

## WHAT CAN I AFFORD?

When determining the discretionary income available for the client's bond repayment, we typically use the following formula:

Monthly gross income;

**LESS:** statutory deductions (tax);

**LESS:** monthly living expenses;

**LESS:** contractual expenses (credit agreement repayments);

**LESS:** maintenance obligations for dependents;

**EQUALS:** Discretionary income available for bond repayment.

The banks typically do not allow your monthly bond repayment to go over 30% of your gross income.

Refer to our Home Loan Affordability Table to check the maximum loan amount you'd qualify for. Also know that not all income is assessed equally. For example, if you receive commissions or overtime, you must prove to the bank that you receive this every month for it to be considered as income.

## HOW WILL MY CREDIT SCORE AFFECT MY APPLICATION?

Using the Experian credit scorecard, your credit score will sit in the following ranges:

| SCORE RANGE |           | CHANCES OF APPROVAL   |
|-------------|-----------|---|
| 500 - 594   | Very Poor | Credit approval highly unlikely, allow 6-12 months for your score to improve.   |
| 595 - 610   | Poor      | Expect upfront declines, motivations will be required. Credit approval unlikely, but not impossible. Deposit likely required. |
| 611 - 628   | Average   | Assessed case by case, credit approval will be considered, but a deposit likely required.                                     |
| 629 - 659   | Good      | Credit approval likely, provided there are no other adverse alerts/warnings.  |
| 660 - 750   | Excellent | Credit approval highly likely, provided there are no other adverse alerts/warnings.   |

Other adverse alerts/warnings that could affect chances of approval include:

- Under debt review / debt counselling / debt restructuring
- Judgements and disputes
- Existing accounts in arrears

## WHAT LOAN AMOUNT WILL I QUALIFY FOR?

The banks' criteria for the maximum loan-to-value (LTV) depends on the applicant type. LTV is the loan amount offered by the bank, divided by the purchase price of the property. LTV criteria differs bank to bank, but typical ranges for a residential property include the following:

|             |  |
|-------------|--|
| 105% loan   | Low Income Earners and/or Salaried Degreed Young Professionals and/or First-time Home Buyers                                       |
| 100% loan   | Full-time employed applicants purchasing property under R3M (Note: R3-5M considered at bank's discretion)                          |
| 80% loan    | Juristic entities and/or Self-employed applicants (although, some banks do consider 100% if business can prove sufficient surplus) |
| 50-80% loan | Temporary Resident with a work permit and/or Married to a Permanent Resident   |
| 50% loan    | Foreign National without a visa  |

## MINIMUM DOCUMENTS REQUIRED FOR YOUR APPLICATION

| ALL APPLICANTS / FULL-TIME EMPLOYED   |                                       | Offer to Purchase (must be signed by the seller and purchaser) | Signed application form      | ID  | Payslips (3 or 6 months)   | Personal bank statements (3 or 6 months) |                        |
|---------------------------------------|---------------------------------------|--|------------------------------|---|--|--|------------------------|
| ADDITIONAL DOCUMENTS REQUIRED FOR.... | SA CITIZEN WORKING ABROAD             | Passport   | VISA                         | Employment contract (must be in English)      |  |  |                        |
|                                       | FOREIGN NATIONAL / TEMPORARY RESIDENT | Passport   | Work permit (3 years min)    | VISA  | Foreign national declaration   |  |                        |
|                                       | SELF-EMPLOYED                         | Business bank statements (6 months)                            | Audited financials (2 years) | Updated management accounts for latest period | Auditor's letter - confirmation of shareholding and letter of income |  |                        |
|                                       | JURISTIC ENTITY                       | Business bank statements (6 months)                            | Audited financials (2 years) | Updated management accounts for latest period | Auditor's letter - confirmation of shareholding and letter of income | Solvency Certificate                     | Registration documents |

## KEY STEPS IN THE HOME LOAN REGISTRATION PROCESS



**NOTE:** All information on this sheet should be used as a guide only. Although every effort has been made to ensure the accuracy of the contents, Phoenix Group and its Subsidiaries accept no liability in respect of any errors contained herein. Each bank has the ability to assess applications at their discretion and your bond originator will support and advise you through this process if need be.