



MAXI
NEWS



MORE THAN A BOND: THE MANY WAYS THAT ORIGINATORS HELP HOME BUYERS

More than 50% of home loan applications need to be submitted to at least two and sometimes three or four banks before being accepted but fortunately, home buyers no longer need to traipse around from bank to bank with files full of paperwork while crossing their fingers that they find one prepared to give them a bond at a reasonable interest rate.

These days they just need to submit their application through a reputable originator like MortgageMax, because we use an electronic multi-lender submission process. This means that prospective borrowers only have to complete one application and assemble one set of supporting documents before their application is simultaneously submitted to a number of banks, including their own bank.

However, bond origination is not just about convenience. Our consultants also know what the different banks require and keep up with all the different home loan products they currently have on offer, which means that they can direct and motivate your application to those lenders most likely to approve it, and so significantly increase your chances of obtaining a home loan.

Indeed, more than 75% of the applications we submit are approved by one or more bank – which is a big improvement on the general market approval rate of 50% or less.

Thirdly, applying through an originator like MortgageMax immediately signals to each bank that there are other lenders competing for your home loan business, and encourages them all to immediately make their best offer as regards the interest rate and terms that would be applicable to your bond.

This not only speeds up the approval process but ensures that you are getting the very best interest rate available in your particular financial circumstances. And that is critical because even a small difference in the rate can cut many thousands of rand off the total cost of your home.

At the moment, for example, the average variation between the best and worst interest rate offered on a bond application is around 0,5%, and on a 20-year bond of R1,5m, that translates into potential savings of more than R120 000 of interest over the lifetime of the bond, as well as a total of about R6000 a year off your monthly bond instalments.

In addition, originators can help home buyers even before they start looking at properties for sale. To start with, we can go through your finances with you and suggest ways to repair any damage to your credit record that might prevent you from being approved for a home loan.

We can also help you work out what size bond you can afford on your current salary and assist you to obtain a pre-qualification certificate for that amount. This will enable you to focus on homes that are within your budget, signal to sellers that you are a serious buyer and give you leverage in price negotiations that could save you even more on the total cost of your home.