

MAKE
THINGS
HAPPEN



NEDBANK

MAKE

YOUR HOME SWEET HOME

HAPPEN

Nedbank is an authorised financial services and a registered credit provider.

Introduction

There is nothing like having your own 'home sweet home'.

Whether you are a first-time home buyer or not, finding that dream home is what it's all about. Just the other day I was telling my friends, Tumi and Lerato, that buying a home doesn't have to be stressful.

Just speak to Nedbank first. Visit any branch, call 0860 911 007 or you can apply online and get bond approval within hours! Yes, hours!

Tumi and Lerato (potential Nedbank home loan clients)

A young couple desperately looking for their own 'home sweet home' would be typical Nedbank home loan clients.

Chris Pillay (friend)

Chris is a friend of Tumi and Lerato who has recently gone through the home-buying process with Nedbank.



Chapter 1

We want to buy our dream home, but how do we go about it?



We're starting a family so we need a bigger house.

Am I financially secure enough to take on such a commitment?

Am I ready for the challenges of owning a house?

What can we afford, and are we ready for this responsibility?

Will our new home suit our needs?

Should I use an estate agent or surf for my new home online?

Where do we want to stay?

Let's ask Chris for some advice. He recently went through the same process.

Chapter 2

Types of ownership

As a first-time buyer you can choose between various kinds of property ownership. The most popular choices are:



Freehold title



Sectional title



Sectional title



You will own a unit that forms part of a complex, and will have full or exclusive use of the common property areas.

Tips

- Ask for a copy of the audited financial statements of the complex. This provides valuable financial information on whether all owners are paying their monthly levies.
- Check whether the complex is well run and whether you can expect any increases in levies or special levies for the financial year.
- Make sure it's a secure investment that can increase your property value.
- Ask for a copy of the rules to find out about exclusive use areas and common property areas. It also helps to know the conduct rules applicable to residents.

Freehold title



- You fully own and are fully responsible for the property you buy.**
- Costs of homeowner's insurance, municipal rates and taxes, water, sewerage, refuse removal and electricity are solely your responsibility.**

Tip

Ask the seller or estate agent for copies of utility bills to get an idea of the costs involved.

Things to consider

- The age of the property (check the roof and exterior).
- Roof leakages and damp spots (they are costly to repair) – ask a contractor.

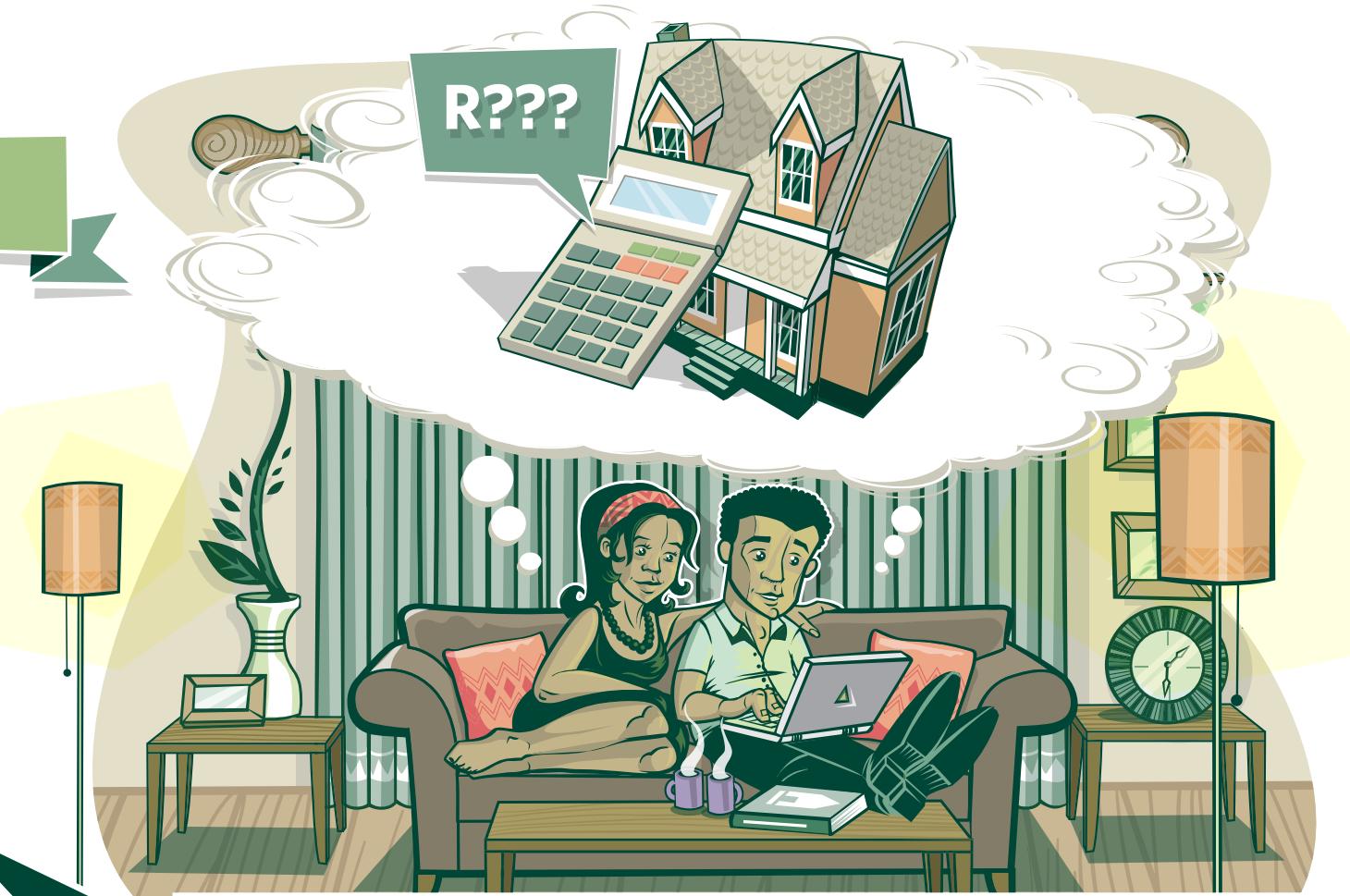
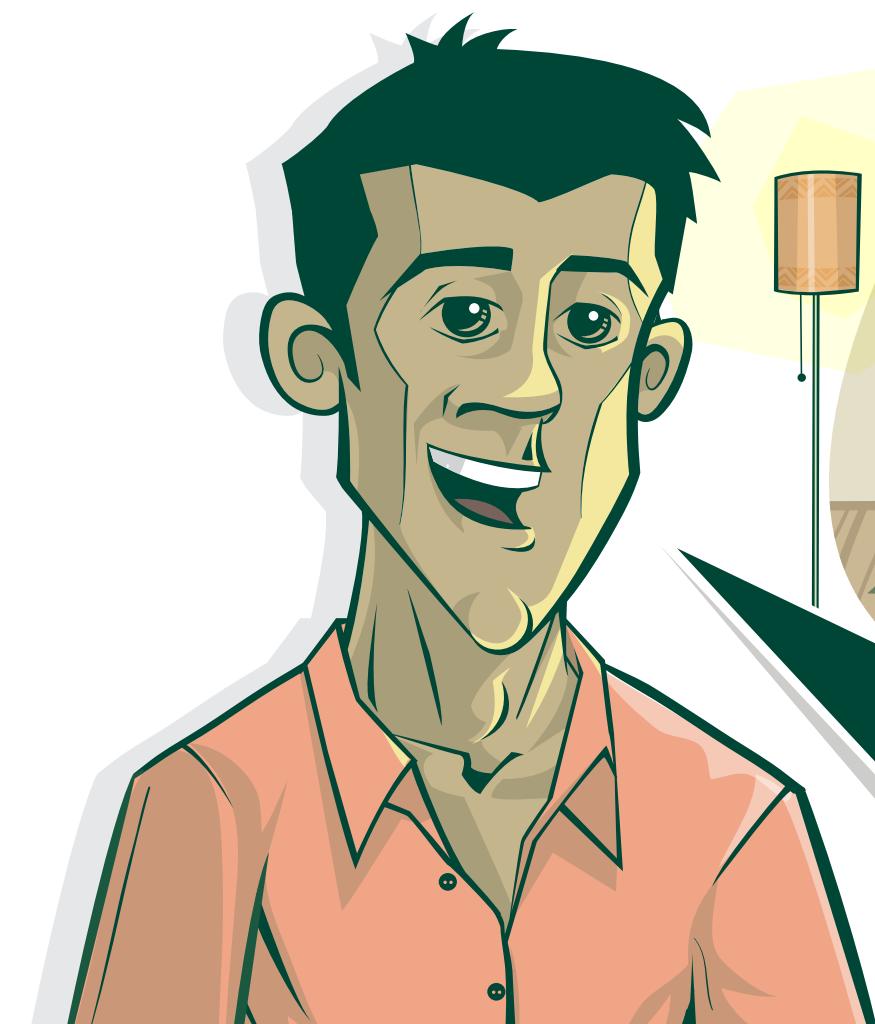
Summary

There are different types of property ownership options available. Before you buy a property, assess your needs and choose the type that suits you.



Chapter 3

Affordability



Before you start looking for a property you need to take all the costs into consideration to ensure that you will be able to afford the additional expenses that come with owning a new home - these include both the once-off and the ongoing ownership costs.

Once-off costs

- **Bond initiation fees**

Budget for R5 700, required as a once-off cost for processing the home loan.

- **Occupational rent**

If you move in before the transfer date, you will be charged at the rate stipulated in the offer to purchase.

- **Costs associated with moving to your new home**

- **Transfer costs**

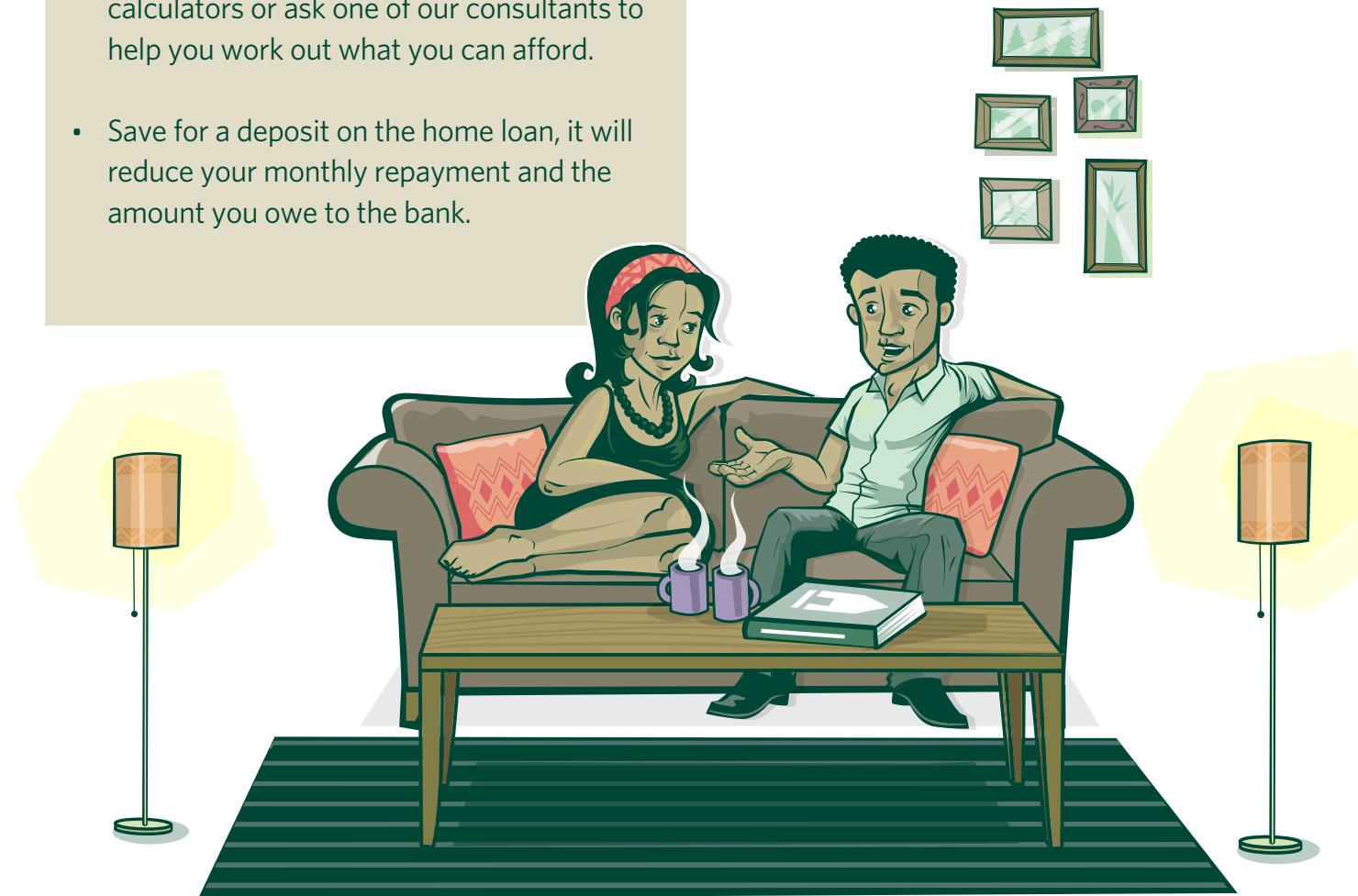
These include the transfer duty and a professional fee for the transfer of the property. The property value determines the professional fee charged for the transfer in accordance with the Law Society of South Africa guidelines. These fees are paid by the buyer unless a different agreement is made in the offer to purchase.

- **Bond registration costs**

The property value determines these costs, which are charged in accordance with the Law Society of South Africa guidelines. The buyer is responsible for the costs.

Tips

- Draw up a monthly budget to see whether you can afford to buy your own home .
- Visit our website to use our handy calculators or ask one of our consultants to help you work out what you can afford.
- Save for a deposit on the home loan, it will reduce your monthly repayment and the amount you owe to the bank.



Ongoing costs

Home loan repayments

You will have to pay off your home loan in monthly instalments.

Homeowner's insurance (HOC)

This is mandatory for all home loans. It offers protection against loss and damage in respect of the home and/or its use and covers the physical structure, permanent fixtures and fittings, lapas and swimming pools. If you are a sectional title owner, your insurance is provided by your body corporate. Remember, this does not cover the contents of your home, eg furniture and appliances.

Loan protection assurance (LPA)

Loan protection assurance provides protection for your home loan repayments in the event of death or disability and may be a requirement on your home loan.

Municipal rates and taxes

This amount is determined by the market value of your property as estimated by your local municipality. It covers municipal services such as waste collection.

Water and electricity

You pay for the water and electricity supply that you use every month.

Levy

If you purchased a sectional or full title property, the body corporate or home owners' association of the building will determine the amount that each owner pays every month. This money is used to pay for the maintenance of the common property and related costs, such as insurance, painting, security and cleaning.

Garden maintenance

This amount will vary according to the size of your property and the frequency of maintenance required.

Pool maintenance

This varies according to the frequency of maintenance required.

Security

This varies according to the size of the property, the type of security required and whether or not you are linked to an armed-response service.

Summary

To assess what you can afford you must take the once-off costs as well as the costs of managing your home into consideration.



Chapter 4

Check your financial fitness

Your credit health is important, as it will inform banks of your borrowing and repayment behaviour with credit providers over time.

Ensuring good credit health before any credit application will improve your character as a borrower. Knowing your credit health offers an opportunity to alter it if it is not spotless.



Credit information

- Your credit score is an important indication of your credit health. Banks use this score to determine whether you have met previous repayment obligations and whether you are able to repay your home loan.
- The credit bureaux provide easy access to your credit records through their websites. You are entitled to one free credit report per annum and could perform a self-assessment to gauge your creditworthiness.
- The report contains information about your loans, credit cards and retail accounts, and displays how much credit you are using, as well as the credit available to you. Note that each application for credit will be registered at the credit bureaux. Too many applications (enquiries) on your credit profile will decrease your credit score, especially if they are performed in one month.

Banks look carefully at borrowers before they lend money. What the bank looks out for can be summarised in the four Cs of credit:

Character

From your credit history the bank will determine whether you possess the honesty and reliability to repay your debts. Considerations may include:

- Whether you have used credit before.
- How long you have lived at your present address.
- Whether you pay your bills on time.
- How long you have been at your present job.

Capital

The bank will want to know if you have valuable assets such as property, investments, or savings with which to repay debt if income is unavailable.

Capacity

This refers to your ability to repay the debt. The bank will look to see if you have been working regularly in an occupation that is likely to provide enough income to support your credit use.

Collateral

Collateral is an additional source of security that you can use to assure the bank that you have other loan repayment sources. In the case of a home loan the bank will require the property that you are buying as security for the loan.

Tip

Do a **free** annual check with one of the credit bureaux to see whether your credit report data is accurate and up to date.

The biggest bureaus in South Africa are:

Experian: www.experian.co.za

Transunion: www.transunion.co.za

Expert Decision Systems: www.xds.co.za



Chapter 5

Products

Before you start applying for your home loan you should consider the type of home loan product that is suitable for your needs.



**Ordinary
home loan**



HomeVision



Building loan



NedRevolve



Ordinary home loan



- This is a flexible home loan that can be tailored to your individual needs. You can use your home loan to finance the purchase of an existing residential property or to make some improvements to your existing home.

HomeVision
Ordinary loan with excess amount



- This home loan allows you to register a bond larger than the required loan amount, creating a surplus amount that can be accessed later.
- The loan is available to you when your income and the value of the property has increased. You will have to apply for the surplus funds, with each application being subject to our credit approval policy.

Building loan



- This home loan can be used to finance the construction of a dwelling or additions or improvements to an existing property.

NedRevolve

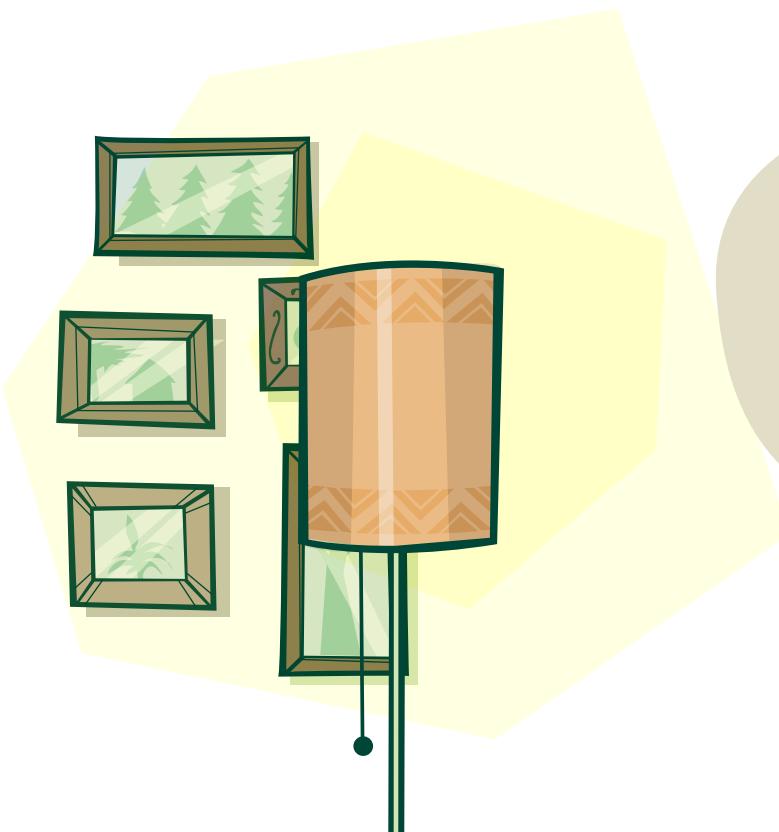


- This allows you to accumulate a cash surplus by depositing extra funds into your account on a monthly basis or from time to time.
- These funds are yours to draw any time you like and enjoy any way you like! Plus, since you'll be boosting the balance in your home loan account, you'll be reducing the interest you're paying on your loan.

Chapter 6

A choice of channels

Now that you are ready to apply you can choose your preferred channel.



Online



- A secure and paperless online application process from start to finish.
- Online application anytime, anywhere.
- Bond approval within a few hours.
- Regular feedback by email and SMS regarding the status of your application.

Your local branch



- Extended banking hours ensure convenience when you apply for a home loan.
- An experienced banker will guide you through the quick loan application process.
- We offer you bond approval within a day (T&Cs apply).
- We strive to get it right the first time - no repeat visits to the branch.
- Your one-stop service experience.

Sales consultants



- Consultants come to you for your convenience no matter where you are.
- They offer you professional service and support.
- They get you the best possible, area-specific deals.
- They help you with calculations to estimate the affordability of your loan.
- They provide you with information about property valuations and the various costs involved.
- They guarantee quick turnaround times on your application.
- They give you regular updates and feedback by email or SMS.

Contact centre



- Courteous and knowledgeable call agents offer home loan product solutions.
- The contact centre is available for any enquiries on the home loan application process.
- A callback facility is available - leave your details and we will call you.
- Dedicated expert assistance is given throughout your online home loan application process.

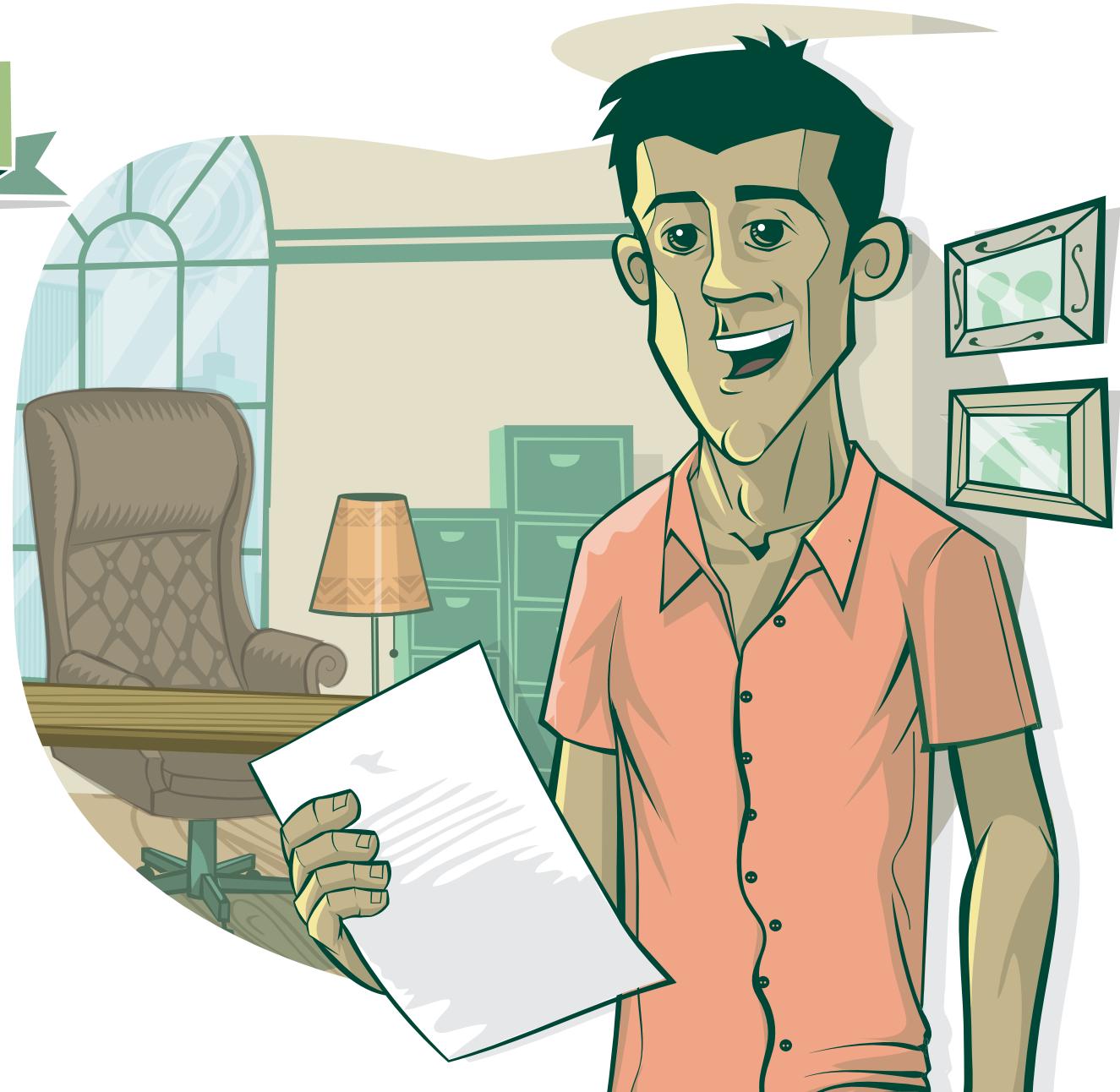
Chapter 7

Offer to purchase

An offer to purchase (OTP) is a valid contract relating to the sale of property, and one of the most important documents when one is buying property.

It is an agreement of sale entered into by the buyer and the seller. It contains the terms and conditions of the property transaction.

Once signed, it constitutes the deed of sale.



For the OTP to be a valid agreement of sale it must at least show:

- The name of the seller.
- The name of the buyer.
- The purchase price.
- A description of the property sold (erf number, stand number or street address, sectional title unit number or freehold property number).
- The signatures of the parties.

What to look out for in an offer to purchase

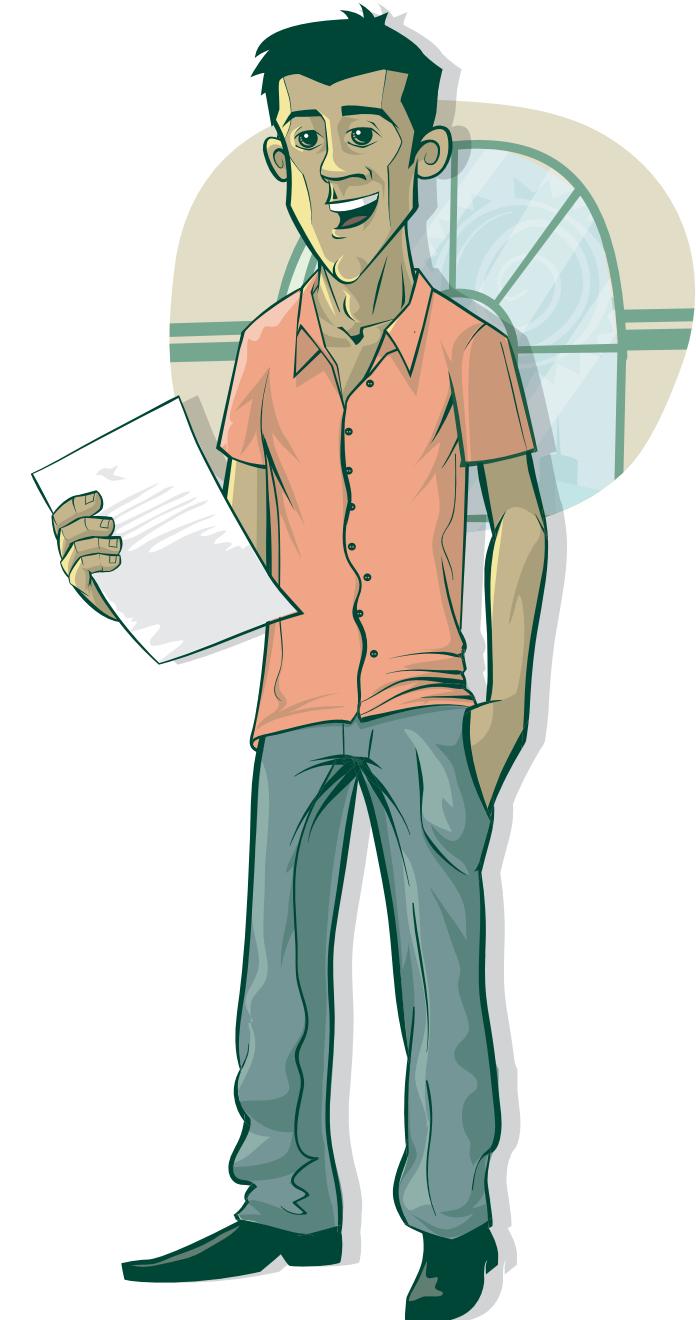
Expiry date – This will give you guidance as to when the contract expires. Ensure that the contract contains all the terms and conditions that you wish to have included in the contract. Make changes in writing on the document, cross out blank spaces and ensure that both parties initial these changes and deletions.

Occupation date – This is the date on which you will be able to move in. You can negotiate the occupation date.

Conditions of sale – These are inserted into the offer to purchase by both the buyer and the seller.

Conditions may include:

- Fixtures and fittings.
- Occupational rent.
- Purchase price and other small clauses.
- Compliance certificates.
- Mortgage finance, which must be obtained before the contract becomes binding.
- The sale of the buyer's own property before the contract with the seller becomes binding.



Tips

- Be cautious; ask the estate agent or an attorney to explain the conditions of the OTP to you before you sign.
- The contract is not binding until the conditions of sale have been fulfilled.

Chapter 8

Home loan application process

GO

Step 1 Apply for your home loan

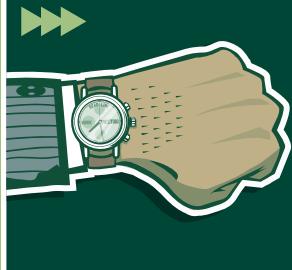
- Apply directly to the bank through a choice of channels suited to your needs.
- The bank will need the offer to purchase, application form and supporting documents (see annexure).



Step 2 Get a bond approval

Once your loan application has been assessed, you will receive a bond approval letter, subject to a property valuation.

Note that this letter does not guarantee you a loan.



Step 3 Valuating your dream home

The next step in the process is to value the property you purchased. The bank values the property to determine its value.



Step 4 Loan is approved

On approval the bank will send you a quotation showing the approved loan amount, interest rate and key terms and conditions of the loan.

Step 5 Bond registration

- Once the quote has been accepted and signed by you, the bank will formally grant the loan, and then the bond registration process commences. Our attorneys will prepare the necessary bond registration documents and will make an appointment with you to sign the documents.



Nedbank kept me informed about the progress of my application by email/SMS/telephone.



Step 6 Home ownership

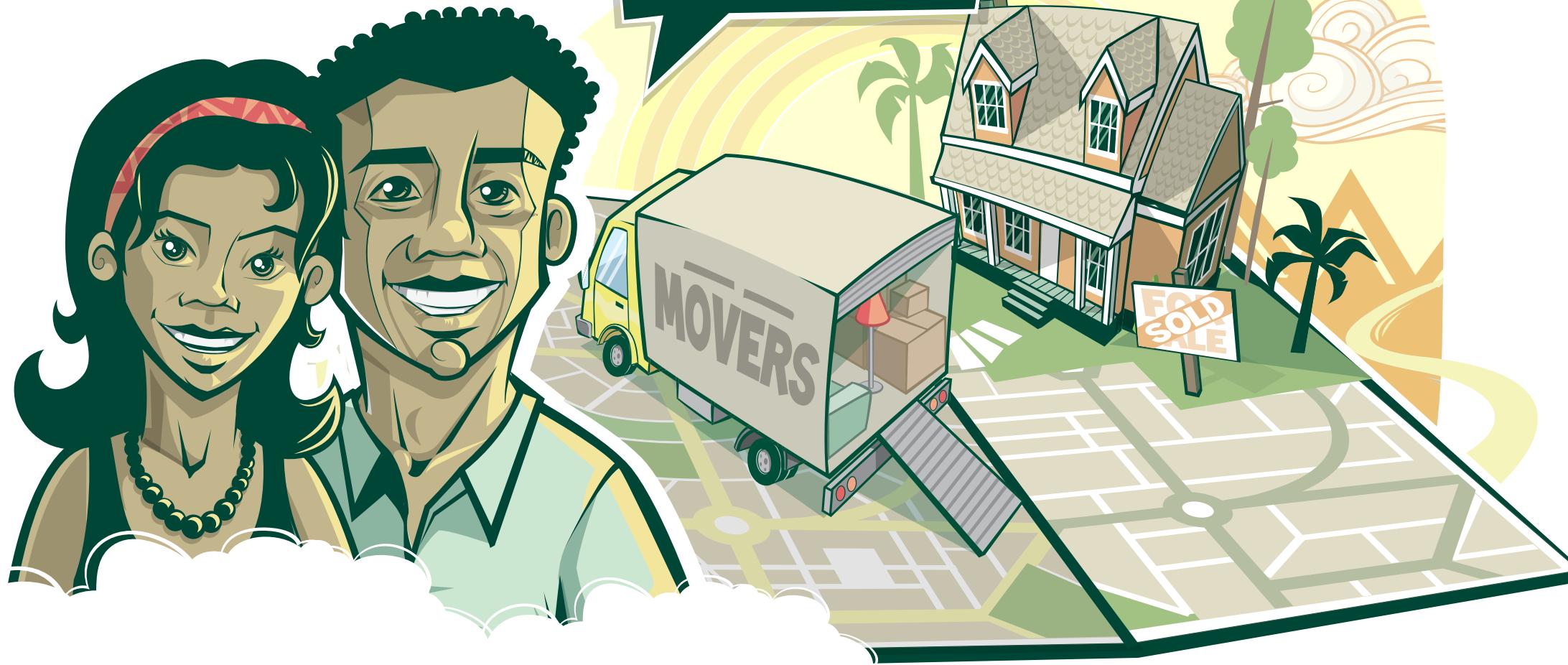
From the date on which the deeds office registration takes place the property will be registered in your name and then you will be ready to move into your new home.



Chapter 9

Moving into your new home

*Our property has
been registered;
we're ready to move in.*



Now that your property has been registered and you are ready to move in, here are some tips to make the move hassle-free!

Once you have been informed that your property has been registered, check your offer to purchase for the occupation date. Now you are ready to move in.

Using a removal company

- Choose a reputable company that suits your needs.
- Get quotes.
- Confirm the date, time and address of your relocation with the moving company.



Important things to remember

- If you are renting, give your landlord sufficient notice before moving.
- Give your friends, family and service providers your new address.
- Make arrangements for the setup and installation of a landline phone, internet and paid TV subscription.
- Ensure water and electricity arrangements are in place.
- Ensure your homeowner's insurance cover is immediately activated on registration of your bond.

Tips

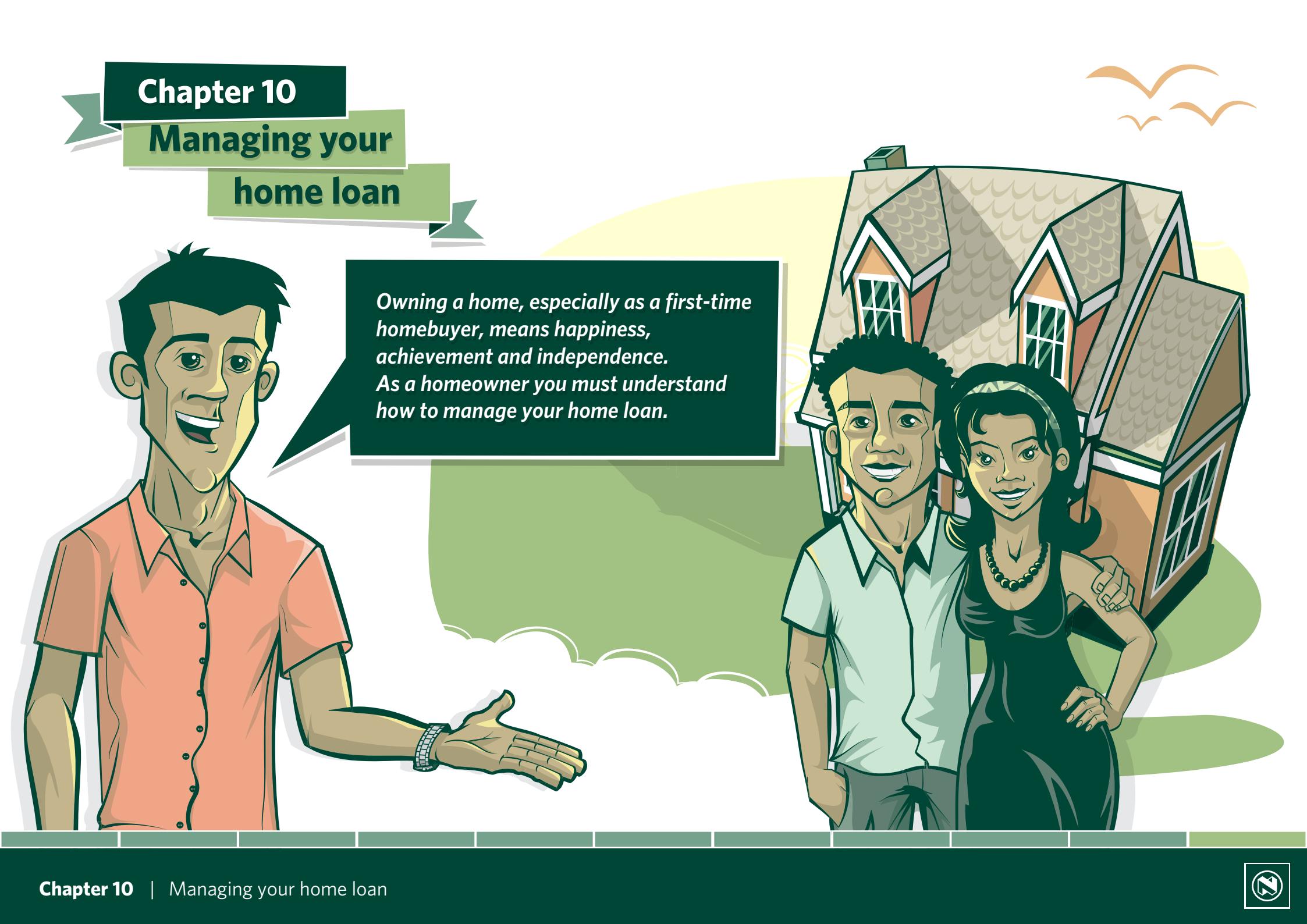
- Confirm when you may move into the property and book time off from work if required.
- Start cleaning up your existing residence and decide what you will be taking with you to your new home.
- Plan your actual move by deciding if you are going to move yourself or if you require a removal company.
- If you're lucky enough, you might be able to arrange for family and friends to help you with the move.

Summary

Check the offer to purchase conditions for the occupation date. Moving in is stressful; make sure you're organised by using a removal company or the assistance of friends or family.

Chapter 10

Managing your home loan



Owning a home, especially as a first-time homebuyer, means happiness, achievement and independence. As a homeowner you must understand how to manage your home loan.



Managing your home loan repayments

Your home loan repayment typically consists of the following components:

Monthly payments

- A basic instalment amount that includes capital, interest and a monthly service fee.
- Insurance and assurance cover (if you opt to use Nedbank for your insurance needs).

Paying off your loan earlier

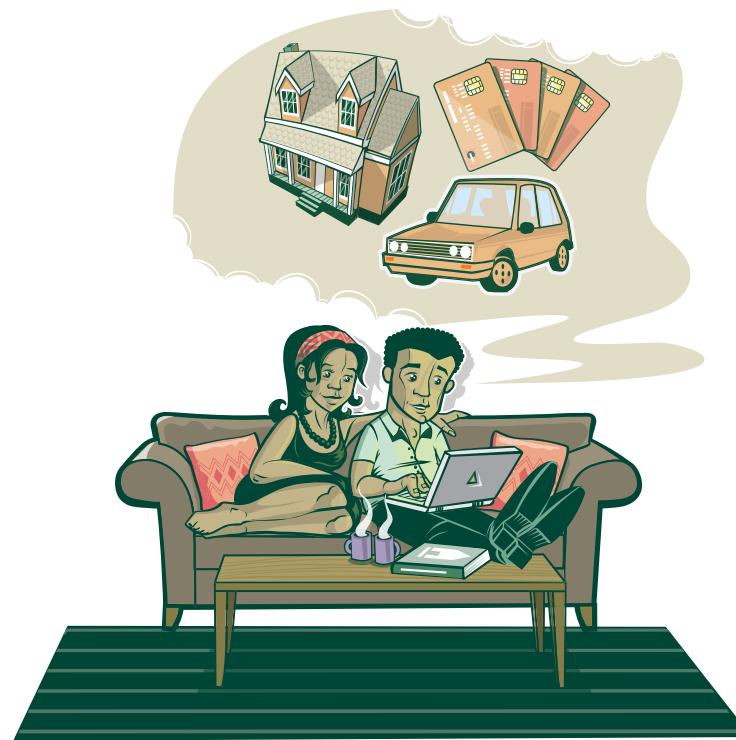
You can pay off your loan sooner by paying more than the minimum monthly instalment. Simply set your debit order above the minimum instalment amount.

You can also make additional payments by electronic funds transfer (EFT) whenever you wish. If you want to transfer funds to and from your home loan account using your NedRevolve home loan facility, you will need a Nedbank current or savings account, which must be linked to your self-service banking profile.

How will the interest rate affect your home loan?

- The interest rate that you are offered will vary according to a number of factors, including your credit profile, the value of the loan and the loan period.

- The shorter the term of the home loan, the less the interest you will pay.
- You can choose a variable or fixed rate. All home loans are at the outset linked to a variable interest rate, which may fluctuate as the repo and prime lending rates are adjusted.
- A fixed interest rate means the interest rate on your home loan will be fixed at a specific rate for a given period. Nedbank offers all new and existing clients the opportunity to fix an interest rate between one year and five years.



Additional options for managing your home loan

eStatements: Receive your home loan account statements and letters electronically. eStatements are quick, safe and, more importantly, environmentally friendly. Register through our website, www.nedbank.co.za/homeloans.

Self-service banking: Clients without a Nedbank current or savings account may also access their home loan account using our self-service banking profile, anytime, anywhere. All you need to do is activate a Nedbank self-service banking profile to get started. You will receive a self-service profile number enabling you to:

- view statements;
- make balance enquiries; and
- get payment information.

Tip

Nedbank's self-service banking allows you to bank with complete security, whenever and wherever you like. A unique profile number will enable you to access any of your banking accounts through internet, telephone or cellphone banking (WAP and SMS).

Chapter 11

Improving your home

Owning a home means making a long-term investment.

By improving your home you can realise the equity in your property.

There are different options available to enable you to improve your home.





Readvance

Further loan without registration

- This provides access to the capital amount already paid into your home loan account, ie the difference between your current balance and the original loan amount.
- There is no need to register this loan, but the decision to release funds is subject to Nedbank's lending criteria.



HomeVision

Ordinary loan with excess amount

- This home loan solution allows you to register a bond for more than the required loan amount, providing an excess amount that can be accessed at a later stage.
- The HomeVision facility (excess amount) will be available to you when your property value and affordability have increased.
- You will then be able to apply for access to the excess funds when you need it, bearing in mind that each application is subject to our credit approval policy.



Further loan

Loan with registration

- This allows you to apply for an amount in addition to your original loan amount and secured by a second bond, which is registered over the property and lodged at the deeds office.

Glossary

Building loan	This is a loan to construct a building.
Deeds office fee	This is a fee charged by the deeds office for registering the new ownership of a property.
Deposit	This is a downpayment or partial payment made at the time of purchase (the difference between the purchase price and the deposit is the home loan amount).
First-time homebuyer	This refers to a homebuyer who has never owned a property.
Further loan	This loan is additional to the client's current home loan.
Further loan (improvement)	This is a further loan used to make improvements to a property.
Further loan (lifestyle)	This is a further loan used for lifestyle needs, eg a holiday, medical expenses and education.
Initiation fee	This is a once-off fee charged by the bank for generating a home loan.
Interest charge	These are financing charges payable to the bank by the borrower for moneys advanced for the duration of a home loan. Interest is calculated on the outstanding daily balance and debited on the first working day of the following month.
Loan amount	This is the amount the client requires from Nedbank to finance the purchase of a property.
New development	This is a property bought off-plan in a development.
Purchase price	This is the amount the client pays to purchase property or vacant land.
Readvance	All or part of the capital that a client has already paid off may be borrowed again by means of a readvance, which is the difference between the limit and the registered amount.
Registered amount	This is the amount registered at the deeds office and noted on the title deed (usually the registered amount is the same as the loan amount, unless it is a HomeVision home loan).
Registration cost	This refers to attorney's fees for registering the home loan and includes stamp duty, postage, conveyancing fees and VAT.
Service fee	This is a monthly fee charged on home loans for residential property.
Switch	This entails switching a bond to Nedbank from another financial institution.
Transfer fees	These are paid to the attorney processing the transfer of property and are calculated on a sliding scale based on the amount of the home loan.



Special notes on supporting documents

To make it easier for you we have compiled a checklist of documents you will be required to submit with your home loan application.

Please ensure that all your documents are legible.

This will help us to process your application as quickly as possible.

- Fully completed home loan application form inclusive of income and expenditure, assets and liabilities
- Copy of identity document(s)
- Copy of signed OTP, except where no sale is taking place
- Last three months' bank statements, original and stamped

If maintenance/alimony forms part of earnings:

- Last three months' bank statements (original and stamped) reflecting the maintenance/alimony payments
- Copy of the court order
- If client has been rehabilitated, proof of insolvency rehabilitation (rehabilitation order)

If endorsement 45 (COP) or 57 (ANC):

- Decree of divorce
- Death certificate for deceased

For salary earners:

- Latest salary advice or letter confirming income
- If commission forms part of earnings, three months' salary advice or commission schedules

For the self-employed:

- Last six months' business bank statements (original and stamped for non-Nedbank clients)

If applying jointly or in the name of an individual jointly or trust:

- Latest financials/management accounts
- Trust documents (where applicable)

If applying in the name of a company:

- Latest audited financials
- Company documents
- Auditor's letter

If applying in the name of a CC:

- Latest financials
- CC documents
- Auditor's letter confirming income

If applying for a building loan:

- NHBRC registration certificate
- NHBRC enrolment certificate
- Municipality approved/provisional building plans
- Building contracts/quotes signed by you and the builder
- Schedule of finishes

Builders All Risk Insurance Policy

If applicable, an **IT34** may be required, as may any other supporting documentation at the discretion of Nedbank.

