



A Guide to Buying Your Own Home



Getting started

Getting on the property ladder can be a big step for anyone to take. With this handy guide, you'll find helpful tips for planning ahead, so you can get familiar with the process and find a mortgage that's right for you.

Should you buy?

Choosing to buy a home is probably one of the biggest decisions you'll ever take. That's why it's important to understand some of the pros and cons before you get started.

Why should I think of buying a property?

- A place to call home - You'll have somewhere to really call your own, without having to rely on a landlord. Because it's your home, you can do exactly what you want with it. If you want to decorate it, extend it or refurbish it, you don't have to ask a landlord's permission to make any changes.
- Investment potential - When your mortgage is paid off, you'll have the satisfaction of owning your own property, which may also turn out to be an investment that could increase in value.
- Improve credit rating - Making regular payments and owning a property is a great way of showing lenders you're in control of your finances.

What should I be aware of?

- Raising a down payment - A mortgage requires a down payment of at least 25% of the value of your property, meaning that you generally have to find a lump sum.
- Exposure to the housing market - House prices can go down as well as up. The term 'negative equity' refers to a situation where the value of a property is less than the mortgage. Homeowners in negative equity are usually reluctant to sell their properties, as they would receive less money than they owe on their mortgage.
- Financial pressure - When you take on a mortgage you are committing to making your payments every month, no matter what. Failure to keep up mortgage payments if your financial circumstances change could lead to having to sell your property, or at worst, repossession.

Understanding mortgages

Very few first time buyers have enough cash to buy a home outright. Most rely on a mortgage, which is money you borrow to buy a property.

A mortgage is a loan that uses a property as security for the lender. Different lenders offer different rates and types of mortgage, but all mortgages have a few things in common:

- You are charged interest on the money you borrow
- The higher the mortgage rate, the more money you pay in interest
- The quicker you pay off your mortgage, the less interest you pay

Most borrowers aim to repay their mortgage over 25 years, but it's also possible to take out a mortgage for a shorter period.

Repaying your mortgage

A mortgage has two parts. The original amount borrowed to buy the property, sometimes known as the capital or principal, and the additional amount the lender charges for lending you the capital, otherwise known as the interest.

Repayment Mortgage

When you take a mortgage, you will repay the lender in installments. Your mortgage payment installment covers the interest, principal and other charges such as insurance. As long as you keep up your payments, you can be sure your whole mortgage will be paid off at the end of the mortgage term.

Types of Mortgage Rates

It's a good idea to consider carefully the kind of mortgage plan that would be best for you. Ask yourself questions such as:

- How predictable will your income be? Will it help you to know exactly what your monthly mortgage payments will be each month?



- Or, would you be happy for your monthly payments to increase or decrease, depending on the base rate?
- Might you have some extra money at some point which will allow you to make over payments on your mortgage and shorten the term?
- The base rate used by many banks in the UAE is the Emirates Interbank Offered Rate (EIBOR).

• *Fixed Rate Mortgages*

Charge a set rate of interest that does not change during the fixed rate period. Although the amount of principal and interest paid each month varies from payment to payment, the total monthly payment remains the same during the fixed rate period.

Fixed rate mortgages are a great option for those who prefer:

- Fixed payments - Your monthly payments will stay constant throughout the term of the fixed interest rate.
- Unaffected by changes in general interest rates – You are protected from sharp increases in interest rates, but also can't take advantage of lower rates, unless you refinance.

• *Variable Rate mortgages*

The interest rates can be changed at regular intervals by the lender or on the Account Review Date. This means that your monthly payments would usually change from time to time, and may decrease or increase.

Why it might be suitable for you:

- Variable payments – Your monthly mortgage payments may change. Therefore, to avoid any unexpected surprises, you should invest time in understanding how the rate is trending.
- Possibility of lower payments – However, since rates are variable, you may be offered a lower starting interest rate.
- Rate calculation – Variable rates are generally linked to a standard rate, which may

be a Central Bank rate, or an internal base rate set by the financial institution. If you want to be an informed borrower, it's wise to know what your variable interest rate is based on.

Budgeting for a move

Before deciding how much you want to borrow, it's good to have a budget and be clear on what you can actually afford to pay back each month. Calculating your budget is a great way to compare all your monthly income and outgoings, see what you have left afterwards, and get a good picture of your current financial position. Next, you'll be ready to calculate how much you could borrow from us.

How much can I borrow?

How much you can borrow depends on your personal circumstances and how much the Bank is willing to lend to you. We make our decision based on factors such as your income, your outgoings and if we think you'll be able to make your payments. Please speak to one of our CBI mortgage relationship managers who will be happy to help you.

Down Payment

The down payment you need depends on the kind of mortgage you go for. Lenders typically look for a down payment of at least 20% for UAE Nationals and 25% for Resident Ex-pats. The bigger the amount you can pay upfront, the better the deal you're likely to get. Additional down payment requirements may be stipulated by banks.

Other Costs

There are a number of costs to factor into while buying a property other than your monthly mortgage payments. Some of them are listed here, but you should also take into consideration other costs to get an accurate picture of the one-off costs for buying your first home. It is best advised to consider 8%-10% approximately as other costs over and above the property cost.



- Registration Fees
- Transfer Fees
- Agent's Fees
- Surveyor Fees
- Maintenance charges
- Insurance Fees
- Mortgage Charges
- Trustee Charges

Finding Your Home

Buying a home is a big commitment, which is why it pays to be careful and plan ahead. As you start looking for your new property ask yourself what exactly you need from it. For example, what area do you want to live in? What are the 'must haves' and what are the 'nice to haves'? How many rooms do you need? Will you want to start a family in your new home?

It is advisable to ascertain your loan eligibility by getting a mortgage pre-approval from your bank. The pre-approval will give you an idea on what the lender is willing to lend, subject to conditions. Pre-approvals are usually valid for 30-45 days.

It's worth giving some thought to these questions.

Viewing properties

You will often know exactly how you feel as you start looking round a property, but it's important to scratch under the surface and think about the local area as well as the property itself. Don't be afraid to ask yourself, the owner and the estate agent plenty of questions.

It's also worth visiting the area at different times of the day by taking someone with you. They may notice things you miss.

It's really important when looking around properties to know if they're 'freehold' or 'leasehold' as this may impact your decision on finding the home that's right for you. If you're unsure, check the property details or ask the estate agent or seller.

Leasehold

This is when you have the right to use the property for a set period of time, often in return for paying ground rent to the freeholder or land owner. The property reverts to the freeholder at the expiry of the lease term, so you won't own anything when the lease ends.

Freehold

This is when you buy the property and get a title deed in your name. There's no ground rent to pay, plus you'll own the property as per the applicable laws of the country/emirate.

Making an Offer

Pre-Approval

One of our Mortgage advisors will conduct a comprehensive introductory meeting with you outlining the steps involved in the Mortgage Application Process. The Mortgage Advisor will request that you submit relevant documentation to allow CBI to assess your eligibility for a mortgage.

Once your application has been assessed, your Mortgage Advisor will then confirm how much you may be eligible to borrow. CBI will issue an Approval in Principle (AIP) letter which will be valid for 60 days and which can be presented to the seller, indicating your willingness to buy. This will give you the comfort to finalize your purchase through a Developer or Real Estate Agent.

Make your purchase offer

When purchasing a property, you can buy directly from the developer, directly from a seller, or through a Real Estate Agent, and your purchase may be on the Primary or Secondary market.



The Primary Market is when you purchase directly from the developer. The price is generally fixed and usually inclusive of all costs.

The Secondary Market is where you purchase a property which has been pre-owned and is not directly through the Developer. This is normally done through a Real Estate Agent. Prices on the Secondary Market can be negotiable and are determined by the original price paid by the seller, the seller's financial circumstances and current market conditions.

Obtain your mortgage loan

CBI offers a complete and comprehensive basket of home loan solutions which are tailored to suit the individual needs of our clients. So, whether you are a salaried or self-employed individual you can take advantage of our mortgage in Dubai. Our high loan amounts, competitive interest rates, wide network of approved developments, and quick processing are designed to ensure peace of mind throughout the process. We offer you the flexibility of choosing a completed property from either, the primary (direct from the Developer) or secondary (re-sale) market in Dubai along with the advantage of financing your dream home from our wide network of approved developments and areas.

CBI Home Loan features and benefits

- Highly competitive interest rates
- Fixed and variable rates options are available to suit customer convenience
- Loan amounts up to AED 15,000,000*
- Loan Tenor up to 25 Years
- Free property insurance
- Zero processing fees for buyout application
- Pre-approved facility
- Cash against property (Equity Release) options also available

FAQ's

1. Is salary Transfer to CBI Mandatory?

No, Salary transfer to CBI is not mandatory. However transferring your salary to CBI does ensure you will receive preferential terms.

2. Do I need to be employed for a certain amount of time to apply for a CBI Home Loan?

Yes, you need to be employed for a minimum of 6 months in the UAE.

3. What is the minimum salary requirement for salaried individuals to apply for CBI Home Loan?

The minimum income required for the facility is AED 15,000/- per month should you transfer your salary to CBI or AED 20,000 per month if otherwise.

4. What is the minimum annual turnover requirement for self-employed customers to apply for CBI Home Loan?

Trader / Manufacturer / Retailer / Industrial and Service Provider: AED 5,000,000;
Professional: AED 2,000,000

5. What is the Maximum term of the CBI Home Loan?

The maximum term of a CBI Home Loan is 25 years.

6. What is the Maximum Amount that I can borrow?

A UAE National can avail up to 8 multiples of the annual income while an Expatriate can avail up to 7 multiples of the annual income. The maximum loan amount is *AED 15 Million.

**Terms and conditions apply. All loans are granted at the sole and absolute discretion of CBI. Subject to eligibility and other checks.*

A Plan to own your own comfort zone!



Calculate your borrowing capacity

We understand the importance of securing a safe haven you can call home. Our dedicated relationship managers are just a call away to help you assess your borrowing capacity to obtain a home loan.



Determine your down payment

Upon assessing the loan and determining the amount of finance required. As per the Central bank's directives, you are required to make a down payment.



Calculate your other additional costs

Make room to accommodate the following charges that are quintessential with the purchase of a new property:

- Registration fees
- Agent's fees
- Maintenance charges
- Mortgage charges
- Transfer fees
- Surveyor fees
- Insurance Fees
- Trustee charges



Pre-approval

With a pre-approved loan you will gain a deeper understanding on your property and loan requirements.



Find your home

There is an array of properties that you can choose from with the assistance of a real estate agent or a developer. Various open sources are at your disposal to help you make that choice. Ensure the developer and the real estate agent is registered with the real estate authority or an equivalent authority particular to the emirate.



Make your purchase offer

Seek assistance from the real estate agent or a lawyer whilst drafting the Memorandum of understanding (MOU). The MOU contains information pertaining to the agreement.



Obtain your mortgage loan

Upon requisition of the documents, our CBI mortgage relationship manager will help process your application.



Transfer of property

You are one step away from your dream home. Proceed to the government authority in order to initiate the transfer of property.



For more information:



Visit one of our Branches



Visit our website: www.cbiuae.com



Call us on 04 50 39000



CBI banking on people