

**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                                |  | Nedbank Ltd                          |                                |
| Bank/Institution Mailing Address                                     |  | PO Box 6378<br>Johannesburg 2000     |                                |
| Name of Person Interviewed   |  | Home Loans Product + Value Analytics |                                |
| Title of Person Interviewed  |  |                                      |                                |
| Person's Email   |  |                                      |                                |
| Person's Telephone   |  |                                      |                                |
| Person's Fax   |  |                                      |                                |
| <b>A. Information on Market Share:</b>                               |  |                                      |                                |
| 6A(1)  | What is the share of the finance institution itself in the total mortgage market in the country? (in percentage terms)   | 19.94%                               | Second Lender                  |
| 6A(2)  | What is the estimated share of this type of financial institution in the total mortgage market in the country? (in percentage terms)                                       | 95%                                  | (total mortgages - banks only) |
| <b>B. Information on Requirements for Obtaining a mortgage Loan:</b> |  |                                      |                                |
| 6B(1)  | What is the minimum monthly household income required to qualify for any housing finance? (in local currency)  | R5000                                | Second Lender                  |
| 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? (%)                            | 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)   | Yes                                  |                                |
| 6B(6)  | Are personal guarantees required? (Yes/No)   | At times                             |                                |
| 6B(7)  | Is there a requirement to obtain life insurance? (Yes/No)  | Yes - below R50k                     | compulsary                     |
| 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? (%)   | 108%                                 |                                |
| 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)   | 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)  | R100 000     |                          |
| 6C(2)                                      | What is the maximum loan amount, if any? (in local currency)  | None         |                          |
| 6C(3)                                      | What is the minimum down payment as a share of the loan amount? (%)   | N/A          |                          |
| 6C(4)                                      | What is the maximum length of a mortgage loan? (number of years)  | 30 yrs       |                          |
| 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? (%)   | Dependent    | on risk and product type |
| 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? (%)<br>(Other currency: ) | As above     |                          |
| 6C(7)                                      | For mortgage in <u>local</u> currency with an interest rate <u>indexed to price inflation</u> , what is the current interest rate per annum? (%)                        | Dependent    | on client's risk         |
| 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? (%)   | Dependent    | on client's risk         |
| 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)? (%)               | 17%          |                                  |
| 6D(2)   | What is the deposit interest rate on a one-year savings account (in local currency)? (%) | 12 month     | fixed deposit = monthly interest |
| 6D(3)   | What is the prime interest rate for commercial borrowers (in local currency)? (%)        | 11%          | 7.25% PA                         |

Note: for definitions and instructions, see Appendix.

| 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) | Average = 3 months |               |
| 6E(2)                                       | What was the percentage of complete mortgage applications rejected by the bank out of total amount of mortgage applications last year? (%)                                | Approx. 35%        |               |
| 6E(3)                                       | Of the total credit provided by the bank to its clients, what is the share of housing finance (mortgage loans)? (%)   | 0-100%             |               |
| 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)  | 205K               |               |
| 6E(5)                                       | After how many weeks of non-payment does the bank start legal actions against the borrower?   | 3 1/2 mths         |               |
| 6E(6)                                       | How long does it typically take for the bank to foreclose a mortgage and take possession of the house? (weeks)  | Approx. 6 months   |               |

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. |

THANK YOU!