

VISIT 6: FINANCIAL INSTITUTIONS THAT PROVIDE MORTGAGE LOANS

Please identify two types of financial institutions in the metropolitan area that provide mortgage finance, and select one institution of each type — preferably the largest ones. Please arrange for an interview with a mortgage credit manager in each to obtain the following data:

		Finance Institution #1	Finance Institution #2
Full Name of Bank/Finance Institution		Absa	
Bank/Institution Mailing Address		P.O. Box 7735 Johannesburg 2000	
Name of Person Interviewed		Diederiks van Zyl	
Title of Person Interviewed		National Manager Business Services	
Person's Email		diederiks.vz@absa.co.za	
Person's Telephone		011-350 6806	
Person's Fax		011-350 5046	
A. Information on Market Share:			
6A(1)	What is the share of the finance institution itself in the total mortgage market in the country? (in percentage terms)		First Lender 34.5%
6A(2)	What is the estimated share of this type of financial institution in the total mortgage market in the country? (in percentage terms)		Second Lender 100%
B. Information on Requirements for Obtaining a mortgage Loan:			
6B(1)	What is the minimum monthly household income required to qualify for any housing finance? (in local currency)		First Lender R1500
6B(2)	What is the maximum ratio of monthly (or annual) loan payments (interest and principal) to monthly (or annual) income that the bank allows? (%)		Second Lender 30%
6B(3)	Are housing finance loans given to self-employed individuals? (Yes/No)		Yes
6B(4)	Is a credit check by an independent bureau normally conducted? (Yes/No)		Yes
6B(5)	Is a background check required? (Yes/No)		No
6B(6)	Are personal guarantees required? (Yes/No)	Yes - in selective cases	Yes
6B(7)	Is there a requirement to obtain life insurance? (Yes/No)		For some products
6B(8)	Does the applicant need to have saved regularly in a specific way before being able to obtain a housing loan, such as participate in a government savings scheme? (Yes/No)		No
6B(9)	What is the maximum ratio of loan to (appraised/market) house value? (%)		110%
6B(10)	Does the house have to be new to obtain financing? (Yes/No)		No
6B(11)	Are loans given only on houses with full legal title? (Yes/No)		No Yes
6B(12)	Is there a requirement for an official appraisal of the value of the house? (Yes/No)		Yes
6B(13)	Does the bank require the applicant to obtain house insurance for fire and casualty? (Yes/No)		Yes

Note: Definitions can be found in the Survey Instructions. Please obtain a mortgage application form from the Bank, if available.

C. Terms and Conditions of Mortgage Loans:		First Lender	Second Lender
6C(1)	What is the minimum loan amount, if any? (in local currency)	20000	
6C(2)	What is the maximum loan amount, if any? (in local currency)	unlimited	
6C(3)	What is the minimum down payment as a share of the loan amount? (%)	0%	
6C(4)	What is the maximum length of a mortgage loan? (number of years)	30	
6C(5)	For a mortgage in <u>local</u> currency with a <u>fixed</u> interest rate, what is the current interest rate per annum? (%)	Rate depends on risk (LTV)	
6C(6)	For a mortgage in <u>other</u> currency (specify) with a <u>fixed</u> interest rate, what is the current (effective) interest rate per annum? (%) (Other currency:)	-	
6C(7)	For mortgage in <u>local</u> currency with an interest rate <u>indexed</u> to price inflation, what is the current interest rate per annum? (%)	-	
6C(8)	Can loans be obtained with Adjustable Interest Rates? (Yes/No)	Yes	
6C(9)	If so, what is the current variable rate on loans in <u>local</u> currency? (%)	10.5%	
6C(10)	Are there penalties for prepayment? (Yes/No)	No	
6C(11)	Is there a requirement to keep a compensatory deposit in the same bank? (Yes/No)	No	

Note: Definitions can be found in the Survey Instructions.

D. Interest Terms on General Financial Products		First Lender	Second Lender
6D(1)	What is the interest rate charged on credit cards (in local currency)? (%)		
6D(2)	What is the deposit interest rate on a one-year savings account (in local currency)? (%)		
6D(3)	What is the prime interest rate for commercial borrowers (in local currency)? (%)		

Note: for definitions and instructions, see Appendix.

if varies per product type - please see abbor's web site.

E. Conditions on General Financial Products		First Lender	Second Lender
6E(1)	What is the average time between completion of mortgage application with the bank and the final settlement/taking possession of the house by applicant? (number of weeks)	8-10 weeks	
6E(2)	What was the percentage of complete mortgage applications rejected by the bank out of total amount of mortgage applications last year? (%)	not disclosed	
6E(3)	Of the total credit provided by the bank to its clients, what is the share of housing finance (mortgage loans)? (%)	43.6%	
6E(4)	What was the average amount of a mortgage loan on the bank's current balance sheet during the last year? (in local currency)	R 211 000	
6E(5)	After how many weeks of non-payment does the bank start legal actions against the borrower?	4 weeks	
6E(6)	How long does it typically take for the bank to foreclose a mortgage and take possession of the house? (weeks)	Dependant on circumstances	

Note: Definitions can be found in the Survey Instructions.

F. Document Procurement
Please obtain a mortgage application form from the Bank and send it back with this questionnaire. attached.

THANK YOU!



ABSA Bank Limited, Reg No 1986/004794/06

Member of the BARCLAYS Group

Home Loan Application

Please complete in BLOCK LETTERS and tick (✓) the applicable box. Complete separate addendum for each additional party to this application form. Surety to complete a separate application form.

SECTION A – PURPOSE OF APPLICATION												
Purchase an existing home		Build a new home		Transfer loan from another institution: Ordinary				Building				
Increase existing loan (for building improvement)				Increase existing loan (Ordinary)								
SECTION B – IN WHOSE NAME WILL THE PROPERTY BE REGISTERED? *ALL SECONDARY APPLICANTS MUST COMPLETE AN ADDENDUM FORM												
Individual	*Your own and spouse		More than 2 partners		*CC	*Trust	*Company		Association (including church)		Clubs	
In whose name will the property be registered?												
VAT Registration no				Type of business								
Is the Company/Trust/CC registered?				Registration no				Trading				
SECTION C – PERSONAL DETAILS OF MAIN PARTICIPANT/DIRECTOR/MEMBER/TRUSTEE/PARTNER												
Title		Surname										
Full names (as per ID)												
Date of birth		Gender	Male	Female	ID Type	ID book	Passport	If passport, country issued				
ID/Passport no				Nationality	SA	Other (specify)						
Country of permanent residence				SA Resident?				YES	NO			
Married	ANC with accrual	ANC without accrual	COP	Customary Law	Single	Divorced	Separated	Widowed	Other (specify)			
Residential status	Owner	Tenant	Boarder	Do you receive Social Grant?		YES	NO					
Present postal address		Postcode		Present residential/business street address				Postcode				
Telephone (H)		()		E-mail address								
Telephone (W)		()		Fax (W)		()						
Cell				Current address since								
Have you ever been insolvent or placed under administration order?				YES	NO	If Yes, state date of rehabilitation						
Home language	English	Afrikaans	Tswana	Zulu	North Sotho	South Sotho	Xhosa	Venda	Ndebele	Tsonga	Swazi	Other (specify)
In which language do you prefer your correspondence?				English	Afrikaans	Preferred communication channel		SMS	Mail	E-mail	Telephone	
Post Matric Qualification		If YES, select	01 Certificate 24 months	02 Diploma 1 year	03 Diploma 2 years	04 Diploma 3 years						
05 Degree 3 & 3 + years		06 Post Graduate Diploma 12 years	07 Honours	08 Masters	09 Doctorate	10 None of the above						
SECTION C1 – EMPLOYMENT DETAILS												
Employment status	Full-time employed		Self-employed			Home Executive		Student		Unemployed		
	Pensioner/Retired		Part-time employed		Temporary employed							
Employment sector	Agriculture	Catering and Entertainment		Civil Service	Construction	Education	Finance	Health				
	Industrial	Legal Profession	Media	Nature Resource	Armed Forces		Science/Computing					
	Security	Selling	Transportation	Welfare	Other (specify)							
Source of income	Salary	Pension	Investments	Proceeds from policy		Proceeds from Retirement annuity		Donation/Gift				
	Inheritance	Social Grant	Other (please specify)				Income tax no					
Name and address of present employer/own business												
										Postcode		
Present occupation				Present employment/own business since								
Do you belong to a Housing scheme?				YES	NO	Employee no (Absa employees only)						

SECTION C – FINANCIAL DETAILS

Will an existing home loan be cancelled?			
Do you have a non-Absa cheque account?		Name of institution	
MONTHLY INCOME		MONTHLY SALARY DEDUCTION(S)	
Gross salary/Income (before tax)	R	Tax/PAYE	R
Average commission	R	Medical Aid	R
Average overtime	R	Pension	R
Other income (specify)	R	UIF	R
TOTAL INCOME	R		
Home Loan Instalment/Rent	R		
Home Loan Instalment/Rent to be cancelled	R		

SECTION D – PRODUCT DETAILS

Amount of loan/further loan	R	Amount of costs to be financed	R	
Cash deposit	R	Government subsidy (once-off)	R	
Collateral Replacement Indemnity	R	Personal guarantee	R	
Employer guarantee	R	Bond amount to be registered	R	
Preferred interest rate option	Variable	Fixed	Term of loan	years
Convenient instalment repayment day		Term of fixed rate		months
Which account must be debited with the further loan amount?		Are you a first time home owner?		
Building loans only: improvements/contract price	R			
Name of contractor		Telephone	Cell	
Do you require a MultiPlan account?	YES	NO	If YES, complete MultiPlan Application form and attach	

SECTION E – DETAILS OF PROPERTY

Property type	House	Sectional Title Unit	Vacant land	Residential/Small Holding
Street name and number				
Suburb		City		Township
Erf number		Portion no		
Property to be occupied by	Self	Tenants	Unoccupied	Not applicable
Complex name				
Flat number	Unit number	Market value	R	Purchase price
Transferring Attorney's name		Telephone no		
If a bond amount to be registered, where do you want to sign your legal documents		Province		Suburb

SECTION E1 – VALUATION ARRANGEMENTS (WHO MAY THE VALUER CONTACT TO ARRANGE FOR APPROVAL BY VALUATION MESSRS/COMPANY)

Contact name		Telephone	()	Cell
Alternative contact details				

SECTION E2 – TELKOM

As an additional service, may we provide Telkom with a name, address and contact number of a person to contact regarding Telkom service on approval of this home loan application. Do understand that provision of telecommunication services is not hereby guaranteed but will be subject to the normal availability of services by Telkom.

Contact name		Contact number	
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SECTION F – FLEXI RESERVE FACILITY

You are automatically granted access to the difference between the outstanding balance and the total loan amount granted (Conditions apply)

Please select the preferred repayment calculation

Calculate the repayment over the remaining term of the loan	
Calculate the repayment over the original term of the loan	

