

Property



Financial fitness is the key to a successful home loan application

HOMES are usually the biggest assets most consumers will acquire, but the stringent implementation of the National Credit Act is making it more difficult for potential homeowners to enter the market.

First-time buyers and self-employed people are particularly affected. Nearly 50 percent of employed bond applicants have their applications declined every month, and about 58 percent of self-employed applicants cannot

secure home loans, according to www.ooba.co.za.

Rent2Buy gives potential buyers and property owners an alternative way to buy and sell.

"We negotiate agreements between potential buyers and sellers whereby the buyer concludes a rental agreement with a seller with an option to buy the property by a certain date and at an agreed price," says Meyer de Waal, the founder of Rent2Buy, and a practising attorney and conveyancer.

"The seller is assured of a price for his property in the future, and the buyer pays rent approximately equal to his future bond repayment.

"The buyer can take immediate ownership of the property, and takes over the responsibility of the property – including all rates, taxes, levies and maintenance.

"The idea is that the buyer uses the option period of the contract to prove to the bank that he is creditworthy and can

afford the bond repayments.

"This helps the buyer to eventually secure a loan to buy the property."

De Waal says the three main reasons why bonds are not being granted are the absence of a deposit, the fact that a bank would rather decline a loan than take the risk that the client will not be able to service it, and an applicant's credit history. A judgment against your name or a late payment of an account stops your application.

With this in mind, Rent2Buy launched a homeowner education programme designed to train and mentor bond applicants to improve their chances of securing a home loan.

The My Budget Fitness programme looks at improving an applicant's credit rating and financial standing, and puts the applicant on the path to become financially fit for a home loan. Rent2Buy developed the programme with Solly Molefe of Setsmol Training.

Molefe says: "The programme assigns personal budget trainers to applicants, and uses innovative software to help home loan applicants track their progress and reach a financially fit state.

"Through mentorship, education and month-by-month guidance, home-loan applicants reach the stage where they really can afford bond repayments and clear their credit records as required under the National Credit Act."

The programme is available to anyone trying to secure a home loan, and not only for customers of Rent2Buy.

"The aim of My Budget Fitness is to help home-loan applicants build up and reach a financially fit state, and to remain that way once they've secured their bonds," says Molefe.

De Waal says potential buyers who start with the My Budget Fitness programme six to 24 months before applying for a

loan will improve their chances of securing home loans. The group aims to ensure that each bond application submitted for a client with a financially fit budget is approved.

Setsmol conducts homeownership education for Absa and FNB, and My Budget Fitness and Rent2Buy are approved suppliers for Better Bond, oobalink and Bond Choice.

Visit www.irent2buy.co.za or email info@irent2buy.co.za