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YC-backed Homebase is an alternative to mortgages for home buyers in Vietnam

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@catherineshu / 4:37 PM GMT+8 • March 26, 2021



Homebase co-founders Phillip An and Junyuan Tan. **Image Credits:** Homebase

The home ownership rate in Vietnam is **about 90%**, but many millennials are struggling to join the prices in cities, coupled with a lack of financing options, mean more people **have to delay buying** they have family support.

Part of Y Combinator's latest batch, **Homebase** was founded in 2019 to give prospective buyers traditional financing. Homebase acts as a co-investor, buying a share of property with customers of purchasing equity from Homebase until they take full ownership, or selling the property for the In the meantime, buyers pay rent to Homebase that corresponds to the company's stake, and he home, so they can live in or rent it.

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Co-founders Junyuan Tan and Phillip An originally started Homebase in Singapore, but decided t because Tan had lived there while working on his previous startups, RePrice Technologies and A buy a home, but found bank mortgages charged high interest rates even on short-term loans.

“If you look at the whole of Southeast Asia, compared to Europe or the U.S., there are really no government schemes or rent-to-own financing solutions,” Homebase chief operating officer Phill

Its model is similar to Divvy Homes and ZeroDown in the United States and, in fact, leaders from invested in Homebase (Divvy Homes co-founder Brian Ma and ZeroDown’s former COO Troy Ste [other backers](#) include VinaCapital Ventures, Class 5 Global, Pegasus Technology Ventures, 1982 Cheung, the founder and CEO of 99.co.

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Divvy Homes secures \$110M Series C to help renters become homeowners



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Most of Homebase’s transactions are currently in Ho Chi Minh City and Saigon, and it plans to enter Danang by the end of this year. Ultimately, Homebase’s goal is to enter other Southeast Asian markets, but it also face a dearth of financing options, like Singapore, Thailand and Indonesia.

In Vietnam, [about 70% of adults are “unbanked,”](#) meaning they don’t have a bank account, which makes mortgages difficult. As a result, some of Homebase’s customers use the service because they are unbanked and have no financial accounts, but see Homebase as a faster, more flexible option to bank loans.

Homebase’s contracts range from one to 10 years, and at the end, customers have the option of buying all or selling it with Homebase to get back their investment. The amount of equity customers buy at the end of the term, for example, home buyers who are using Homebase as an alternative to mortgages typically take a 50% stake in the property, while real estate investors often start with a 50% stake.

Homebase finances its stake in properties in part by working with third-party financial institutions like private equity firms, family offices and family offices who see it as an opportunity to diversify their holdings into a real estate asset class. The company is also talking to different types of funds, including equity, hedge, real estate debt funds and private equity from Europe, the United States and Singapore.

To screen applicants, Homebase has an internal checklist and onboarding process, and it also works with local real estate agents, developers and other partners in Vietnam.

For those third parties, Homebase serves as a value-add tool that helps them close more deals by providing their customers to get financing. Homebase also performs due diligence on potential properties, including reviewing all necessary documentation and permits, and has built an asset valuation model based on existing property data and information from developers.

As a result, this valuation service, which Homebase is expanding, is a key part of the business because it helps home buyers that the company’s incentives are aligned with theirs.

“We stand to risk our investment, too,” he said. “Many customers are also first-time buyers and it’s important to get a good property.”