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**HOUSING DEVELOPMENT AND
ITS FINANCING DEBT RECOVERY
MECHANISMS AND MORTGAGE
FORECLOSURE
IN MALAYSIA**

**TRIP REPORT OF
LEGAL SPECIALIST**

JULY 09, 1992

TWENTY-FIRST CENTURY

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DEBT RECOVERY MECHANISMS AND
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Introduction:

Pursuant to Modification No. 2 to Delivery Order No. 03, Contract No. 391-0507-I-00-1780, Mr. Askari Taqvi Legal Specialist visited Kuala Lumpur, Malaysia from June 16 to June 20, 1992 to carry out a study on specific debt recovery issues. Mr. Bill Strong, Adviser to SRMP, USAID was also a member of the same team.

02. Meetings at Kuala Lumpur were arranged in advance by the executives of the Citi Bank Kuala Lumpur. Discussions were held with the following:

1. Mr. Azmil Khalid, Credit Cycle Head, Citibank.
2. Mr. Choo Nai Kwong, AVP Community Banking, Loans Syndication, Citibank.
3. Mr. Yousuf Merican, Manager Branch Collections Department, Citibank.
4. Mr. Charanjeet Singh, Assistant Manager Branch Collections Department, Citibank.
5. Mr. Kong Choy Chan, Assistant Manager Community Banking, Loans Syndication, Citibank.
6. Mr. Alex Abraham, Controller Operations Division, Malaysia Building Society Berhad.

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7. Mr. Kui Chee Seng, Product Manager, Retail Marketing and Development Department, Malayan Banking Berhad.
8. Mr. Liew Kee Sin, Director/General Manager, Syarikat Kemajuan Jerai SDN Berhad.
9. Mr. Paul T. S. Chong Barrister-at-Law, Paul Chong & Kraal Advocates and Solicitors.

Note:

Out of ten above persons those listed at Nos. 1, 2, 4 and 9 could become resource persons for work related to foreclosure and debt recovery in Pakistan. Those mentioned at Serial No. 1 and 9 could be invited to Pakistan to participate in the proposed workshop.

03. M/s Strong and Taqvi also visited the offices and projects of two housing developers in Kuala Lumpur and had the benefit of discussing with them, the problems and bottlenecks in the housing development policy/mechanism in Malaysia.

Policy of the Government:

04. In Malaysia the policy of the Government in the housing sector is to play a facilitating role and provide institutional support to the private sector. Efforts are being made that prices of houses remain within the reach of the various income groups - particularly those in the low income group. The private sector is being encouraged to build more low cost and medium cost houses with the public sector supplementing the supply of houses in this category.

It is a mandatory requirement in Malaysia that in any new housing complex, at least 70% houses have to be in the low and medium - cost category. The maximum price of a low cost house is 25000 Malaysian Ringets (10,000 US dollars) whereas a house costing upto 100,000 Malaysian Ringets (37,000 US dollars) is categorized as a medium cost house. These prices have been in force for the last about 7-8 years.

05. The Government of Malaysia is constantly busy updating the legislation and regulations, and reviewing the infrastructural standards with a view to increasing higher plot utilization and intensifying research and development to produce cheaper building materials and construction techniques. Towards this end, some state governments are revising the existing formula and plan to construct low-cost houses within the price range of 15,000 to 18,000 Malaysian Ringets. (A low-cost house consists of two bed rooms with a built up area of 600 square feet). The purchaser of a low cost house is not allowed to sell it before five years.

06. Housing developers in Malaysia have to be licensed. Land and building evaluators are also required to secure a license. A developer in Malaysia has also to seek a license for the building complex proposed to be developed. A regulation has been promulgated whereby it is ensured that the money obtained by the developer as bridge loan from a bank/housing finance company (HFC) as well as the payments received from the purchasers of houses are deposited in an Account from the very beginning. The purpose of this Regulation is to

prevent the misuse of money received by the developer and to protect the bank/HFC as well as the buyers from the malpractices of developers. The implementation of this and other regulations also prevent housing projects from being abandoned due to financial difficulties arising from the misuse of funds by the developers. These matters will be discussed in detail in the following paragraphs.

07. Malaysia is also facing the problems of ever increasing slum areas and squatter settlements in the urban areas which bring with them related problems of health, overcrowding and other social problems. The transfer of population to the urban areas is aggravating these problems. The Malaysian Government has introduced regulations whereby squatter families affected by the implementation of housing development projects have to be given the option to buy or rent the low cost houses in that project. Alternatively they are re-settled in transit houses (by the developer) before moving into permanent low-cost houses constructed by the state governments.

Matters relating to title to land:

08. Like Pakistan, Malaysia had also inherited the British legal system but the Malaysian Government switched over to the Australian land management system. A National Land Code was enacted in 1965. People were given time to settle their disputes over title to land and register their titles with the State Land Registration office. The multifarious problems were resolved in about five years. Now there is a Land Registration Office or a Registry in every district.

The National Land Code is an Act which contains law relating to land and land tenure, registration of title to land transfer of land, leases and charges in respect of land and easements and other rights and interests in lands and the collection of revenue from the lands. With the enactment of the National Land Code, it has been possible to introduce a uniform land system in all the states. The title to land in Malaysia is indefeasible. The land has been surveyed and demarcated by the state governments. All the land is registered in the State Registry. Easements and encumbrances are included in the registration and mentioned in the title. The result is that people have clear titles and lawyers can go to the Land Registration Offices and check any title. There are only two title deeds - one copy with the owner and the other copy is contained in the book at the Registration Office. In case a title deed is lost, it takes about two years to have a fresh copy issued.

09. There are three categories of land use - namely agriculture, building and industry. If agricultural land is required to be used for building or industry the title holder is required to pay conversion charges. Similarly there is a charge if a plot of land is proposed to be sub-divided. Proper permission is required from the State Director or Land Administrator for sub-division, partition and/or amalgamation of lands. State land held on lease and proprietary lands with or without any encumbrances can be transferred only in the legal manner prescribed in the National Land Code. A charge on land can also be transferred with permission from the Land Administrator and only in the

prescribed manner. Permission for transfer of title etc., by sale, lease or otherwise is to be sought from the State Land Board within specified periods and appropriate entries are made in the central record to ensure that there is no doubt about the exact nature of title in the land.

Housing projects financed by commercial banks and HFCs:

10. Housing activity in Malaysia has been given a boost by a directive to the banks that 5% of their assets have to be invested in low and medium-cost housing. Every commercial bank is operating as a housing finance company. Interest ceiling for low and medium cost houses is 9% whereas for high cost house exceeding Malaysian 100,000 Ringets the rate of interest is allowed to go upto 11.5%. As against this the current market rates for commercial loans etc., are around 15%. Banks and HFCs provide bridge loans to the developers for three years. Those who purchase the houses from the developers are provided a 30 years loan for first mortgage. A term loan for 15 years can be granted for second charge also.

11. In the case of purchase of land, 50% of the price of land can be financed by banks/HFCs. Bridge loan is provided to the developer upto 70% of the total cost of the housing project while the purchasers of house are financed upto 90% of the price of the house. In order to secure a bridge loan, the developer has to execute a loan agreement and a guarantee agreement with the bank/HFC and also create a charge on the land in favour of the bank/HFC. Banks and HFCs take full care to satisfy themselves about the repayment

capacity of the client before allowing him a loan for purchase of house.

Licensing of housing developers:

12. Any one desirous of constructing four or more houses is required to seek a license as a developer. The business of housing development in Malaysia is controlled and regulated by an act of parliament known as the Housing Developers (Control and Licensing) Act, 1968 and Regulations framed thereunder. Under this Act no one can engage in housing development without seeking a license for this purpose from the Controller of Housing. The application to the Controller has to be in the prescribed form along with the following document:

- i) a copy of the land title;
- ii) a copy of an agreement between the land owner (including lessee of state land) and the developer to develop the land into a housing projects;
- iii) a copy of approval for conversion of the land for building purposes and for sub-division;
- iv) a copy of the incorporation certificate (in the case of a limited company) or a partnership deed etc;
- v) a copy of the latest audited balance sheet, particulars of the land proposed to be developed, articles and memorandum of association of a limited company along with details of authorized, issued and paid up capital; particulars of the office bearers in the applicant

organization are also required to be submitted. The application fee for seeking the license is only 500 Malaysian Ringets (200 US dollars) but the Act prohibits the grant of license unless the applicant has a paid up capital in cash of not less than 250,000 M.Ringets (100,000 US dollars) and also makes a deposit of 100,000 M.Ringets (37,000 US dollars) with the Controller of Housing. A license is not granted to applicants who have been convicted of fraud or dishonesty etc.

Duties of a licensed housing developer:

13. The licensed housing developer is required to keep the Controller informed of any corporate changes in his business, appoint an auditor and regularly submit audited report of his accounts to the Controller. The Controller is required to keep a constant watch over the performance of the licensed developer and can investigate into his affairs and give directions for improvement in his performance. License of a developer can be suspended or cancelled if he is found to be carrying on his business in a manner detrimental to the interests of the house purchasers or to any member of the public, or if he has insufficient assets to cover his liabilities etc. Housing developers found guilty of offences under the Act can be prosecuted in a court of law and the punishment may include fine and/or imprisonment upto three years.

Approval of housing development/project:

14. The developer is required to seek approval from the local council/state government for the housing development project. Grant of this approval can take one year but resourceful developers manage to get the approval earlier. The developer has to put up his detailed building plans with specifications of construction etc. (along with the land title) to the local council/state government for permission to set up a housing complex. Adequate number of copies of the plans and schedule of construction etc., have to be submitted as the local council/state governments consult about nine different agencies including the Ministry of Trade and Industry, Health, Housing etc. These agencies transmit their no objection to the local council/state government and formal permission for the housing complex is then granted. The developer has to pursue all these agencies to seek their approval. Each project is required to have its own water supply arrangement, link roads, electric sub-station and sewerage treatment plant.

Advertisement for sale of houses:

15. Advertisement for sale of house cannot be made without obtaining a written permission from the Controller of Housing. For this purpose the licensed developer is required, under the Housing Developers (Control and Licensing) Act, to submit an application in the prescribed form with the following documents:

- i) a copy of the approved building plan;

- ii) two copies of the proposed advertisement;
- iii) title to the land or agreement with the land owner that he selling the land for the the housing development;
- iv) a copy of the valuation report of the houses proposed to be sold. This evaluation report can be prepared only by licensed building surveyors/evaluators.

The advertisement indicates the name and address of the licensed developer, the tenure of land and encumbrances if any, the expected date of completion of the project, the sale price, the specifications and general description of the proposed housing accommodation and number of units of each type available.

Developer's Housing Development Account:

16. Within fourteen days from the grant of the housing development license, the developer is required to open and maintain an Account known as the Developer's Housing Development Account with a bank or housing finance company. This is legally mandatory under section 7.A of the Housing Developers (Control and Licensing) Act. Standard guidelines and procedures have been framed for the operation of such accounts. The purpose of such an important requirement is:

- i) to ensure that the bridge loan or any other loan obtained by the developer from a bank/HFC for the housing project is paid into this Account;

ii) to ensure that all monies collected by the licensed housing developer from the purchasers of the houses are paid into this Account; and

iii) to ensure that all withdrawals from the Account are in accordance with the Housing Developers (Housing Development) Regulations 1991.

17. In case this account is opened with a commercial bank, it is a special current account but no cheque books are issued. If the Account is opened with a merchant bank or a housing finance company (HFC), then it is a project account:

The merchant bank or the HFC may in turn open one normal clearing bank account with a commercial bank or continue to use its existing clearing bank account maintained with its present banker. The Developer is not allowed to have a debit balance in the Account at any time.

18. Withdrawals from the Account are allowed only for the following purposes:

a) the payment of all outgoings including rent, rates, taxes, assessments and other charges levied in respect of the land on which the housing development is carried out;

b) the payment of stamp duty payable on a charge, debenture, guarantee, or memorandum of deposit of title to secure any loan for the construction of housing accommodation in the housing development;

c) the payment of legal fees in respect of -

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- i) the sale and purchase agreement of the housing accommodation;
 - ii) a charge, debenture, guarantee or memorandum of deposit of title to secure any loan for construction of the housing accommodation; and
 - iii) any other matters relating to the housing development;
- d) the payment of -
- i) insurance premiums; and
 - ii) architect's fees, engineer's fees, quantity surveyor's fees and consultant's fees for the housing development;
- e) the cost of carrying out -
- i) soil investigations;
 - ii) earthworks;
 - iii) foundation works;
 - iv) building works;
 - v) external works;
 - vi) site and boundary survey for each lot;
 - vii) infrastructure works;
 - viii) relocation of squatters; and
 - ix) other works,
- relating to the housing development;

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- f) the payment of monies for the contribution towards the supply of water and electricity to the housing development and any other fees payable thereof to the relevant authority responsible for the supply of water and electricity in respect of the housing development;
- g) the payment of any lawful charges to any government department or other bodies in respect of the housing development;
- h) any refund of the progress payment pursuant to the sale and purchase agreement of a housing accommodation in the housing development;
- i) the payment of interest and such other charges to banks or finance companies on any loan taken for the housing development;
- j) the payment of any capital sum to redeem in full or in part, the loan for the purchase of land for the housing development in proportion to the housing accommodation that have been sold;
- k) the payment of cost of land where no loan is taken for the purchase of land for the housing development to be made as follows -
 - i) an amount equal to 10% of the purchase price pursuant to the sale and purchase agreement in respect of a housing accommodation in the housing development where up to 55% of the purchase price, has been paid; and

ii) a further amount equal to the amount referred to in sub-paragraph (i) where up to 65% of the purchase price has been paid.

Provided that payment of such amount shall be in proportion to the housing accommodation that have been sold;

l) the payment of any capital sum to redeem, in full or in part, the loan for the construction of housing accommodation in the housing development;

m) any administrative expenses (including marketing and advertising expenses) incurred on the housing development, subject to a maximum of 10% of the total cost of construction of the housing development as certified by the architect or engineer in charge of the housing development;

n) the payment for tax imposed on the licensed housing developer in respect of the housing development by the Inland Revenue Department; and

o) any other expenses reasonably incurred in relation to the housing development but such amount shall only be released by the bank or finance company with whom the Housing Development Account is maintained upon receipt of the prior approval in writing of the Controller.

19. All the withdrawals from the Account are based on the Developer's instructions to the financier to debit the Account and instructions for withdrawals are required to be supported by the following documents:

- i) a certificate from the architect or engineer in charge of the project stating that payment is due to be made;
- ii) documents duly certified by a director, proprietor or partner or office bearer of the Developer's company;
- iii) written approval from the Controller of Housing for payment to be made.

20. Cash withdrawals from the Account are not allowed, and the Developer is required to request the bank/HFC in writing in the prescribed format to pay by cheque. The bank/HFC is also obliged to verify that the payment is regular and for one or more of the authorized purposes, and that the request for payment is supported by the prescribed documents. The Bank/HFC is not allowed to take more than three days to release the money.

21. The Regulations permit the Developer to withdraw all surplus money from the Account:

- i) after completion of the project and handing over vacant possession (with water and electricity connection) of all the housing accommodation that has been sold in the project/complex; and
- ii) after the Solicitor to the developer has certified that his obligations in respect of transfer of title under all the sale and purchase agreements in the project have been fulfilled.

The Bank/HFC is required to inform the Controller of Housing that the project has been completed and the Developer's Housing Development Account has been closed.

Sale and Purchase Agreement:

22. A standard format of the Sale and Purchase Agreement has been specifically prescribed in the regulations made under the Housing Developers Act - in order to fully safeguard the interests of the purchasers as well as the developer. A copy of this format is enclosed at Annex I. It would be seen that detailed specifications of different items of the building are also included in this agreement.

Grant of loans by banks/HFC/building Societies:

23. The developer has to fulfill all the conditions of the bank/HFC before he is allowed a bridge loan for a period of three years. Similarly the buyer of the house has also to satisfy the bank/HFC/building Society about his capacity to repay the loan. The bridge loan is deposited in the Housing Development Account. After the Sale and Purchase Agreement has been signed (with the approval of the bank/HFC), the same is lodged with the bank/HFC. The purchaser has to pay 10% of the price of the house in the Housing Development Account as down payment and the balance 90% is released by the bank/HFC progressively in favour of the developer and deposited in the Housing Development Account. 5% of the loan is released after the purchaser has occupied the house. The 30 years term counts from the date the entire loan has been disbursed to the developer. After the completion of the

house the developer issues a title to the bank/HFC. The title deed is passed on by the bank/HFC to the solicitor to place a mortgage charge on the title. The house is insured and the premium is charged to the buyer.

Growth of mortgage lending:

24. The two building societies - the Malaysia Building Society Berhad (MBSB) and the Borneo Building Society Berhad (BBSB) established in 1950 and 1958 respectively have played a major role in lending for housing. Growth in lending by these two housing credit institutions has been steady, at a compound rate in excess of 12% per year in nominal terms and 7% in real terms. However, lending by commercial banks, finance companies and the government has overshadowed the lending activities of the housing credit institutions. By about 1975, lending by commercial banks and government was non-existent, but by 1986 it comprised 39% and 38% respectively of all outstanding loans for housing.

25. The rapid growth in lending for housing, at a compound annual rate of 22% for all housing lenders, represents a major source of resource mobilization within the Malaysian economy. It is estimated that housing loans now represent about 16% and 20% of the outstanding portfolios of commercial banks and finance companies respectively compared to less than 10% for each institution during the early 1970s.

Policy developments and housing finance subsidies:

26. The Government of Malaysia has taken a number of policy decisions to promote housing development. The introduction

of adjustable rate mortgage instruments provides lenders with a way of reducing interest rate risk and with the ability to continue to make mortgage loans during periods of higher inflation. Another improvement has been the establishment in 1986 of a secondary mortgage market institution. (Cagamas Berhad), which provides a market in which primary lenders for housing can securitize their mortgage holdings so that they can be resold to other investors - such as other parts of the banking system, trust funds, insurance companies and the general public. In so doing, primary housing lenders are able to sell some of their interest rate and liquidity risks to other investors and thus continue to make end-financing available to housing purchasers. The Cagamas Berhad was established with an initial authorized capital of 200 million Malaysian Ringets US\$ 80 million of which 25% was to be paid up. The Shareholders of Cagamas Berhad include the Central Bank of Malaysia, commercial banks, finance companies and merchant banks.

27. Commercial lending institutions bear the cost of housing finance subsidies provided through the governments' directed credit policies and the Special Low Cost Housing Programme, while the government bears the cost of housing finance subsidies provided under the Public Low Cost Housing Programme and the government's loan programme for government employees. Loans provided under directed credit arrangements carry subsidies of about 5-6%. The Special Low Cost Housing Programme loans have a term of 25 years and an interest rate

of 8.8% - indicating a subsidy rate of about 6%. The Public Low Cost Housing Programme loans have a term of 25 years with two years grace period and an interest rate of 5.5%. The Treasury Loan Programme provides housing loans to government servants at below - market rates. Primarily a compensation policy, it is also an important source of formal housing finance. Loans are given for 25 years; the interest rates vary with the amount. For larger loans the interest rate has been 6% going down to 4% for smaller loans.

Recovery of Loans - Low default rates:

28. The default rates in respect of loans given by Citibank and MBSB are as low as 2.6% and 3.5% respectively. The percentage is slightly higher in the case of other banks and the BBSB. The main reasons for such low delinquency rates are tight scrutiny of client's ability to pay back the loan, a healthy public attitude towards repayment, effective monitoring, computer aided prompt recovery system - all backed by an appropriate reasonably fast and effective legal mechanism to enforce mortgage contracts. As for control on the developers, they are in the grip of the banks/HFCs after the introduction of the Developers Housing Development Account System.

Computer aided collection system:

29. Banks, HFCs and building societies have developed a very elaborate system of loan accounting and collection/recovery. The fundamental goals of collection are to obtain payment promptly, at minimum cost and at the same time maintaining

the goodwill of the customer. Collection efforts are applied in proportion to the delinquency status of the account, increasing the pressure as the situation warrants. The maximum time that is usually allowed to the customer to pay is not later than the next payment date.

30. Besides written reminders, recovery staff makes personal contacts with the client and promise to pay is put in and monitored via the computer aided collection system. The Citibank at Kuala Lumpur employs only 5 officers and 13 collectors to handle as many as 26500 accounts and the delinquency rate is only 2.6%. Extension in repayment period is allowed with the permission of senior staff members.

31. The statement given below is an example of the efficient working of the computer - aided collection system (CACS).

Regular Mortgage Loan

<u>Periods of delinquency</u>	Sample of letter enclosed at
07 days	System generated 1st letter of reminder advising on non-payment. Annex II
08 days	Delinquent accounts will enter CACS for further follow up.
14 days	System generated 2nd letter of reminder advising of late/penalty charges imposed on account. Annex III

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21 days	System generated 1st letter of demand.	Annex IV
28 days	System generated 2nd letter of demand.	Annex V
45 days	Initiate legal action if no promise of payment is made.	
	Lawyer to send 1st letter of demand.	Annex VI
55 days	Lawyer to send 2nd letter of demand.	Annex VII
65 days	Lawyer to send 3rd letter of demand.	Annex VIII

and

proceed with further action to recall loan facility.

Legal action: enforcement of mortgage contract: foreclosure:

32. In the third notice the buyer/delinquent is informed that in view of the loan agreement and deed of assignment, the bank/HFC is entitled to take possession of the property and have the right and power to sell and assign the same towards satisfaction of the loan outstanding inclusive of interest and all costs involved in the sale. The buyer is further informed that the loan agreement stands terminated and he is required to deliver vacant possession of the house to the bank within 14 days. If the default persists, a plaint is

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signed by the solicitor and a suit is filed in the High Court. A copy of the plaint is signed and sealed by the court and returned to the solicitor for service on the borrower/defendant. This service is organized and arranged by the solicitor. If the defendant avoids the personal service, the solicitor files a sworn affidavit before the court and the court allows the notice to be published and served through press. If the borrower still fails to turn up, the court orders ex-parte proceedings. All this usually does not take more than three months.

33. If the solicitor succeeds in serving the defendant with a copy of the plaint, he informs the court and the court fixes a date of hearing - normally after about three months. Again the defendant is served in this regard by the solicitor (of the plaintiff). A sworn affidavit is again filed before the court that the defendant has been served.

34. The first court hearing is before a judge. This judge asks the borrower if he is still willing to pay. If the borrower is agreeable to pay, the judge allows upto three months for payment. If the defendant is not willing to pay, the judge holds a regular hearing. On being satisfied about the genuineness of the plaint and the default on the part of the defendant, the judge can order that the house may be auctioned in about 3 months. During this period the solicitor of the plaintiff files an application to the court for directions. In the meantime the bank/HFC arranges the evaluation of the house through licensed evaluators. The Registrar of the court fixes the reserve price for the

auction and decides the name of the auctioneer and method of sale, and deposit of earnest money by bidders prior to the date of auction. The bank/HFC also deposits with the Registrar an amount of about Rs. 2000 M. dollars as expenses of auction. After the directions have been given by the Registrar, an auction notice is published in the newspapers. This is also to be arranged by the plaintiff's solicitor. Reasonable publicity is essential through the newspapers. Once the court order is issued for auction, it is irreversible except when the borrower pays up all the money including expenses. If all goes well, the auction is held in the court on the date originally fixed by the judge. The successful bidder is required to pay the balance amount in three months. The payment goes into the treasury through the court and the bank/HFC is re-inbursed through a cheque which is issued by the Central Bank of Malaysia in about six months.

35. Rules of High Court provide that a successful bidder in auction can get a writ of possession from the court. Then the court executes the writ of possession. The bailiff goes and informs the occupant who is given about a week to vacate failing which he is thrown out with police help. The process of having the house vacated is comparatively simple and not time consuming. The entire legal process from filing of the

plaint to auction and getting vacant possession takes about 15 months to two years.

36. Judges in Malaysia are generally known to be efficient and honest. But the Registrars do not enjoy the same reputation.

They are not as prompt in disposal of cases and can also be influenced. If the Registrar is on leave on the date fixed for giving procedural orders, another date is given which may be after the date of auction originally fixed by the court in which case a formal application is to be filed again before the judge for a new date of auction.

37. The court fee is M\$ 100.00 on original plaint and thereafter 20 to 40 M\$ on filing of each document.

38. Banks/DFIs usually recover their dues in the first auction. The first auction is successful in about 55% cases. If the reserve price is not received in the first auction, it is lowered by 10% for the second auction. For the third auction, it is really a credit decision. In case of failure in the third auction, attempts are made to sell the house by negotiation with the assistance of estate agents. Fourth and fifth auctions can also be held. Registrars may also allow the bank/DFI to bid for the property in the auction and need not actually pay the purchase price but set it off against the loan. If all the dues are not recovered in the auction, and the bank/DFI has collateral/personal security, an attempt is made to recover the balance amount also.

Appeal to Supreme Court:

39. There is only one appeal against the orders of the High Court to the Supreme Court. Such an appeal can be filed only on points of law, e.g. capitalization of interest, inadequate stamping of documents or valuation of property. Only about 1% defendants go to the Supreme Court in appeal.

Appeals in Supreme Court are decided in one to three months.
The law in Malaysia does not allow bankruptcy proceedings to
avoid foreclosure.

**SALE AND PURCHASE AGREEMENT (LAND AND BUILDING)
HOUSING DEVELOPERS (CONTROL AND LICENSING)
REGULATIONS 1982**

(Regulation 12 (1))

AN AGREEMENT made this day of 19
BETWEEN a company
incorporated in Malaysia duly licensed under the Housing Developers (Control
and Licensing) Act 1988 (Licence No.) with its registered
office at (hereinafter
called "the Vendor") of the *one/first part AND
..... NRIC No
of
(hereinafter called "the Purchaser") of the *other/second part AND
..... (hereinafter called "the
Proprietor") of the third part.

WHEREAS the *Proprietor/Vendor is the registered and beneficial owner
of *a piece/several pieces of land held under Grant/E.M.R./C.T. *No./Nos.
..... Lot *No./Nos. Section
..... in the *Mukim/Town of
..... *Municipality/City/District of
..... State of in
area measuring approximately hectares
square metres (hereinafter referred to as the "said Land") *and has granted
the Vendor the absolute right to develop the said land as a housing estate and
to sell the Land;

*AND WHEREAS the Proprietor do hereby agree to the sale of the land
for the purposes of this Agreement;

AND WHEREAS the Vendor is developing the said Land as a housing
estate known as
*Phase (Advertisement and Sale
Permit No (hereinafter referred to as "the said
Estate").

AND WHEREAS the said Land is charged to
..... as security for loan granted to the Vendor;

AND WHEREAS the Vendor has at its own cost and expense obtained the
approval of the Appropriate Authority for the subdivision of the said Land
into building lots in accordance with the approved Layout Plan a copy of
which is annexed as the First Schedule (hereinafter referred to as "the Layout
Plan") and separate documents of title have *since been/not yet been issued
by the Appropriate Authority;

AND WHEREAS the Vendor has obtained the approval of the building

Annex I
Continued

plans (hereinafter referred to as "the Building Plan") from the Appropriate Authority, a copy of which is annexed as the Second Schedule;

AND WHEREAS the Vendor has agreed to sell and the Purchaser has agreed to purchase all that piece or parcel of land with vacant possession distinguished as "Plot Lot No and which is more particularly delineated and shaded RED in the Layout Plan measuring approximately square metre in area (hereinafter referred to as "the said Lot") TOGETHER with a

(description of building (e.g. 3 storey terrace house etc.)) to be erected thereon (hereinafter referred to as "the said Building") described in the Vendor's plans as Type specified in the Second Schedule hereto, (and the said Lot and Building are hereinafter collectively referred to as "the said Property") subject to the terms and conditions hereinafter contained :

NOW IT IS HEREBY AGREED as follows:

1. Property free from agricultural industrial and building restriction.

The Vendor hereby agrees to sell and the Purchaser agrees to purchase the said property free from any agricultural or industrial conditions expressed or implied and any restriction against the building of housing accommodation thereon and all encumbrances other than those imposed by the provisions hereto/already subsisting at the date hereof (if any) and any condition expressed and or implied affecting the title.

2. Property free from encumbrances upon delivery of vacant possession of Building.

The Vendor shall not immediately after the date hereof subject the said Property to any encumbrances without the prior approval of the Purchaser and the Vendor hereby undertakes that the said Property shall be free from any encumbrances immediately prior to the handing over of vacant possession of the said Building to the Purchaser.

3. Purchase Price.

The purchase price of the said Property is Ringgit (S.....) only and shall be payable in the manner hereinafter provided.

4. Schedule of payments.

(1) The purchase price/balance of the purchase price shall be paid by the Purchaser to the Vendor by instalment and at the time and in the manner as prescribed in the Third Schedule hereto.

(2) Every notice referred to in the Third Schedule requesting for payment shall be supported by a Certificate under the hand of the Vendor's

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the instalments set out in the Third Schedule hereto shall remain unpaid by the Purchaser at the expiration of the said period of (14) days interest on such unpaid instalment or instalments shall commence to run immediately thereafter and be payable by the Purchaser such interest to be calculated from day to day at the rate of ten per centum (10%) per annum.

9. Default by Purchaser and determination of Agreement.

- (1) If the Purchaser—
- (a) fails to pay any instalment, payable under Clause 4(1) in accordance with the Third Schedule hereto or any part thereof and any interest payable under Clause 8; or
 - (b) fails to pay any sum or sums payable under this Agreement within the time stipulated for payment; or
 - (c) commits any breach of the terms or conditions contained in this Agreement or fails to perform or observe all or any of the Purchaser's covenants herein contained; or
 - (d) before payment in full of the purchase price of the said Property commits an act of bankruptcy or enters into any composition or arrangement with his creditors or being a company enters into liquidation whether compulsory or voluntary; or
 - (e) suffers any execution to be levied upon him or his goods;

the Vendor may subject to sub-clause (2) hereof annul the sale of the said Property and forthwith terminate this Agreement, and in such an event—

- (a) the Vendor shall be entitled to deal with or otherwise dispose of the property sold in such manner as the Vendor shall see fit as if this Agreement had not been entered into;
- (b) the instalments previously paid by the Purchaser to the Vendor excluding any interest paid shall be dealt with and disposed of as follows:
 - (i) firstly, all interest calculated in accordance with clause 8 hereof owing and unpaid shall be paid to the Vendor;
 - (ii) secondly, a sum equal to ten percent (10%) of the purchase price thereof shall be paid (if not already paid) and forfeited to the Vendor; and
 - (iii) lastly, the residue thereof shall be refunded to the Purchaser;
- (c) neither party hereto shall have any further claims against the other for costs, damages, compensation or otherwise hereunder; and
- (d) each party hereto shall pay its own costs in the matter.

- (2) If the Purchaser fails to comply with any of the terms of this Agree-

Architect and every such Certificate so signed shall be proof of the fact that the works therein referred to have been completed.

5. Loans.

(1) If the Purchaser is desirous of obtaining a loan to finance the payment of the purchase price of the said Property the Purchaser shall make a written application for such loan to the Vendor who shall use its best endeavours to obtain for the Purchaser from a bank, finance company, building society, insurance company or a financial institution (hereinafter called "the Financier") a loan (hereinafter called "the LOAN") and if the Loan is obtained the Purchaser shall execute all necessary forms and documents and pay all fees, legal costs and stamp duty in respect thereof.

(2) The Purchaser shall utilise the whole of the LOAN towards the payment of the purchase price of the said Property at the time and in the manner set out in the Third Schedule hereto.

(3) If the Purchaser fails to accept the Loan or defaults in complying with the necessary requirements for the application or is disqualified as a result of which the Loan is withdrawn by the Financier, as the case may be, the Purchaser shall then be liable to pay to the Vendor the whole of the purchase price or such part thereof as shall then remain outstanding.

(4) In the event that the Vendor shall not be able to obtain any loan for the Purchaser, the Vendor shall not in any way be liable to the Purchaser for any loss, damages, costs or expenses howsoever arising or incurred and such failure to obtain the loan shall not be a ground for any delay in the payment or for any non-payment on due dates of any of the instalments of the purchase price set out in the Third Schedule hereto.

6. Government Authority.

(1) If the Purchaser is desirous of obtaining a loan from the Government of Malaysia or any State Government in Malaysia or any statutory authority which provides loan facilities (hereinafter referred to as "the Government Authority") the Purchaser shall inform the Vendor of the same in writing and the Purchaser shall do all acts and things necessary to secure the loan.

(2) If the Purchaser fails to obtain the loan for any reasons whatsoever, the Purchaser shall then be liable to pay to the Vendor the whole of the purchase price or such part thereof as shall then remain outstanding.

7. Time essence of contract.

Time shall be the essence of the contract in relation to all the provisions of this Agreement and in particular to the payment of any instalment of the purchase price or any part thereof and the payment of all monies due from the Purchaser to the Vendor under this Agreement.

8. Penalties on late payment.

Without prejudice to the Vendor's rights under Clause 9 hereof if any of

ment or if any of such unpaid instalment and interest remain unpaid for any period in excess of twenty eight (28) days after its due date, the Vendor shall give the Purchaser or his solicitors not less than fourteen (14) days notice in writing by A.R. Registered post to treat this Agreement as having been repudiated by the Purchaser and unless in the meanwhile such default and/or breach alleged is rectified or such unpaid instalments and interest are paid, this Agreement shall, at the expiration of the said notice, be deemed to be annulled.

10. Separate document of title.

(1) Upon the execution of this Agreement the Vendor shall at its own cost and expense and as expeditiously as possible obtain the issue of a separate document of title to the said Lot.

Transfer of title.

(2) Upon the issue of the separate document of title to the said Lot and subject to the payment of the purchase price by the Purchaser to the Vendor in accordance with Clause 4(1) and the observance of all the terms and conditions herein provided, the Vendor shall within (21) days (or as soon as practicable)† execute a valid and registrable memorandum of transfer of the said Property to the Purchaser, his heir or nominee or lawful assign as the case may be failing which the Purchaser shall be entitled to damages.

11. Position and area of the Lot.

(1) The position of the said Lot in relation to the other Lots shown in the Layout Plan and the measurements, boundaries and area of the said Lot as given therein are believed but not guaranteed to be correct and if the measurements, boundaries and area of the said Lot shown in the Layout Plan shall be different from its measurements, boundaries and/or area as shown in the document of title when issued the purchase price of the said Lot calculated at the rate of Ringgit (S.....) only per square metre shall be adjusted accordingly.

(2) Any payment resulting from the adjustment and requiring to be paid by the party concerned shall be so paid within fourteen (14) days of the issue of the document of title.

Restriction against alteration of Layout Plan.

(3) The Layout Plan of the Estate including the said Lot has been approved by the Appropriate Authority and no alteration to the Layout Plan shall be made or carried out except as may be approved by the Appropriate Authority or as may be certified to be expedient or necessary by the Vendor's Architect. Such alteration shall not annul the Agreement or be subject of any claim for damages or compensations by or against any party to the Agreement.

12. Materials and workmanship to conform to description.

The said Building shall be constructed in a good and workmanlike manner in accordance with the specifications described in the Second Schedule hereto and in accordance with the plans approved by the Appropriate Authority or other competent authority which specifications and plans have been accepted and approved by the Purchaser as the Purchaser hereby acknowledges. No changes thereto or deviations therefrom shall be made without the consent in writing of the Purchaser except such as may be required by the Appropriate Authority. The Purchaser shall not be liable for the cost of such changes or deviations and in the event that the changes or deviations involve the substitution or use of cheaper materials or the omission of works originally agreed to be carried out by the Vendor the Purchaser shall be entitled to a corresponding reduction in the purchase price herein or to damages in respect thereof.

13. Restriction against variation by Purchaser.

(1) The Purchaser shall not carry out or cause to be carried out any variations to the said Building and specifications therein or any alteration or addition to the Building or instal or cause to be installed any fixtures or fittings therein which would involve the amendment of the approved Building Plan or the submission of further Plan without the previous written consent of the Vendor until the relevant Certificate of Fitness for Occupation has been issued.

(2) Where the Vendor agrees to carry out such alterations or additional works for the Purchaser the Vendor shall annex to this Agreement an inventory list of such permissible alteration or additional items with a prefixed schedule of rates for charges in respect thereof and the Purchaser shall pay for the cost of such alteration or additional works within fourteen (14) days of the Vendor's request in writing for such payment.

14. Infrastructure and maintenance.

The Vendor shall at its own cost and expense construct or cause to be constructed the roads, driveways, drain, culverts, water mains or sewerage mains or sewerage plants serving the said housing estate in accordance with the requirements and standards of the Appropriate Authority. The Vendor shall also bear all costs and expenses charged by the Appropriate Authority in connection with the provision of facilities and amenities including but not limited to street lighting. On completion of the construction of the infrastructure hereinbefore mentioned, the Vendor shall do everything possible within its power to have the same taken over and maintained by the Appropriate Authority but until they are so taken over the Purchaser shall be from the issue of notice to take vacant possession of the property contribute from time to time a fair and justifiable proportion of the cost and expense of their maintenance, upkeep and repair excluding areas reserved for roads, open spaces, electricity, substations, septic tanks and other communal amenities, such apportionment to be made by a licensed surveyor appointed by the Vendor.

15. Water and electricity.

(1) The Vendor shall at its own cost and expense cause to be laid all necessary water, electricity and sewerage mains to serve the said Building and undertake to apply for at its own cost and expense the connection of the internal water, electricity and sanitary installations of the said Building to the water, electricity and sewerage mains of the Appropriate Authority.

(2) The Purchaser shall be liable and pay for the deposits for the installation of water and electricity meters and the Vendor shall bear all other costs, if any.

16. Compliance with written laws.

The Vendor shall in relation to the said Building to be erected for the Purchaser conform to the provisions and requirements of any Act, Enactment, Ordinance, Regulations and By-Laws for the time being in force affecting the said Building and shall keep the Purchaser indemnified against all fines, penalties or losses incurred by reason of any breach of the provisions of any written laws.

17. New laws affecting development of Estate.

The Purchaser shall not be liable to indemnify the Vendor in the event of an introduction of new laws, rules, by-laws or regulations or the amendment of existing laws, by-laws, rules or regulations which shall impose on the Vendor additional fees, charges or taxes the payment of which shall be necessary for continuing and completing the development of the said Estate or any part or parts thereof in accordance with the Layout and Building Plans and specifications therein referred to and the due observance and performance by the Vendor of its obligations and liabilities hereunder.

18. Time for delivery of vacant possession.

(1) The said Building shall be completed by the Vendor and vacant possession delivered to the Purchaser within twenty-four (24) calendar months from the date of this Agreement.

(2) If the Vendor fails to deliver vacant possession of the said Building in time the Vendor shall pay immediately to the Purchaser liquidated damages for each day at the rate of ten per centum (10%) of the purchase price.

19. Manner of delivery of vacant possession.

(1) Upon the issue by the Vendor's Architect of a Certificate certifying that the construction of the said Building has been duly completed and the Purchaser having paid all monies payable under clause 4(1) in accordance with the Third Schedule and all other monies due under this Agreement and the Purchaser having performed and observed all the terms and covenants on his part under this Agreement the Vendor shall let the Purchaser into possession of the said Property:

Annex I
Continued

PROVIDED THAT such possession shall not give the Purchaser the right to occupy and the Purchaser shall not occupy the said Property until such time as the Certificate of Fitness for Occupation/Permit to occupy for the said Building is issued.

(2) Upon the expiry of fourteen (14) days from the date of a notice from the Vendor requesting the Purchaser to take possession of the said Property (whether or not the Purchaser has actually entered into possession or occupation of the said Property) the Purchaser is deemed to have taken delivery of vacant possession.

20. Vendor to procure the issue of Certificate of Fitness for Occupation or Permit to Occupy.

The Vendor shall do all acts and things necessary to obtain the Certificate of Fitness for Occupation or the Permit to Occupy from the Appropriate Authority in respect of the said Building and shall at its own cost and expense comply with all the requirements of the Appropriate Authority.

21. Payment of Outgoings.

The Purchaser shall be liable for all outgoings including quit rent, rates, taxes, assessment and other charges in respect of the said Property as from the date of this Agreement hereto and the Purchaser shall indemnify the Vendor for such outgoing in respect of the said Lot in such proportion as the area of the said Lot bears to the total area of the said Land excluding areas reserved for roads, open spaces, electricity, substations, septic tanks and other communal amenities and shall continue to pay the same until a separate document of title to the said Lot is issued and the said Property is transferred to the Purchaser.

22. Maintenance of Services.

The Vendor shall provide services including refuse collection, cleaning of public drains and grass cutting on the road reserves as from the date of delivery of vacant possession until the same are taken over by the Appropriate Authority and the Purchaser shall meanwhile make an appropriate monthly contribution to the Vendor.

23. Defect Liability period.

Any defect, shrinkage or other faults in the building which shall become apparent within a period of twelve (12) calendar months after the date of delivery of vacant possession to the Purchaser and which are due to defective workmanship or materials or the said Building not having been constructed in accordance with the said specifications and plans as approved by the Appropriate Authority (amended or unamended as the case may be) shall be repaired and made good by the Vendor at his own cost and expense within one month of its having received written notice thereof from the Purchaser and if the said defects, shrinkage or other faults in the Building have not been made good by the Vendor, the Purchaser shall be entitled to recover from the Vendor the costs of making good the same and the Purchaser may deduct

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such costs from any sum which has been held by the Vendor's solicitor as stakeholder for the Vendor:

Provided that the Purchaser shall at any time after the expiry of the said period of one month notify the Vendor of the cost of carrying out any works to make good the said defects, shrinkage or other faults before the commencement of the works and shall give the Vendor an opportunity to carry out the works himself within fourteen days from the date the Purchaser has notified the Vendor of his intention to carry out the said works.

24. Common rights of Purchaser.

(1) The Vendor confirms that the said Lot and all other Lots shown on the Layout Plan are sold together with free rights and liberties for the Purchaser, his personal representatives, successors in title, his permitted assigns and his or their agents, licencees and invitees in common with the Vendor and all other persons having the like rights and liberties to use without or with vehicles of every description at all times and for all purposes whatsoever connected with the use and enjoyment of the said Property or to pass and re-pass along, over and upon all roads serving the estate and to make all necessary connections and thereafter to use in a proper manner the drains, pipes, cables and wires laid or constructed by the Vendor under or over such roads.

(2) The Vendor hereby undertakes that the purchasers of other lots comprised in the Estate shall enter into similar covenants and hereby further undertakes to ensure that in the event of any transfer of the said Property from the Purchaser to a subsequent purchaser the latter shall undertake to be bound by the covenants of this clause which shall continue to apply notwithstanding the completion of the sale and purchase agreement.

25. Service of documents.

(1) Any notice, request or demand requiring to be served by either party hereto to the other under this Agreement shall be in writing and shall be deemed to be sufficiently served—

- (a) if it is sent by the party or his solicitors by registered post addressed to the other party's address hereinbefore mentioned and in such a case it shall be deemed to have been received at the time when such registered letter would in the ordinary course be delivered; or
- (b) if it is given by the party or his solicitors by hand to the other party or his solicitors.

(2) Any change of address by either party shall be communicated to the other.

26. Stamp and registration fees.

The stamp and registration fees for this Agreement and the subsequent

Annex I
Continued

transfer of the said property referred to under Clause 10(2) hereof shall be borne and paid by the Purchaser.

27. The First, Second and Third Schedules hereto shall form part of this Agreement and shall be read taken and construed as an essential part of this Agreement.

26. Interpretation.

In this Agreement where the context so admits:

- (a) the expression "the Vendor" includes its successors in title and assigns;
- (b) the expression "the Purchaser" includes his heirs personal representatives successors in title and permitted assigns and where there are two or more persons included in the expression "the Purchaser" their liabilities under this Agreement shall be joint and several;
- (c) words importing the masculine gender shall be deemed and taken to include the feminine and neuter genders and the singular to include the plural and vice versa; and
- (d) "Appropriate Authority" means any Government, semi or quasi-government, department or statutory body or agency.

29. This Agreement shall be binding upon the successors in title and assigns of the Vendor and the heirs, personal representatives successors in title and permitted assigns of the Purchaser.

FIRST SCHEDULE

SECOND SCHEDULE

BUILDING SPECIFICATIONS (Description)

- (a) Structure:
- (b) Brick:
- (c) Roofing Tiles:
- (d) Roof Timber:
- (e) Ceiling:
- (f) Windows:
- (g) Door:
- (h) Locks:
- (i) Decoration:
- (j) Flooring:
- (k) Wall Tiles:
- (l) Sanitary Installation:

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25,

- (m) Electrical Installation:
- (n) Fencing:
- (o) Turfing:

(Copy of Building Plan attached).

THIRD SCHEDULE

(Clause 4 (1))

SCHEDULE PAYMENT OF PURCHASE PRICE

	<i>Instalments Payable</i>	<i>%</i>	<i>Amount</i>
1.	Immediately upon the signing of this Agreement	10	\$
2.	Within 14 days after receipt by the Purchaser of the Vendor's written notice of the completion of—		
	(a) the foundation and footing works of the Building	10	\$
	(b) the reinforced concrete framework of the Building	15	\$
	(c) the walls of the said Building with door and window frames placed in position	10	\$
	(d) the roofing, electrical wiring and plumbing (without fittings) of the Building	10	\$
	(e) the internal and external plastering of the Building	10	\$
	(f) the roads, drains and sewerage works serving the Building	15	\$
3.	On handing over of vacant possession and connection of water and electricity supply to the building	15	\$
4.	To be held by the Vendor's Solicitor as stakeholder for payment to the Vendor as follows—		
	(a) at the expiry of six months after handing over of vacant possession	2.5	\$
	(b) at the expiry of 12 months after handing over of vacant possession	2.5	\$

TOTAL .. 100 \$

IN WITNESS WHEREOF the parties have set their hands the day and the year first above written.

Signed by
for and on behalf of the above-named vendor in the presence of:

.....

Signed by the abovenamed Purchaser(s) in the presence of:

.....

*Signed by the abovenamed Proprietor in the presence of:

.....

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Dear Sir/Madam,

Re: Your Loan No. _____

Date: _____

We wish to remind you that your monthly repayment is now overdue. For your reference, a summary of your account statement is as follows:

Please pay this amount				

If you have already made the payment, please ignore this reminder. Otherwise, please arrange to pay this instalment within seven days.

If your payment is made by an outstation check, please also include the Bank's commission calculated at 0.06 % or a minimum of M\$0.50 cents.

This is a computer generated advice:
Citibank's signature is not required.

1st Reminder



BRANCH : KL

Dear Sir/Madam,

Re: Your Loan No. 701-12-000-026056

Date: NOV 23 1987

We refer to your account with us and wish to remind you that we have yet to receive the overdue repayment/s as indicated in your account statement.

NOV 10/87	1,076.94	50.00	1,126.94	14
Please pay this amount			1,126.94	

As deferment of repayment is not allowed, please arrange to make payments within seven days.
If your payment is made by an outstation check, please also include the Bank's commission calculated at 0.06 % or a minimum of M\$0.50 cents.

LEOW HOI KEONG
LIOW HOI KEONG
54, JALAN LENAK TIGA
TAMAN SEGAR, CHERAS
56100 KUALA LUMPUR

CITIBANK S.A.
CONSUMER SERVICES GROUP
P.O. BOX 10112
50904 KUALA LUMPUR
MALAYSIA

This is a computer generated advice;
Citibank's signature is not required.

2nd Reminder

1st LETTER OF DEMAND

BRANCH : PG

Dear Sir/Madam,

Date: NOV 06 1987

Your Loan No: 793-13-500-205027

We regret to advise that despite our 2nd reminder we still have not received any response from you regarding your overdue repayment. The status of your loan account is as follows:-

ACT 17/87	1,433.52	50.00	1,483.52	21
Please pay this amount			1,483.52	

It is the Bank's policy to insist on prompt payment and we would therefore appreciate it very much if you could attend to this matter immediately. If your payment is made by an outstation check, please include the Bank's commission calculated at 0.06% or at a minimum of M\$0.50 cents.

SYARUKAT JARAGAN HOLDINGS
SDN BHD
& WEDAN PASAR (1ST FLOOR)
50050 KUALA LUMPUR

CITIBANK N.A.
CONSUMER SERVICES GROUP
P.O. BOX 1127
10840 PENANG
MALAYSIA

This is a computer generated advice
Citibank's signature is not required.

COPY



2nd LETTER OF DEMAND

BRANCH: KL

Dear Sir/Madam,

Date: NOV 26 1987

Re: Your Loan No: 701-11-000-017422

Pursuant to our first letter of demand please be advised that to date we have still not received your payment in settlement of the following. It is imperative that you settle the overdue amount within seven (7) days from the date of this letter, failing which we may have to resort to legal proceedings for the amount due to us without further reference to you.

SCT 10/87	265.95	120.00	385.95	23
Please pay this amount			385.95	

We certainly hope that we will not have to take such drastic action and trust you will respond to our request immediately. If however you have made the payment, please ignore this reminder. If your payment is made by an outstation check, please include the Bank's commission calculated at 0.05% or at a minimum of M\$0.50 cents.

LOH FOT SIN
 229 JELAPANG N/V
 30020 IPOM, KINTA
 PERAK

CITIBANK N.A.
 CONSUMER SERVICES GROUP
 P.O. BOX 10112
 50904 KUALA LUMPUR
 MALAYSIA

This is a computer generated advice
 Citibank's signature is not required.

COPY

FIRST NOTICE

Paul Chong & Kraal

Annex VI
Continued

Partners

Paul F. P. Chong

Barrister-at-Law

Charles W. Kraal

Barrister-at-Law

Augustine S. Nathan

LLB (Korea) (Malaysia)

*Advocates & Solicitors
Peguambela dan Peguamcara*

Tel: 03-2911511 Fax: 603-2929105

Please Quote Our File No. When Replying

CITI/8318/91/ST

Our File:

Your Ref:

1st Notice

Assistants

Edlin Ghazaly

LLB (Korea) U.F.A.

Haron Boonling

LLB (New N.Z.)

Lim Mook Pan

LLB (Korea) (London)

Harjinder Singh

B. Comm (Mal) LLB (London)

Chan May May

LLB (Korea) (Malaysia)

Rajes Raghoeji

LLB (Korea) LL.B (Tull)

Sample

29th January 1992

REGISTERED & ORDINARY POST

CHIA SONG CHIEW

2-107 Apartment Chempaka

Jalan 3/9

Bandar Baru Selayang

68100 Batu Caves

Selangor

and/or

CHIA SONG PIO

2-107 Apartment Chempaka

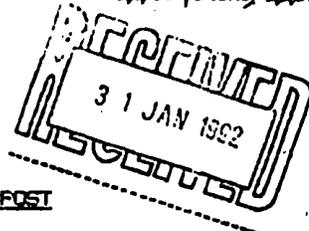
Jalan 3/9

Bandar Baru Selayang

68100 Batu Caves

Selangor

REGISTERED & ORDINARY POST



Dear Sir/Madam

Re Progressive Interest Housing Loan

We act for M/s, Citibank, N. A. of P. O. Box 11725, Kuala Lumpur.

Our clients inform us that you have failed to pay the progressive interest in respect of your housing loan for the months of December 1991 and January 1992 for the sum of \$612.65 and \$410.98 respectively. Our clients have instructed us to demand from you which we hereby do, the sum of \$1,223.63.

Our clients also inform us that there is a sum of \$80.00 being legal charges and a sum of \$235.57 being insurance charges due and outstanding under your housing loan account.

You are advised to pay the above sum immediately upon receipt of this letter in order to avoid further costs and charges and we wish to remind your goodself that if you continue defaulting on any payment we shall take legal action against you to recover the same.

TAKE NOTICE that pursuant to your loan agreement the bank is entitled to take possession of your house in the event you fail to pay the bank any sum of money. The bank has a right to sell your house to recover all sums due to the bank.

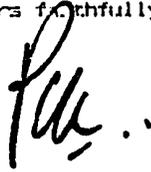
18th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

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TAKE FURTHER NOTICE that in the event the said sum of \$1,537.20 together with our costs of \$40.00 for issuing this notice is not paid to our clients or to us as solicitors within SEVEN (7) days from the date hereof, we have our clients' firm instructions to terminate the loan agreement and to recall the full loan outstanding together with interest and costs.

Yours faithfully



c.c. Citibank, N. A.

st.

SECOND NOTICE

Annex VII
Continued

Paul Chong & Kraal

Partners

Paul T. P. Chong
Barrister-at-Law
Charles W. Kraal
Barrister-at-Law
Augustine C. Nathan
LLB (Korea) (Malaya)

Advocates & Solicitors
Peguambela dan Peguambacara

Tel: 03-2911511 Fax: 603-2929105

Please Quote Our File No. When Replying

Our File: CITI/5318/91/ST

Your Ref:

2nd Notice

12th February 1992

Assistants

Edlin Chayaly
LLB (Korea) U.S.A.
Karen Boonling
LLB (U.K.)
Lim Mook Pan
LLB (Korea) (London)
Harjinder Singh
B. Coons (Mal) LLB (London)
Chan May May
LLB (Korea) (Malaya)
Rajes Raghavji
LLB (Korea) LL.B. (India)

Sample

REGISTERED & ORDINARY POST

CHIA SONG CHIEW
No. 2-107 Apartment Cempaka
Jalan 3/9
Bandar Baru Selayang
68100 Batu Caves
Selangor

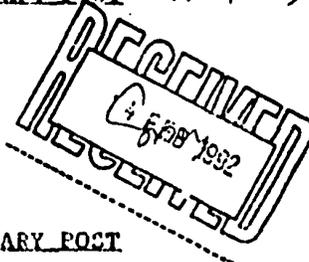
and/or

REGISTERED & ORDINARY POST

CHIA SONG PIO
No. 2-107 Apartment Cempaka
Jalan 3/9
Bandar Baru Selayang
68100 Batu Caves
Selangor

Dear Sir/Madam

Re Progressive Housing Loan



We act for M/s Citibank, N. A. and refer to our letter of demand dated 29th January 1992 and note that you have failed to comply with the said letter.

In view of your continued breach, our clients have instructed us to demand from you, which we heroby do, the recall of your full loan outstanding amounting to \$81,689.20 as at 31st January 1992.

TAKE NOTICE that in the event the said sum of \$81,689.20 together with our costs of \$40.00 and together with Service Tax of 5% thereon for issuing this notice is not paid to our clients or us as their solicitors within SEVEN (7) days from date hereof, your licence to occupy the said premises shall forthwith be terminated and our clients shall be exercising their powers and rights under the

16th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50360 Kuala Lumpur, Malaysia.

.....
Loan Agreement and Deed of Assignment to sell and/or to
assign the property in question in order to recover the
said sum owing to our clients, in which event you shall be
liable for further costs and expense.

Yours faithfully



c.c. Citibank, N. A.
cg.

BEST AVAILABLE DOCUMENT

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THIRD NOTICE

Annex VIII
Continued

Paul Chong & Kraal

Partners

*Paul F. P. Chong
Barrister-at-Law
Charles W. Kraal
Barrister-at-Law
Augustine S. Nathan
LLB (Hons) (Malaya)*

*Advocates & Solicitors
Peguambela dan Peguamcarai*

Tel: 03-2911511 Fax: 603-2929105

Please Quote Our File No. When Replying

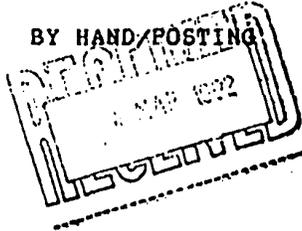
Our File: CITI/5318/91/ST

Your Ref:

3rd Notice

2nd March 1992

CHIA SONG CHIEW
2-107 Apartment Cempaka
Jalan 3/9
Bandar Baru Selayang
68100 Batu Caves
Selangor



and/or

BY HAND/POSTING

CHIA SONG PIO
2-107 Apartment Cempaka
Jalan 3/9
Bandar Baru Selayang
68100 Batu Caves
Selangor

Dear Sir/Madam

Re Progressive Housing Loan

1. We act for M/s Citibank, N. A., P. O. Box 11725 Kuala Lumpur and refer to our letter of 12th February 1992 wherein we have terminated the Loan Agreement by recalling the full loan outstanding thereunder together with interest and costs.

2. We note that you have todate failed and/or neglected to pay our clients or us as their Solicitors the amount demanded for vide our aforesaid letter within the stipulated time.

3. KINDLY TAKE NOTE that under the Loan Agreement and by virtue of the Deed of Assignment dated 8th March 1985, you have agreed that in the event you shall default in the payment of any of the monthly instalments or fail and/or neglect to observe and perform any of the covenants terms and conditions contained in the Loan Agreement, our clients shall be entitled to take possession of the property and shall have the right and power to sell and assign the said property towards satisfaction of the loan outstanding inclusive of interest and all costs occasioned by such sale.

18th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 60350 Kuala Lumpur, Malaysia

Assistants

*Edlin Bhagaly
LLB (Hons) U.S.A.
Karen J. Coonling
LLB (Hons) (N.Z.)
Lim Mook Pan
LLB (Hons) (London)
Harjinder Singh
B. Scans (Mal) LLB (Hons)
Chan May May
LLB (Hons) (Malaya)
Rajes Rajhansji
LLB (Hons) LLB (Hons)
Veronica N. Rajakumar
LLB (Hons) (London)
Barrister-at-Law*

Lampaka

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4. KINDLY TAKE FURTHER NOTICE that in view of the aforesaid and your breach of the Loan Agreement, our clients have instructed us to give you notice, which we hereby do, that your licence to occupy the said premises known as Parcel No. 2/G-7(B), Bandar Baru Selayang is forthwith terminated and you are required to deliver vacant possession of the said premises to our clients within FOURTEEN (14) DAYS from the date hereof.

5. KINDLY TAKE FURTHER NOTICE that our clients shall also be exercising their powers and rights under the Loan Agreement and by virtue of the Deed of Assignment to sell and assign the said premises at such price and in such manner as our clients shall in its absolute descretion think fit in order to recover the monies outstanding to our clients under the Loan Agreement UNLESS you pay to our clients or us as their solicitors WITHIN FOURTEEN (14) days from the date hereof EITHER the full loan outstanding together with interest and other charges amounting to \$81,689.20 as at 31st day of January 1992 OR reinstate your loan account which has been terminated by paying the sum of \$2,110.76 being the instalments in arrears since December 1991 and other charges together with our costs of \$110.00 and together with Service Tax of 5% thereon for issuing this notice.

Yours faithfully


c.c. Citibank, N. A.
cg.

BEST AVAILABLE DOCUMENT

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