# MORTGAGE BONDS BUYER'S INFORMATION SHEET





#### 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 there are no other adverse alerts/warnings.		
660 - 750	Excellent	Credit approval highly likely, provided there are no 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:

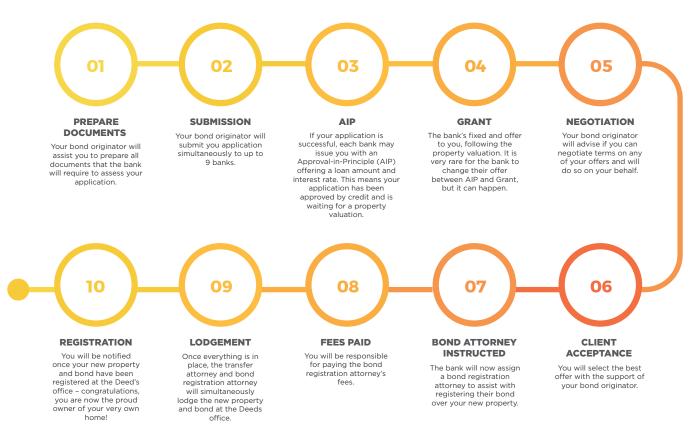
105% loan	Low Income Earners and/or Salaried Degreed Young Professionals and/or First-time Home Buyers
100% loan	Full-time employed applicants purchasing property under R3M (Note: R3-5M considered at bank's discretion)
80% Ioan	Juristic entities and/or Self-employed applicants (although, some banks do 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% Ioan	Foreign National without a visa

## PHOENIX BONDS

#### 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	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.

