



# Welcome

Meyer De Waal  
MDW Inc  
Rent2Buy  
FLISP

Kirsté Carpenter  
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Home Loan  
Specialists



# Is your house hiding money from you?









5 ways to unlock additional funds through your home loan

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## Comparison Table

Options vs effort, time & cost	Effort 	Time Frame 	Cost 
Access Bond	 DIFFICULTY	Immediate	No cost
Re-advance	 DIFFICULTY	On average one week	No cost
Further Loan	 DIFFICULTY	On average one month	Bond registration Initiation fee charged by bank
Restructure	 DIFFICULTY	Dependant on bank	No cost
Switch	 DIFFICULTY	On average one month	Deeds Office cancellation fee Bond registration Initiation fee



Home  
Improvements

OR



Further  
studies

OR



Second  
honeymoon

1

Access Bonds

2

Re-advances

3

Further Loans

4

Restructures

5

Switches

1

# Access Bond

aka Access Facility



An access bond is a type of home loan that allows borrowers who have paid additional funds into their bond to withdraw the additional funds should they need it.

Access bonds are great savings vehicles.

## PROS



- Your interest rate remains unchanged
- You don't need a valuation
- You can use the funds as you wish
- Compared to credit cards, personal loans or overdrafts, a home loan is typically the cheapest form of financing

## CONS



- The temptation of using your savings willy nilly is great - especially because the funds are so easy to access

### What you need to know

- You can transfer the funds to a current or savings account at the same bank in multiples of R1 000.
- Home loans at certain banks automatically have the access bond facility whereas with others you have to apply for an access facility once the bond has been registered. You can do this at any time.



Immediate



No cost



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# Re-advance

aka Withdrawal on Equity



Borrow all or part of your home loan amount again.

### Subject to

- A valuation
- A full credit assessment including credit and affordability checks

### PROS

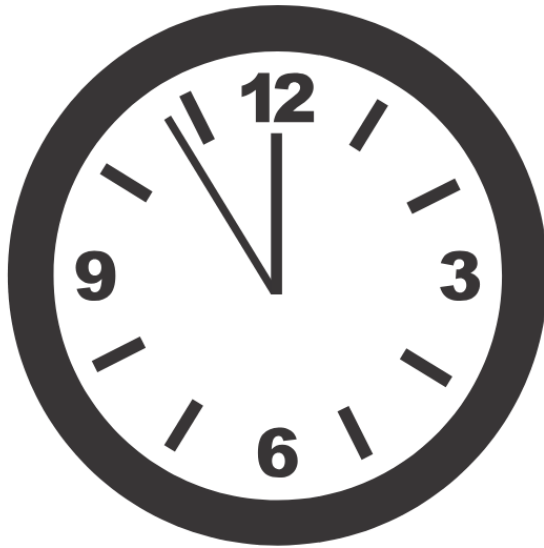


- No need to register a new bond
- You can use the additional funds any way you choose
- It doesn't cost you anything

### CONS



- Your interest rate could change
- In most instances this will affect your credit score as it is seen as new debt



As soon as the application is approved by the bank

No cost



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# Further Loan

aka Further Advance, Additional Bond or Second Bond



Your property has increased in value or you propose to increase its value to more than the original bond amount.

### Subject to (How)

- Full credit assessment including credit and affordability checks
- Valuation of the property by assessor appointed by the bank
- Submission of building plans and detailed quotations if funds are being used for home renovations
- Second bond to be lodged at the Deeds Office / New bond to be registered

### PROS



- Most cost effective way to finance renovations
- You can use the additional funds any way you choose (unless you are proposing to increase the value to more than the original bond amount)

### CONS



- Time it takes for bond to register/funds to be paid out
- Loan will be repriced which means that the interest rate could change
- The value can also depreciate and if a second bond is taken out this could lead to a situation of negative equity
- In most instances this will affect your credit score as it is seen as new debt

### What you need to know

- The minimum amount which you may apply for varies from bank to bank. The amount that you take up shouldn't be so small that the registration costs are too high in relation thereto.
- If the property value = current loan amount, the funds can only be used for home improvements that will increase the value of the property.
- Can only be applied for after a certain amount of time has lapsed since the first bond registered, e.g. Six months at some banks and one year at others.



### Tip

Did you know that when taking out a new loan, you can register a higher bond amount than needed for the initial loan? That way you will save on bond registration costs when you want to take up a further advance. It also shortens the payout time, saving you time and money.



One month



Registration  
of new bond &  
*initiation fee*



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# Restructure your home loan

aka Loan Term Extension, Refinancing Your Home or Debt Management



# What is Equity???

Its the difference in value between what you owe on an asset, and the value of that asset.

$$\begin{array}{l} \text{Value of} \\ \text{your house} \end{array} \text{ — } \begin{array}{l} \text{What you} \\ \text{owe on your} \\ \text{home loan} \end{array} = \text{Equity}$$

Equity exists through the repayments you've made or the increase in value of your property over time, or both.

Equity is the difference in value between what you owe on an asset, and the value of that asset. Equity exists through the repayments you've made or the increase in value of your property over time, or both.

A restructure allows for the total payment term on the bond to be extended, which clears the arrears, yet still keeps the payment amount affordable.

## PROS



- Refinancing your home **could** mean a lower interest rate, which can ease pressure on your monthly expenditure.
- A restructure to clear existing arrears will impact your credit profile positively.

## CONS



- When you request a restructure, the bank relooks at your risk profile and does a new valuation on your property - this **could** change your interest rate
- This option could affect your credit profile in that updated information will be loaded on the credit bureau. This may affect scoring tools like the bureau score or internal bank scorecards.
- An arrangement to pay less than the normal instalment will affect your credit profile negatively, if not already affected by existing arrears, as further arrears would run up on your account whilst on this plan.

### What you need to know

- Your bond will have to be "old" enough to be able to apply for a restructure. The minimum age of the loan varies from bank to bank.



*A few days*

Initiation fee



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# Home Loan Switch

aka Switching or refinancing your bond



This is when you move your home loan to another bank in order to secure a lower interest rate.

You can either negotiate a lower interest rate a few years down the line when you owe less on your loan or at any point if your income or credit profile have improved. This will have a positive effect on your monthly cash flow or result in a decrease in the total interest you will pay over the loan term. Further a reduction in loan term if you keep your monthly repayment amounts unchanged.

## PROS



- Lower interest rate = lower repayment amount
- Places you in a position to repay your loan sooner, saving in total interest repaid

## CONS



- Short term cash flow required in order to make the switch

### What you need to know

- The new bond has to be above a certain amount which is on average a few hundred thousand rand
- You should give your existing lender ninety days notice of intention to cancel in order to avoid penalty fees
- The new term will be 20 or 30 years so it's important to utilise the interest rate reduction to your benefit and repay more monthly, thus reducing your overall term & interest paid
- There is nothing stopping you from approaching your own bank to ask for a rate reduction - if they agree, it will save you the hassle of moving your home loan and the fees associated with it

Here is an insightful article that covers renegotiating your home loan interest rate by Cape Town based conveyancing attorney, Meyer De Waal, [You don't need to be tied to your home loan interest rate.](#)













One month

- Deeds Office cancellation fee
- New bond registration fee
- Initiation fee



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Remember to continue to meet  
your monthly credit obligations to  
maintain a healthy credit score

# Housing Subsidies

Use it – or lose it!



If you live in the Western Cape:  
you can still apply after you have  
taken transfer for your FLISP Subsidy

# Requirements

- First Time Buyer
- Earn between R3 501 - R22 000
- Home loan approved
- Must have a dependent – Spouse or Child
- RSA Citizen

[www.flisp.co.za](http://www.flisp.co.za)

# FLISP

Finance Linked Individual Subsidy Programme

HOME

QUALIFICATIONS

MY BUDGET FITNESS

SERVICES

ABOUT

CONTACT

INFO

## Welcome to FLISP

First time home loan subsidy and bond application assistance.

### Subsidy Application Assistance

Click here to be guided through the flisp subsidy application process. It's easy. Just click and follow the prompts.

# FLISP

Finance Linked Individual Subsidy Programme

### Bond Application Assistance

Click here to start your free online bond fitness journey now! Get a complete picture of your credit score & what you could afford on the MBF dashboard.

 my bond fitness

# Understand the Flisp Value Add

INCOME	OLD	NEW
R10 000	R49 400	R88 323
R15 000	R20 000	R62 340
R22 000	N/A	R27 960



SAVE THOUSANDS



# PAY EXTRA ON YOUR HOME LOAN

## Instalment Calculators

**Monthly installments** | Increased monthly installments | Lump sum payment

Loan Amount   
Interest Rate   
Loan Term

Calculate

## Result of calculation

Instalments Costs on R800,000.00

Pay-off time	20 years
Monthly payment	7,069.69
Total capital paid	800,000.00
Total interest paid	896,724.56
<b>Total amount paid</b>	<b>R1,696,724.56</b>

# ADD FLISP OF R35 000 & KEEP ON PAYING THE SAME

Instalment Calculators

[Monthly installments](#) | [Increased monthly installments](#) | **Lump sum payment**

Loan Amount

Interest Rate

Loan Term

Start Month of Loan

Start Year of Loan

Once of lump amount

Month in which payment is made

Year in which payment is made

### Result of calculation

Lump instalments Costs on R800,000.00

	Original payment
Pay-off time	20 years
Monthly payment	7,069.69
Total capital paid	800,000.00
Total interest paid	896,724.56
<b>Total amount paid</b>	<b>R1,696,724.56</b>

	Lump instalments
Pay-off time	17 years 11 months
Monthly payment	7,069.69
Total capital paid	800,000.00
Total interest paid	749,120.92
<b>Total amount paid</b>	<b>R1,549,120.92</b>

	Lump Savings
Time saved	2 years 1 months
Interest saved	R147,603.64

R35 000

20 YEARS

R147 603



Feel free to ask questions in the chat



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## Property Finance Specialist



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*Thank you*

 attorney realtor hub