



Reputation of developer

(continuation)

- if their previous customers were satisfied with their purchase upon receiving their units
- if a project is abandoned, you are liable for all disbursements made by the lender although you do not get delivery of the house

Reputable developers normally charge a premium on their properties

Financial aspects

Assess your affordability

Assess your cash flow and net worth position to determine your financial standing. These statements serve as your financial scorecard that should be used as a reference when you make money-related decisions.

Basically, there are two main affordability issues to consider:

Down payment and other related costs

A good estimate for down payment on a house would be about 10% to 20% of the purchase price. You would also need to set aside another 5% to 10% for related costs, such as legal fees and stamp duties.

Please refer to Appendix 3.1 for details.

To pay for the above costs, common options are:

Personal savings or investments

Use your savings or investments to pay for your down payment. A higher down payment lowers your cost of borrowing.

