefty loan amount.

Therefore, a joint application for home

loans is always preferred by lending institutions".

Before applying for a home loan, if a customer checks the detailed criteria and manages the documents properly, there will be no hassle in ensuring the home loan. However, the documentation process is not taken very seriously by many. When it comes to freehold properties, where the buyer has absolute ownership of the property

and the land it's built on, the bank requires a chain of documentation of the past 25 years of the land. But in many instances, the customer fails to present those. Arup Haider, Head of Retail Banking, City Bank, suggests, "If the customers are more cautious about these things and keep the proper documentation, then it would be easier for them to avail of the home loan".

Currently, the NBFIs have a significant presence in the home loan market due to certain regulatory restrictions that apply to banks. For instance, banks are restricted from financing more than 70% of the value of a flat, unlike NBFIs. Additionally, banks are limited to providing loans up to 2 crores, whereas the value of flats in prime locations such as Gulshan or Bannai may reach 5 crores. In which case, even if 70% of the flat's value amounts to 3.5 crores, banks are unable to exceed their maximum limit of 2 crores. Arup believes that if these restrictions are relaxed, the participation of banks will increase in terms of giving home loans.

With the fast-paced urbanization of the country, there are increased opportunities for land ownership. Wahed Ibne Shahed, Head of Retail Banking Division, Trust Bank Limited says, "To make the process easier, there should be more trustworthy land development projects which can ensure delivering land ownership within the decided time period. For example, if government projects such as RAJUK takes steps in making the land approval process easier and hassle-free, maybe the young generation will be more encouraged to buy land or flats with home loans. Ultimately I think this will contribute to our country's development as well".



PHOTO: FREEPIK

দারুণ খবর

ইবিএল নিয়ে এলো হোম লোন-এ

আকর্ষণীয়

ইন্টারেস্ট রেট অফার @ ৮%

- > সর্বোচ্চ ২ কোটি টাকা পর্যন্ত হোম লোন সুবিধা
- > সর্বোচ্চ ২৫ বছরে (মাসিক কিস্তিতে) লোন পরিশোধের সুযোগ
- > সম্পত্তির মূল্যের সর্বোচ্চ ৭০% পর্যন্ত লোন সুবিধা
- > গ্রেস পিরিয়ড এর সুবিধা

এই সুযোগ সীমিত সময়ের জন্য

শর্ত প্রযোজ্য

16230 ebl.com.bd myebi

Eastern Bank Ltd.

THE ART OF LIFE

lakeridge

4,000 sft Homes
Single unit per floor
In the heart of Gulshan

For more
0170 121 6688
0175 569 3714

Your lakeside retreat

bay
baydevelopments.com