

# Bank Negara: 35-year housing loan cap more than sufficient

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**KUALA LUMPUR:** The maximum housing loan tenure of 35 years is more than sufficient for borrowers to settle their housing loans by their retirement age, said Bank Negara Malaysia (BNM) yesterday.

The statement was made in reference to a report on requests for BNM to review the lending guidelines in relation to the extension of the loan repayment from 35 years

to 40 years.

"If the housing loan is offered when the borrower is 25 years old, a financing tenure of 35 years would extend to the retirement age of 60.

"In addition, increasing the loan tenure to 40 years will add to the cost of financing without significant improvements in the affordability of one's monthly installment," BNM said.

BNM said access to financing was not the main problem facing potential buyers of affordable houses.

It said the fundamental issues that required resolution were affordability and the shortage of supply of reasonably-priced houses.

BNM said the implementation of its responsible financing guidelines protected people's interests so that

they borrowed within their capacity to repay the loans throughout their tenure.

"This is to prevent borrowers from falling into financial hardship due to excessive debt that may lead to foreclosures, which will undermine the objective of house ownership."

BNM said financial institutions were responsible for establishing

borrowers' income — after statutory deductions, expenditure on necessities and other obligations — to ensure they could meet debt repayments.

"This is to ensure that they can continue to service the loan and have financial buffers for living expenses and deal with any future increase in financing rates and rising costs."