

Help for homeowners who are under water

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The shrinking economy combined with ongoing cost-of-living increases such as the electricity price hike implemented today (subs: 1 July 2014) has raised the spectre of the situation in 2009 when hundreds of homeowners suddenly found themselves facing foreclosure and the loss of their properties.

So says Jan Davel, MD of the RealNet estate agency group, who notes that many consumers are in a precarious financial position again due to recent interest rate and price increases, and that any loss of income as a result of the current economic contraction could easily push them over the edge.

“This risk is evident, we think, in the First National Bank research that shows 15% of sellers in the first quarter of this year were selling to relieve financial pressure, compared to 14% in the previous quarter. This was the first increase in this percentage for a long time.

“What is more, Prof Bernadine de Clercq of Unisa’s Bureau of Market ResearchSA says consumers are literally ‘on the brink’ now in terms of strain on their incomes, and that their ability to service their debts is already under severe pressure. Speaking at the launch of the latest MBD Consumer Financial Vulnerability Index (CFVI), she said that any further burdens, such as another interest rate increase, would undoubtedly bring severe hardships, especially to lower income earners.”

And things could become especially bleak, Davel says, for homeowners who find themselves unable to make their home loan repayments, because defaulting on these means they will face not only the loss of their home but also the destruction of their credit record for many years to come – unless they take action quickly and avail themselves of one of the assisted sale programmes that are still being offered by the banks.

“However in our experience, most homeowners who are in financial trouble won’t talk to their bank about it until it is too late, and that’s why we have urgently re-introduced our RealRescue service, which gives them the opportunity to explain their situation to a RealNet agent, who will then act as their intermediary with the bank, and work to get them listed as distressed sellers on the relevant assisted sale programme.”

The advantages of being on such a programme are many, he explains, but the biggest is that the property can be sold on the open market instead of being repossessed and sold at a sheriff’s auction. “Indeed, we have seen these programmes save thousands of homeowners from having to go through the trauma of foreclosure, and through RealRescue, we aim to make them even more accessible.

“RealNet is accredited on the assisted sale panels of all four major SA banks, and although the final decision as to whether the homeowner qualifies will always be that of the bank, homeowners who would like our support can contact us via the RealRescue button on our website (www.realnet.co.za) or email us at rescue@realnet.co.za or send us a fax at 012 460 1644.”

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