

## **Banks approve more bonds to better-prepared borrowers**

Only 29% of the home loan applications submitted to lenders are currently being declined outright, compared to 32% a year ago and 38% at this time in 2013, which is a good indicator of the improved financial position of many SA households.

However, says Shaun Rademeyer, CEO of BetterLife Home Loans, SA's leading mortgage origination group, it does not mean that the banks have relaxed their credit qualification criteria.

"It is still advantageous to apply through a reputable mortgage originator like BetterLife that will prepare your application properly, motivate it individually and ensure you get the best interest rate possible.

"Indeed, the latest BetterLife statistics show that the group has in the past 12 months been able to "rescue" more than 25 000 applications - worth a total of about R18,4bn – that were initially turned down. This is a very significant number considering that the total value of the loan approvals it has secured in this period is some R37,5bn."

What is more, Rademeyer says, almost 7000 of the rescued applications, worth about R5,3bn, were initially declined by the prospective borrowers' own banks.

Meanwhile, the BetterLife figures also show that overall housing demand continues to grow, with the number of home loan applications submitted to lenders having risen by 3,74% in the 12 months to end-March, compared to a year-on-year growth of 3% at end-February, he says.

The average home purchase price recorded in the year to end-March was R939 000, which was a 4,76% increase on the previous 12 months, and the average approved bond size increased by a slightly higher percentage (4,79%) to R779 000.

In the first-time buyers' sector, the average purchase price showed year-on-year growth of 3,63% at end-March to R651 000 and the average approved bond size increased by 3,67% to R598 000. First-time buyers also accounted for 31% of the home loan applications approved over the past 12 months, and 24% of the total value of those loans.

"However, both the number and percentage of applications submitted by such buyers has been on the decline for the past two years, and we hope that the new transfer duty threshold introduced during the Budget in February will go some way towards reversing this trend," Rademeyer says.

The new threshold means there is no transfer duty payable on the purchase of any pre-owned property priced at R750 000 or less, so it will thus include a large percentage of first-time acquisitions, and save buyers in this category at least R4500 in cash.

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