DIBS (Developer Interest Bearing Scheme)

Who Benefits most?

Puchasers or Developers?

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DIBS is a financing package where the developer will bear the interest charged by the bank during the construction period. Thus, purchasers do not need to pay the progress payment until the property is completely built and vacant possession has been handed over.

Buy with less cash in hand

- purchasers to buy property with lower seed money as the only require to pay a onetime deposit.
- developers offers attractive discounts such as early bird discount, Bumputera discounts and certain rebates.
- Purchases may need to prepare 50% deposit or instead of 10%

Boost sales

- help purchasers and make it easier for them to buy property.
- they get all units sold out faster, good marketing strategy.

No negative cash flow during construction

- The house is still under construction and definitely cannot be rented yet.
- Purchasers need to have a strong holding power for the two or three year's construction period.
- Purchasers under DIBS does not experience negative cash flow period, they need not to pay any single cent.

Not from pocket money

- the local property valuation does not escalate much, purchasers will enjoy lesses apperiation.
- This is due to the fact that the selling price is the price after the interest payment top-up, it is also speculative and does not reflect the real market valuation.

Higher price, higher interest charge

- since purchasers buy at the higher price, causing them to have a higher amount of loan. This leads to higher interest charge on the loan.

DIBS is not Build-Then-Sell

- the loan will only be disbursed when the purchaser receives vacant possession.
- Purchasers are not yet in the loan commitment.
- they are of the opinion that DIBS leads to more speculation rather than genuine home buyers.

Bank negara curbs DIBS

- Developers are always creative to come out with another interesting marketing strategy.