

Welcome to the **FNB Homeownership Programme**

A step-by-step guide to help make your homeownership journey stress-free

Start ›

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FNB Homeownership Programme

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Introduction

Own the home of your dreams with FNB

Whether you're buying your first home, upgrading your current space, or exploring better financing options, FNB has you covered. Our comprehensive home loan solutions make it easier to secure the right financing for your dream home, while enjoying exclusive benefits and eBucks Rewards.



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What is a home loan?

A sum of money borrowed from a financial institution or bank to purchase a property. The financial institution, in this case the bank and the customer enter into a loan agreement in terms of which the institution lends a certain amount of money to the customer and the customer agrees to repay the amount on the terms and conditions specified in the loan agreement. Home loans consist of a variable or fixed interest rate and payment terms.

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How to apply for a home loan

FNB has a wide range of convenient and innovative options that consumers can use to apply for a home loan.

Channel	Description
FNB App	FNB offers **nav»** Home, which allows individuals to search for houses, get instant value estimates, pre-approvals, calculators and access to a database of home service providers at no cost to you.
Online (FNB website)	You can view the right solution for the right home on our website and let us call you back by completing your information on the website **'call me back'** function.
Sales consultants	Dedicated sales consultants with a national footprint that are easily accessible across multiple platforms.
Branch	FNB has national branch networks through which you can apply for a home loan.

- FNB offers area and property reports at no extra cost. These are pulled from a number of sources, including the Deeds Office and the bank's own valuation database
- **nav»** Home offers area and property reports at no cost to help compare prices and neighbourhoods
- Get a pre-approval to shop with confidence knowing what you can afford upfront

Area report

Offers inside information on a particular suburb from the average price of other homes in the selected neighbourhood, the average increase or decrease in property prices and the types of homes and profile of the buyers.

Property report

Provides a free estimated value of residential properties. It includes the last bought and sold price as well as an estimated current value calculated. The report is very useful for both buyers and sellers for determining the final selling or offer price.

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Processes when applying for a home loan

1 Application

The applicant provides the bank with their personal details, proof of identification (ID copy or valid passport), a signed offer-to-purchase (OTP), income and expenses statement, proof of residence (not older than 3 months) and latest proof of income and 3 months bank statements (if not banking with FNB). The bank confirms receipt of the information and validates if all the documents submitted are in order.

2 Credit assessment

The bank will assess the application proving the customer can afford to repay the debt under the agreed terms of repayment from the sources of income provided that the bank could verify to its satisfaction. This will include a full affordability assessment.

3 Approval in principle

The customer is contacted and informed of the bank's decision to approve the application 'in principle'. This condition is subject to the bank assessing the property to ensure it's in good condition and that the sale price aligns to its market value.

4 Property valuation

The bank assigns an assessor to value the property being purchased. A physical assessor will go out to the property to value it. If there is enough information about the property then an automated or desktop valuation is used to value whether the property is good security for lending. Based on the valuation a final quote including the offer amount and interest rate is generated. Both applicant and sales consultant receive the copy and discuss the quote to be signed.

5 Formal contract

If the valuation has been successful, the bank then prepares a formal contract or quote detailing the terms and conditions of the home loan, as well as the interest rate to be charged. This quote gets issued to the applicant. This is where the client has an opportunity to interrogate all the terms and conditions associated with the quote. They have an opportunity to ask questions and interrogate information that is unclear.

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What happens next?

Once you have accepted the quotation, the process leading up to the registration of your bond with the SA Deeds Registrar (Deeds Office) is complex, but fortunately it usually runs its course with you having little involvement. This process can take up to 3 months and is dependent on external factors beyond the bank's control (i.e. Deeds Office, rates clearance certificate, SARS requirements) etc.

1 Bank

Instructs attorney to register the bond.

2 Attorney

Will inform you of any documentation you must take with you to their offices.

3 You

- Will sign documents at the attorney's office
- Must provide proof of FNB Homeowner's Comprehensive Cover
- Will be required to pay bond registration and transfer costs
- Will be requested to sign the Authority to Pay (ATP) that will reflect how the funds must be paid out on the date of registration

4 Bank

Guarantees to transferring and cancellation attorneys are issued.

5 Attorney

Documents are lodged in the Deeds Office.

6 Deeds Office

- Documents are examined and will be accepted or rejected
- If accepted, the bond is registered
- If rejected, there may be further requirements that have to be met, after which the matter would have to be re-lodged

7 Bank or attorney

On registration, the bank or the representing attorney will notify you of the registration.

8 Bank

- Funds will be paid out in terms of the 'Authority to Pay' signed by you
- The bank will contact you and advise you of the repayment details

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Types of properties available to buy

There are different types of properties that can be purchased, including the following:

1

Sectional title*

With a sectional title property, you are buying into a type of **'communal ownership'**, where you will only have exclusive ownership rights to your apartment or townhouse in a complex.

Buyers of an apartment or townhouse are required to pay a levy for security and the maintenance of common areas and facilities, as well as subscribe to the governing body's rules.

As an owner in a Sectional Title Scheme, it is important to attend meetings called by the trustees to ensure your opinion is noted when votes are taken on important matters. It is especially important to attend the Annual General Meeting where the decisions made may impact your budget and lifestyle.

2

Freehold (full ownership)*

A freehold or full title property is usually a free-standing house. The owner of a free-standing property is not reliant on approval from a body corporate, but where alterations are made to the property, the appropriate council approvals may be required.

The owner of a freehold property is fully responsible for all the costs involved in the home, including rates and taxes, water, electricity, insurance, and all maintenance. They will also be responsible for the ongoing maintenance of their garden, driveway, wall and fencing and anything else which forms part of the building and land.

*Most common types of properties.

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3

Fractional ownership

Fractional ownership is the ownership of any asset by more than one individual or legal entity. It can be seen as a structured syndication method whereby a number of shareholders own shares in a particular company which in turn owns an asset.

4

Share Block Schemes

With Share Block Schemes you own shares in a company that owns the land and building; you do not own an individual unit.



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Costs associated with home loan

These are some of the other costs you should anticipate with a new home loan.

Expenses	Description
Purchase price deposit (if applicable)	This is a payment made to secure the property. The amount will be stated in the 'Offer to Purchase' contract.
Postage and sundries	The cost of documents and certificates that the conveyancing attorney will need to submit to the Deeds Office, the bank, the estate agent and to you.
Deeds Office registry fee	A fixed fee for the local registration of the loan.
Transfer duty	A fee that is paid by you to the attorney nominated by the seller to transfer ownership of the property. This fee is payable to SARS.
Transfer cost	A fee that is paid by you to the attorney nominated by the seller to transfer ownership of the property. You will have to pay transfer costs regardless of the value of the property.
Initiation fee*	A once-off fee charged by FNB to process your home loan application.
Monthly service fee**	A monthly service fee will be charged on all loans.
Registration costs	A fee that is paid by you to the attorney for the registration of the mortgage bond. Attorneys' fees may vary in accordance with the law society guidelines.

In addition to the above costs, other financial obligations may include; credit and life assurance premiums, levies (if applicable), maintenance costs, moving costs, monthly home loan repayment, installation costs, homeowner's comprehensive cover premiums and municipal costs.

*You may choose for this fee to be debited to the home loan account or you can deposit the amount into the home loan account.
If the fee is debited to the home loan account, the fee will be added to the outstanding balance and will therefore incur interest charges.
**Please refer to our annual pricing guide for the updated fees, on the FNB website.

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How to make payments on your home loan

FNB is here to help you if things get more complicated than just making a single payment. With us, you will always have options; give us a call and let us assess your situation and provide you with possible solutions or alternatives.

There are various payment methods available, which include:

1

Debit order (DebiCheck)

DebiCheck is a way to make sure that any company taking money from your bank account has your clear permission.

1. Starting a New Payment: When you agree to pay a company regularly (like your home loan payment), DebiCheck is required.
2. Getting Your Approval: FNB will send you a message (through your banking app, SMS, or online banking) asking you to confirm that you agree to this payment.
3. Giving the Green Light: You check the details and say "yes" if everything looks right. This tells us it's okay to let FNB debit your account for your home loan payment.
4. Ongoing Checks: Every time FNB wants to debit your account for your payment, we will check to make sure it matches what you approved.

Why it's Good for You

- Safety: It stops companies from taking money without your permission
- Control: You can see and manage all the payments you've approved
- Less Hassle: Fewer mistakes and disputes about payments

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2

Salary deduction

- This is where you authorise the bank to instruct your employer to deduct your home loan repayments directly from your monthly salary. Until there is a salary stop order in place, a debit order will be used to effect your monthly repayments on your home loan
- Customers who opt for salary deduction qualify for a preferential interest rate
- If you pay your home loan through a salary deduction, you will have to notify your employer each time your home loan repayment changes. For example, if there are changes to your insurance premium, interest rate changes, etc
- Your employer will need to ensure that the correct amount is deducted from your salary in time. If your employer is unable to adjust the repayment in time for the billing date, you will need to contact us and arrange a debit order until the salary stop order is adjusted. If not paid on time, your account will fall in arrears and negatively affect your credit record



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Know your property's true value

As a homeowner, it is important to ensure your property is adequately valued, this can be done by getting a property valuation.

Valuation

Insurance purposes

A replacement value on a property is normally higher than its purchase price as it is the substitution of a new building which will conform to the exact size and existing useful purpose that the old one served.

The cost to fix or replace something on your property is termed the replacement cost, which is made up of the actual construction costs, e.g. bricks, mortar and materials, labour costs and professional fees.

Financial planning

Knowing your property's value helps with financial planning, including **calculating your net worth** and planning for future investments.

Taxation

Property valuations are often required for tax purposes, ensuring that you are paying the correct amount of property taxes.

Municipal purposes

A municipal value is a fixed value assigned by your local municipality at a point in time and is reviewed periodically.

Accurate market value

A professional valuation provides an accurate estimate of your property's current market value and what price it could bring in the market, whether you're buying, selling, or refinancing.

Renovation decisions

If you're considering renovations, a valuation can help you understand if the improvements might increase your property's value.

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Inspection

- **Negotiation leverage**
  If an inspection reveals problems, you can negotiate with the seller to fix them or reduce the property's price
- **Safety concerns**
  Inspectors can identify potential safety hazards like mould, carbon monoxide, and fire risks, ensuring the property is safe for you and your family
- **Financial protection**
  Discovering major issues before purchasing can save you from unbudgeted repair costs
- **Peace of mind**
  Knowing the true condition of the property can give you confidence in your investment and help you plan for future maintenance
- **Identifying hidden issues**
  Inspections can uncover problems that aren't visible to the untrained eye, such as structural issues, plumbing problems or electrical faults



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Importance of property insurance

Insuring your home is not only desirable in South Africa, it is mandatory as banks are not likely to grant a home loan if the homeowner does not insure the structure (house) that is being provided as collateral to the bank for the term of the loan.

The property remains security of the bank and as such, it is a requirement that you take adequate cover for the duration of the loan. Whether or not you choose the bank's proposed insurance policy, you will be responsible for ensuring the cover over the buildings and improvements doesn't lapse for the duration of the loan agreement.

It will usually also cover any alterations that may be done to increase the value of the property, i.e. the physical structure, permanent fixtures and fittings, lapas, and swimming pools. Building insurance will generally cover damage to your primary home including the garden, garage, and outbuildings which exist on the property.

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Home Owners Cover (HOC)

Home Owners Cover (HOC) or simply, building insurance, is comprehensive insurance to protect your building or home from the risk of structural damage usually caused by:

- Fire
- Lightning
- Flood
- Storm
- Wind
- Hail
- Snow
- Bursting of geysers and water pipes
- Theft
- Power surges
- Impact
- Accidental damage, loss or damage during construction or alteration
- Explosions
- Earthquakes not caused by mining activities
- Subsidence
- Heave and landslip

Sectional title insurance

This insurance is provided by the body corporate. Ensure your cover is up to date and that you have an updated insurance certificate stating the complex name, unit, and sum insured. You are required to notify us when the policy expires, is cancelled, lapses or is changed for any reason.

Alternative insurance

You may use an insurer other than the one proposed by the bank, provided it meets the bank's minimum requirements. These requirements must include the following:

- The interest of FirstRand Bank Limited to be noted
- Confirmation of property insured
- Confirmation of insurance company name
- Confirmation of policy number
- Confirmation of SASRIA cover is included in the policy
- Confirmation that subsidence and landslip cover, limited to the sum insured, is included in the policy where insisted by the bank and included in the home loan conditions
- Confirmation of insured amount
- Date of cover
- A mortgagee clause that notes the following:
  - Ranks prior to customer interest
  - Is limited to the amount owing on the mortgage bond
  - Will not be invalidated by customer act or omission which occurs without mortgagee knowledge

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Making home improvements

Building from scratch or adding on to a property can give homeowners the opportunity to personalise their home, but they need to ensure that the correct procedures are followed before breaking ground. The following section will differentiate between improvements requiring an approved plan and improvements not requiring an approved plan.

Improvements not requiring plan approval

- Internal finishes i.e. floor covering, burglar bars, built-in cupboards, replacement of sanitary ware, ceilings, light fittings etc
- Replacement of kitchen units
- Improvements considered 'minor building works' in terms of Local Authority by-laws
- Plastering your house or painting your house
- Paving
- Boundary walling within 'minor building works' specifications
- Gates and security gates

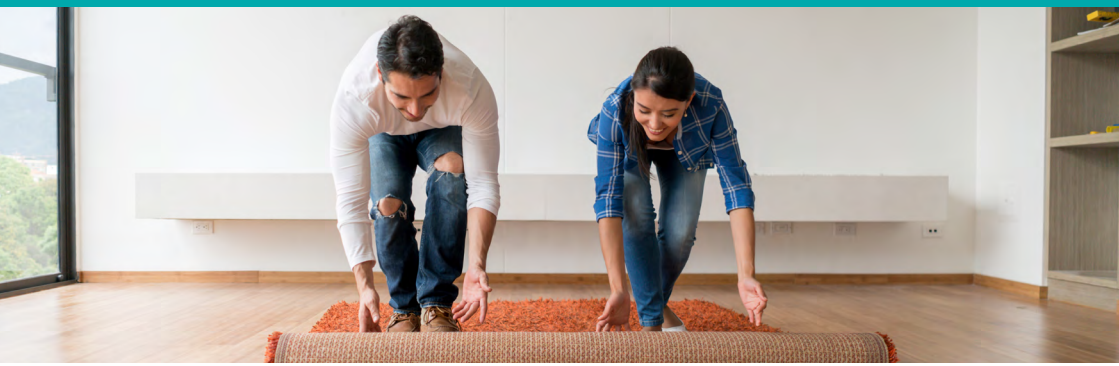
Improvements requiring plan approval

In terms of the National Building Regulations and Building Standards Act, all improvements of a permanent nature need to appear on a municipal approved building plan in order to confirm that they comply with the applicable municipal town planning scheme and by-laws, unless deemed a minor building work and therefore subject to exemption by the applicable municipality.

These improvements include but are not limited to the following:

- Any new building and any alteration that adds onto or changes the structure or usage of an existing building must be approved with building plans to be submitted to the local authorities, i.e.
  - Carport (not within minor building works specifications)
  - New garage
  - Additions to the existing dwelling
  - Swimming pool
  - Veranda
  - Lapa or entertainment area

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Process in obtaining approved plan

- Employ the services of an architect or draftsman to draw the new/amended plans for the proposed improvements
- Submit the plans to the Municipality's Development Management Department or Building Control Office for approval (normally this process is handled by the architect or draftsman)
- Once building plans are approved, you can start with building work
- Always obtain the services of a recognised or reputable builder to do the building work
- Obtain more than one quote to ensure that you do not overpay for the proposed building work
- You need to notify the Building Control Office at certain stages as informed by them to do the necessary inspections through the building project
- On completion of the building work, the following certificates (if applicable) need to be submitted to the Municipality with the application for the occupancy or completion certificate:

Certificates

- Engineer certificate on foundation/slab
- Engineer certificate on roof structure
- Plumbing certificate
- Electrical compliance certificate
- Gas Compliance Certificate (if applicable)
- Any additional certificates required by the local municipality

If the correct processes are not followed, the improvements will be deemed to be illegally constructed.

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What are the risks and/or consequences of illegal improvements?

- The municipality can request you to demolish the illegal improvements or to legalise the improvements within a certain specified period
- If the improvements are built over servitudes or building lines, you will have to demolish the improvement
- The bank might not approve further finance on the property if illegal improvements are applicable
- The local authority might refuse to issue a clearance certificate to transfer the property if sold due to illegal improvements in accordance with municipal by-laws and the SPLUMA (Spatial Planning and Land Use Management Act)
- If your property is under the NHBRC (National Home Builders Registration Council) warranty scheme, any illegal improvements made to the initial structure will affect your warranty under this scheme

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Difficulty keeping up with payments

Falling behind on your home loan is a very serious situation. Your home is your most valuable possession and by risking it, you stand to lose so much more than with any other kind of bad debt.

We're here to help you if things are a little more complicated.

1

Collection specialists

We can help with a new payment arrangement through one of our collection specialists.

2

Quick fix special arrangement

When you can't meet the monthly repayment, or require an arrangement over a longer period than 12 months.

3

Quick Sell®

We can help sell your property.

4

Debt counselling

When your expenses far exceed income due to over-indebtedness. You can appoint a debt counselor to negotiate a payment arrangement with FNB or obtain a court order setting out the payment arrangement.

5

Payment arrangement on the FNB App

You can make a payment arrangement by accessing the manage function on **nav»** Home on the FNB App.

6

Reduction in repayment

You can capitalise prepaid funds to reduce your monthly repayment. This functionality is available on the FNB App.

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Voluntary sale

Your chance of reaching a higher selling price voluntarily versus involuntary could potentially be better. Any profit which may have been made on the sale of the property (i.e. Sale in Execution) after settling your debt with FNB will belong to you. It may alleviate the incurring of expensive legal costsand adverse credit listings, which may impact your future purchasing power.

Involuntary sale

What is the basic legal process of repossession?

The bank may consider proceeding with legal action if you repeatedly fail to pay the agreed home loan repayments. Legal action is instituted by the attorneys appointed by the bank and a judgment is obtained in the High Court against the customer. The Sheriff of the Court sells the property at a sale in execution once the property has been attached.

The bank will set a reserve price (the minimum amount they wish to reach). If the bank's reserve price is not achieved at the auction, the bank will purchase the property.



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Home loan solutions

FNB offers a wide range of solutions that have been designed to suit your lifestyle and needs:

- Traditional home loan – Anyone in the market for basic home loan finance
- Building loan – Anyone who intends to build a home, renovate, or make alterations to their existing home (except owner-builders)
- Pension Backed Lending – A Pension Backed Loan is secured against a portion of your pension fund to create the home you have always wanted without using your property as collateral. The loan can be used for:
  - Home improvements, renovations and maintenance
  - Purchasing Alternative Energy and Energy Saving Solutions
  - Settling a home loan or paying off a portion thereof
  - Paying costs (bond costs and deposit) associated with registering a property
  - Purchasing land including communal land

Accessing available funds on your home loan

There are a number of ways to access funds from your home loan. Take a look at the options available to you.

- Flexi option – A helpful financial management option on your home loan that provides you with the ability to deposit surplus funds and allows you electronic access to these funds 24 hours a day. By paying surplus funds over and above your monthly repayment, the additional funds will reduce your home loan balance, which effectively saves you a substantial amount of interest over the term of the loan. We recommend that you register for flexi inContact to receive instant notifications of transactions on your flexi option
- Prepaid – Prepaid is additional funds paid into your home loan over and above the required monthly repayment amount. These additional funds may be withdrawn when required by submitting an application to the bank. These funds are not available electronically. By paying additional funds over and above your monthly repayment, the additional funds will reduce your home loan balance, which effectively saves you a substantial amount of interest over the term of the loan

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Further lending options

- Further loan – Allows you to apply for an additional loan over and above the already registered bond
- Future use – When you apply for a first bond or further loan you can register a bond greater than the home loan amount you require, creating an extra amount that may be accessed at a later stage. Accessing future use will require a credit assessment and valuation



- Readvance – Allows you to withdraw funds from your existing home loan in an easy and convenient manner. A readvance gives you access to the funds that make up the difference between the original registered home loan amount and the outstanding balance. Readvance will require credit assessment and valuation
- Pension Backed Loan – Is secured against a member's pension/or provident fund. To qualify you need to be a contributing member of a fund that has an agreement in place between the bank, your employer and/or fund administrator
- First Home Finance (FHF) Government Subsidy – A housing subsidy for first-time home buyers to assist with purchasing a home. The subsidy is paid to the bank or financial institution and will reduce the monthly loan repayment, making it more affordable to purchase a home. Households with an income between R3 501 to R22 000 may qualify for the FHF subsidy, if they meet all the criteria
- Housing schemes – Or employer backed-partnerships create an environment where companies (employers) and lenders can work together to reach more consumers and provide them with affordable access to homes
- Unbonded property solution - Assists customers who already have ownership of the property and would like to use the home as security against a loan. This application follows a new loan application process

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- Collective buying – Up to 12 people can apply for a home loan with FNB Collective Buying. It is another way to build a home, buy or invest in property, achieve your financial goals and share the monthly repayments with the people you love and trust. Whether you're a first-time home buyer or you're experienced in the property market, anyone can apply for a home loan with FNB Collective Buying

  Benefits of collective buying include:
  - Make the monthly repayments more affordable qualify for a larger home loan amount
  - Put down a bigger deposit as a collective
  - Reduced maintenance and running costs
  - Shared financial risk

Repayment options

You can access these repayment options via the manage function via **nav»** Home on the FNB App.

Standard

- Minimum monthly repayment required; for example R5000, nothing extra, nothing less

Add on

A specified additional amount you want to pay monthly, over and above your minimum repayment amount

- For example, R5000 + R500 extra every month
- Fluctuations in the rate will affect your repayment, but you will still pay R500 extra

Offered

- Specified amount you want to pay every month, over and above your minimum repayment amount
- For example, you want to pay a flat R5500 per month; this includes a little extra, which can vary dependent on rate fluctuations
- If the rate fluctuates, the repayment amount will remain constant until such time as the minimum repayment amount exceeds the offered amount, thereby overriding the offered amount. The offered amount will no longer exist on the account

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Legal rights

There are specific Acts that protect your rights. These Acts ensure that you are not exploited when it comes to your financial obligation. Please ensure that you understand everything before signing any document.

As a credit provider, the bank has to do the following:

- Assess your ability to repay the debt and evaluate your existing financial means
- Provide you with a quotation for the loan/product/service before you sign the agreement, so that you can have an opportunity to understand the content and ask questions relating to the agreement's terms and conditions, which explains all the costs, rights and obligations

If your credit agreement is regulated by the National Credit Act, it is important to note the following:

- Interest rates – The bank may not charge more than the maximum interest rate as prescribed by the National Credit Act
- Over-indebtedness – When the bank grants a loan to a customer, the bank must make sure that the loan is in accordance to the customer's affordability and can be repaid over the prescribed term
- Recklessness – If you already have a credit facility, the bank may not increase your credit limit without ensuring that you can repay the increased credit. The bank may also not give you a loan, if you cannot afford the repayments
- Credit worthiness – This is a summary of all the factors that show the bank that you are able to make the monthly payments, as required



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What legislation is there that can protect you?

Name of Act	Importance of the Act
Financial Intelligence Act (FICA)	The Act was established to combat money laundering activities; to impose certain duties on institutions and other persons who might be used for money laundering purposes; to amend the Prevention of Organised Crime Act, 1998, and the Promotion of Access to Information Act, 2000; and to provide for matters connected therewith.
Prevention and Combating of Corrupt Activities Act	This Act highlights the necessity of strengthening measures to prevent and report corruption and corrupt activities and to place a duty on certain persons holding a position of authority to report corrupt activities. The Act tends to focus on the sound principles of good corporate governance.
Consumer Protection Act (CPA)	This Act aims to restrict unwanted direct marketing and also emphasises consumers' right to a cooling off period after direct marketing. This Act aims to promote a fair, accessible and sustainable marketplace for consumer products and services and for that purpose to establish national norms and standards relating to consumer protection, to provide for improved standards of consumer information, to prohibit certain unfair marketing and business practices, to promote responsible consumer behaviour, to promote a consistent legislative and enforcement framework relating to consumer transactions and agreements.
National Credit Act (NCA)	The Act seeks to promote a fair and non-discriminatory marketplace for access to consumer credit. The Act requires credit providers to do an assessment before entering into any credit agreement. The consumer must disclose information fully and truthfully at the time the agreement is made.
Financial Advisory and Intermediary Services Act (FAIS)	The Act seeks to regulate the rendering of certain financial advisory and intermediary services to customers.
Competition Act	The Act provides for the establishment of a competition commission that is responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position and mergers.
POPI Act	The Protection of Personal Information Act seeks to regulate the processing of personal information and ensures reasonable measures are put into place to protect that information from abuse and unauthorised access.

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What is a legal entity?

A legal entity is an individual or organisation which is legally permitted to enter into a contract and be sued if they fail to meet their contractual obligations. A customer becomes a legal entity with the bank when they sign a contract for a home loan. The mortgage bond is also registered in the name of the legal entity. A legal entity, however, does not have to be only an individual.

The following are all legal entities when entering into a contract for a home loan

- Individuals – This is when only one person applies for a home loan, e.g. people who are single or married with an antenuptial contract
- Joint Account Holders – When two or more people apply for a home loan together e.g. married couples who are married without an antenuptial contract, or married traditionally or individuals purchasing a property jointly, they are regarded as joint account holders. When two or more people buy the property, they are equally responsible for the repayment of the property. Couples married in terms of an ANC can also buy jointly.

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Cancelling your home loan

Introduction

As property professionals, together with a team of advisors, we help guide you through this process by understanding your unique needs. The following information is a guide to assist you in understanding the various aspects involved with the cancellation process.

Cancelling your home loan has different implications, therefore it is important to understand the various types of cancellation transactions:

1. Selling your property to purchase a new property
2. **Paid-off account**
   When you have settled your loan before the term has expired
3. **Matured loan**
   When you have settled your loan and the term has expired
4. Switching to another financial institution



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Accessing funds on your home loan whilst under cancellation

The flexi option, prepaid option, readvance, or future use withdrawals will not be available whilst the loan is under cancellation.

In the event that you have a flexi option on the home loan account, the flexi option will be made inactive. Should you require access to funds, please ensure you withdraw these funds prior to cancellation instruction.

Once the home loan is under cancellation, you will no longer be able to view or access funds in your home loan account on our platforms, as the settlement figures have been issued for the cancellation to proceed.



eBucks

You could forfeit some of your eBucks benefits if you are no longer a home loan customer. Visit www.eBucks.com for more information. Terms, conditions and programme rules apply.

If you have a Will with FNB, please remember the importance of updating your Will, especially if this cancellation is going to have any impact on your last Will and Testament.



Access funds are no longer required

Should you no longer require access to funds from your home loan account, we recommend you cancel your loan. Once the account has been cancelled or closed you will receive a closing statement for your home loan. Thereafter you will no longer have access to, or receive statements.

Repayments

- Debit order – If your home loan repayments are made via debit order, the final debit order on the home loan will be required. We recommend that you do not reverse this debit order after the cancellation process has started
- Salary deduction – If you pay your home loan through a salary deduction, you will have to notify your employer once the home loan is cancelled to amend your salary deductions

Credit Life

If you opted to take the FNB Mortgage Protection Plan, the policy will be cancelled on the date of cancellation of the bond. In the event that you cancel your home loan and your credit life is with another financial service provider and the premiums were being financed through the home loan, you will need to arrange for the premiums to be redirected to a transactional account. Any cession held by FNB will be released on or after the cancellation of the bond.

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Homeowners Comprehensive Insurance (HOC)

Homeowners Comprehensive Insurance Cover premiums, linked and paid from your home loan account, will need to be redirected to a transactional account on the cancellation of the bond. It is your responsibility to arrange for the premiums to be redirected to a transactional account.

When you are selling your property, it is recommended to only cancel your HOC once the title deed has transferred into the new buyer's name.

To ensure your property stays covered for damages and/ or losses, it is advisable to not cancel your HOC when you cancel your bond if you have a matured or paid-off loan.

What happens next?

1

Bank

The bank receives a request for cancellation of the bond from you or an attorney.

2

Attorney (Transferring)

Cancellation instructions are issued by the bank to the transferring attorney and a panel cancellation attorney, providing them with the guarantee requirements to settle the loan with FNB. You will need to pay the attorney for their services.

3

Attorney (Cancellation)

- FNB releases the original title deed and mortgage bond to the cancellation attorney. The cancellation attorney liaises with the transferring attorney and receives guarantees to settle the existing loan where applicable
- Cancellation documents must be signed with the cancellation attorney

4

Deeds Office

- Documents are lodged in the Deeds Office by the cancellation attorney
- Documents are examined by the Deeds Registrar and may be passed or rejected

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5

Deeds Office and attorney

The matter comes up on preparation in the Deeds Office. This is normally two days before the cancellation of the bond and the cancellation attorney must approach the bank for final settlement figures. This step is to ensure that the guarantees are sufficient to close the home loan account.

6

Bank and attorney

On settlement of the account at point of closure, the bank will amend the figures issued with the initial settlement to account for any debits, credits or transactions such as a rate change that may have amended the figures initially quoted.

7

Bank

Once the bond is cancelled, the attorneys will pay FNB in accordance with the guarantees provided. This amount will be credited to the home loan account and any surplus funds will be refunded in terms of arrangements made with you and the attorney. The home loan account will be closed. The final debit order retained will be released after the 40 days has lapsed (if applicable).

The bond cancellation process can take up to 3 months and is dependent on external factors

(i.e. Deeds Office, rates clearance certificate and SARS requirements).

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Managing your home loan through the cancellation process

Making your final payment to your home loan is a major milestone, but did you know that this does not mean that your home loan is cancelled?

If you would like to be in possession of your title deed, the bond must be cancelled in the Deeds Office and there is a cost associated to the cancellation, payable to the cancelling attorney appointed.

Matured loan

A matured loan is defined by the loan reaching the end of the original term agreed when the full loan amount should be repaid.

When your loan term has expired and the loan balance is R0.00, the home loan account will be closed, however, you will still be required to cancel the bond in the Deeds Office. The normal cancellation process will be followed. If for any reason there is still a balance outstanding at time of maturity, the full outstanding balance becomes payable.

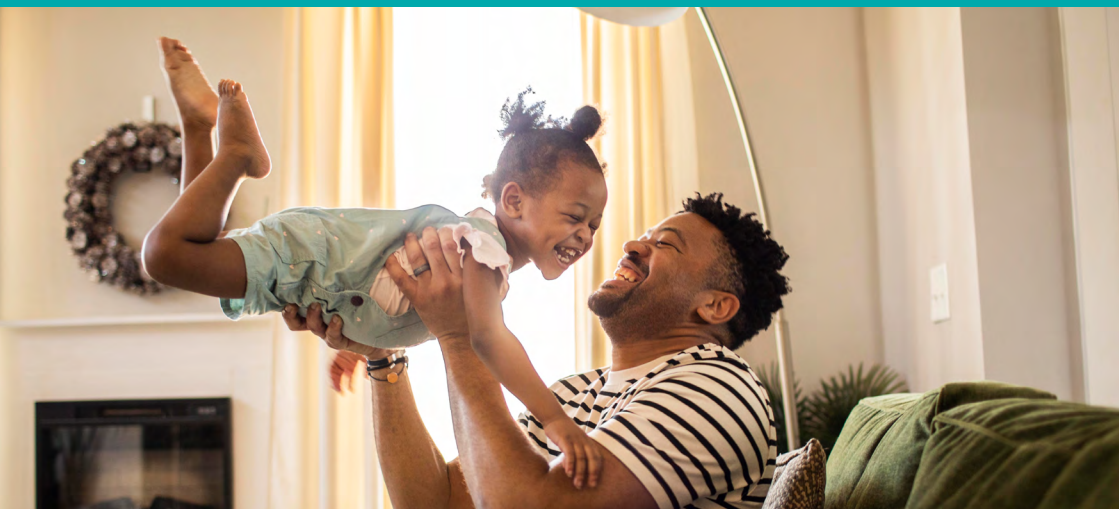
Paid-off home loan

A paid-off home loan is when you have repaid the loan before the term of the loan being reached.

Some customers decide to keep the home loan account open after the debt has been paid in full, specifically for insurance purposes.



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Frequently Asked Questions (FAQs)

1. What documents do I need to apply for a home loan?

- A copy of an offer to purchase (if applicable)
- Proof of income
- If self-employed provide the latest financial statements
- Suitable proof of residence
- Copy of South African ID book/card
- Copy of marriage certificate (if applicable)
- Completed application form

2. My credit score is low, what does that mean?

Credit Score is determined by your behaviour on the credit bureau regarding your credit agreements. A low score could mean that certain accounts were not conducted in a satisfactory manner or simply the credit bureau does not have any data to score on (new to credit).

3. How do I improve my risk rating and when can I reapply?

Your credit profile contains your individual Credit Bureau data for a period of 24-36 months. To improve your credit profile, you will need to manage your accounts skilfully going forward. Reassess your monthly spend and reduce your credit limits accordingly if you can. The least you have to do is to always meet your monthly minimum payments by the payment due date. As time passes, any negative credit behaviour will be removed, and you can reapply.

4. What is a home loan agreement?

This is a contract between you and FNB. It is also called a Mortgage Loan Agreement. This agreement lists all the lending and borrowing stipulations that you and FNB agree to, and these are called terms and conditions.

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5. What are interest charges?

Interest charges are what you pay the bank for lending you money over an agreed period. Interest is always calculated on a daily basis as a percentage (%) of the outstanding loan amount. It is then added to your account at the end of the month.

6. Does FNB finance RDP houses?

Yes, provided that the property is in an acceptable condition and the prohibition period to bond the property has passed.

7. What is the difference between fixed and variable rate?

- **Variable rate** - This interest rate fluctuates when the prime rate changes. If the interest rate changes, your monthly home loan repayment will similarly also increase or decrease
- **Fixed rate** - This is an agreed upon interest rate that does not change over a pre-determined period of time (up to a period of 60 months). After this term, the rate will change back to the variable interest rate, unless you renew the fixed rate option for a further period. It is good practice to monitor changes in the variable interest rate to prepare yourself if the variable rate at the end of the fixed rate contract period is higher than the fixed rate

8. Which is the best option, variable or fixed rate?

What you decide on depends on a number of factors and your decision will depend on what works best for your individual situation. It's your choice to make, however you are welcome to contact a financial advisor/ planner to assist you with a decision.

9. What is an early termination fee? How is it charged?

This fee is currently waived. An early termination fee is equal to no more than the interest which would have been payable under the MLA for a period equal to the difference between 3 months and the period of notice of settlement, if any, given by you.

10. Why is my interest rate so high?

The interest rate charged is based on an individual's credit profile. Therefore, not everyone receives the same rate.

11. Will I qualify for a better interest rate if I am banking with FNB?

Yes. FNB main banked customers get a better rate than those who are not, provided that you meet the main banked qualifying criteria in the terms and conditions on the bank's website.

12. Do you take rental income into account when assessing an application?

Yes. Rental income or a portion thereof may be considered in your application process.

13. Do you consider income derived from a medically-boarded customer when assessing an application?

Yes, provided that the income declared can be verified. Proof must be submitted from the medical board or employer.

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14. What are the documents required for a building loan?

The following paperwork is required:

- Building loan contract
- NHBRC certificate
- Approved building loan plans
- Building specifications (a document with details of the types of material to be used)

15. What is replacement value and market value?

- **Replacement value** – Replacement value or replacement cost refers to the amount it would cost to rebuild the property completely
- **Market value** – The estimated value a seller can expect for a property when sold on the open market

16. Do I require an approved builder for a further loan application for renovations?

For any structural changes made to a building, an approved builder is necessary.

The following paperwork is required

- Building loan contract
- NHBRC certificate
- Approved building loan plans

17. Who will contact me with updates of the home loan application?

The bank will communicate with the person who submitted the loan application on your behalf.

18. On approval of the home loan application, what happens next?

When the loan application is approved in principle (AIP), then the bank will request a valuation of the property to be conducted.

19. What if I don't want to continue with the home loan application anymore?

You may contact the bank at any time if you no longer want to proceed with the home loan process. Please note that if you have already signed an Offer to Purchase and qualified for the loan, the seller could hold you liable for any wasted costs for work already conducted in the processing of your request for a loan, inclusive of any attorney costs incurred.

20. Who will contact the valuator?

The bank will liaise with the agent, mortgage originator or the person stipulated on the application form for the valuation.

21. As a customer am I responsible to pay the additional amount referred to on the mortgage loan agreement? (referred to as a cost clause)

This extra cover amount is not for customer use nor are customers charged interest on this amount. No Deeds Office fees are charged on this amount either. The **'extra cover'** clause is a safeguard to protect the bank if and when the bondholder defaults and the outstanding loan amount reaches a level above the original amount that was granted. When the bank needs to act against the borrower it incurs legal costs. The legal fees, as well as the accumulated interest debits to the bond account, can cause

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the amount of the outstanding balance of the bond to exceed the loan amount that was granted.

22. If I have not completed the Homeowners Programme and it is a condition of my loan, will the attorney still register my mortgage bond?

No, the attorneys won't be able to register your bond until you have successfully completed the assessment, which is also a condition of the loan. There is an option for you to complete the assessment manually. Please contact the bank for more information regarding this opportunity.

23. Once the bond is registered, when is my first home loan repayment due?

When the bond is registered, the bank will generate the final repayment letter that will stipulate the monthly repayment amount, interest rate and first repayment date.

24. My home loan was approved with a co–applicant. Will this show on their credit record?

Yes.

25. Is it possible to remove the co-applicant?

Yes, it's possible provided you can afford the home loan repayment on your own. Alternatively, there is an option to substitute the co-applicant with another. It is important to note however that if you are married in Community of Property, the spouse will remain liable for the loan too.

26. Will there be an extra charge to remove the co-applicant?

Yes, the bond will have to be amended again in the Deeds Office and this has certain fee implications.

27. Why must it show on the co-applicant's profile, if I am the one who is paying the bond?

The co-applicant would have signed the mortgage loan agreement and is therefore also contractually liable for the repayment of the home loan.

28. What happens to the Home Owners Cover (HOC) if the home loan is paid up?

The customer has the option to keep the cover however the premiums must be repaid from a transactional account and not through the bond account. The customer can contact the insurer for further detail.

29. What is the difference between Home Owners Cover (HOC) and Life Cover?

- **Home Owners Cover (HOC)** – Refers to the structural policy which insures the building and certain fixtures such as geysers, swimming pool pumps, etc, against damage.

  Any changes or home improvements should always be communicated to the bank and the Insurer.

- **Life Cover** – Refers to life insurance which covers the total bond amount and must include death and disability cover for the term of the bond.

30. Can the bank assist me when my geyser has a problem?

You should direct any geyser related enquiries or claims to your Home Owners Cover insurance provider.

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31. I am paying extra on my home loan. What happens to the surplus funds that I pay?

The extra funds reduce the outstanding balance and you benefit from reduced interest charges and a reduced bond term. According to the Mortgage Loan Agreement, you are still required to pay the monthly repayment amount even if the bond has surplus funds. You can access the surplus funds via the flexi option.

32. Are we allowed to have two salary stop orders as a payment method on the home loan?

Yes. You are however obliged to provide the two different HR offices with the repayment letter.

33. Why is a Will and Testament important if I have a home loan?

By making and leaving a last Will and Testament, you are in a position to decide and instruct how your assets are to be distributed and dealt with after your death. Having a home is a large asset, and it is important to know how to treat this asset in the event of your death. FNB Trust can assist in drafting your Will and Testament.

34. What is over-extension or over-capitalisation?

Over-capitalisation means that you improve your property to such an extent, that its value is much higher than the average value of homes in your immediate area.

35. How do I increase the value in my home?

There are different ways to increase the value of your home, including gardening, extending or renovating your home, working with your community to improve your neighbourhood and even general ongoing maintenance.



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Glossary of terms

Term	Description
Affordability	The bank uses the applicant's net monthly income which is then deducted from the net monthly living expenses to determine the net disposable income. The net disposable income is used to determine the size of the loan the bank may offer.
Approval in Principle (AIP)	This decision is given by the credit department, when the customer's affordability has been assessed, prior to the valuation of the property taking place.
Authority to pay	Authority by the customer to the bank to pay funds to a nominated person.
Arrears	An unpaid/overdue debt or an unfulfilled obligation that happens if a customer doesn't make their loan repayments on time and when it's due.
Auction	Where the Sheriff sells the property at a public auction in order to recover the debt owed to the bank. A court order is needed before the Sheriff may sell the property at an auction.
Beneficiary	The person a customer nominates in a policy or a Will to receive assets/benefits when he/she dies.
Body Corporate	In a sectional title complex all homeowners are members of the Body Corporate. The trustees of the Body Corporate run the affairs of the complex on the homeowners behalf. The homeowners' elect the trustees.
Bond (mortgage bond or covering bond)	The Bond (mortgage bond or covering bond) document is the legal binding contract between the borrower and the lender. The lender can be a registered financial institution or a company. It is to ensure that the money borrowed will be repaid. The bond document is registered in the Deeds Office and remains in effect, until such time it is cancelled. No funds can be paid out from the home loan until the registration of the mortgage/ covering bond is affected in the Deeds Office. The mortgage/covering bond gives the bank a preferment (first) right, against the borrower to the property, in circumstances of insolvency and/or failure to honour the conditions of the bond. It affords continuing covering security for our loan. The actual money borrowed is called the home loan.
Borrower	A person who obtains a loan from the bank. The borrower commits to repay the loan amount plus interest and charges over a period of time, as mentioned in the mortgage loan agreement.

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Term	Description
Budget	A financial plan that guides people to take control of their debt, savings and spending patterns usually on a monthly basis.
Builder	The customer selects the builder of his/her choice. The builder must be reputable and registered with the NHBRC. (See NHBRC for details)
Building contract	A written contract between a customer and a builder, where the builder undertakes to build a housing structure according to the contract, the specifications, the plans and the costs agreed to with the customer.
Builder's lien	A builder's lien secures a claim for payment for work done on - or materials supplied to - a construction project or for repairs or renovations made to an existing structure.
Cancellation	All bonds are registered and cancelled in the Deeds Office. Bond cancellation follows a legal process that must be handled by a conveyancer. In order for the property to be sold, the bond must be cancelled in the Deeds Office.
Cooling-off	The right which allows for the cancellation of a contract or the return of goods within a certain period of time.
Condition of title	These are the conditions that may limit a property owner's rights, as recorded on the title deed of the property. They cover things like mineral right reservations, servitudes and building limitations.
Contract	A legal agreement between two or more people to regulate a certain relationship (for example, you and the bank entering into a loan agreement).
Conveyancer	An attorney, who is qualified to prepare documents, attends to the transfer of immovable property and register/cancel mortgage bonds in the Deeds Office.
Cover	The protection/benefit given by insurance providers.
Debt counselling	If a customer is in financial difficulty, they can approach a debt counsellor. This counsellor will review all the customer's debt obligations and may be able to deal with creditors to restructure the debt.
Debt review	If a customer has met with a debt counsellor and had arrangements made with creditors, they're considered to be under debt review. No credit provider may lend them any further funds during this time when the customer is under debt review.

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Term	Description
Debit order	A method of payment where the bank is authorised to debit a customer's bank account with a certain amount of money on the collection date that the customer selected in the debit order mandate.
Deceased/Late estate	In the event of the death of a customer, their fixed property must be sold or transferred to a surviving party, in terms of the customer's will. An executor of the estate will be appointed (usually an attorney, bank, or magistrate), to ensure that the estate is attended to correctly. The executor will liaise with our Deceased Estate Department, which is part of our Arrears Litigation Department. Together they will ensure that the FNB Home Loan account is finalised, in accordance with the Will.
Deeds Office	The government office where all legally binding contracts relating to immovable property are recorded and registered.
Defaulting	When someone fails to honour the terms and conditions of a contract; for example, they are unable to repay debt like a home loan.
Cancellation	All bonds are registered and cancelled in the Deeds Office. Bond cancellation follows a legal process that must be handled by a conveyancer. In order for the property to be sold, the bond must be cancelled in the Deeds Office.
Domicilium citandi et executandi	The physical address where a party to a written agreement accepts the delivery of legal notices.
Freehold title	The type of property ownership where the entire property, including the garden, the house itself, etc. belongs to the buyer (and not shared with other homeowners').
Further loan	A further loan allows you to apply for an additional loan over and above the already registered bond amount.
Gross income	A person's income amount before deducting tax, medical aid, UIF and pension fund.
Fixed interest rate	This is an agreed upon interest rate that does not change over a pre-determined period of time (up to a period of 60 months). After this term, the rate will change back to the variable interest rate, unless you renew the fixed rate option for a further period. It is good practice to monitor changes in the variable interest rate to prepare yourself if the variable rate at the end of the fixed rate contract period is higher than the fixed rate.

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Term	Description
Fixtures and fittings	Permanent attachments to a home, such as light fittings, fitted carpets, fitted blinds, curtain rails, TV aerials and ovens. The seller may not remove these when they leave the property, unless specified as a special condition in the Agreement of Sale.
Foreclosure	When the client breaches the terms and conditions of the home loan agreement or neglects to repay the debt in terms of the agreement, and legal action is instituted.
Income	The amount of money that people earn, usually from an employer, in the form of a salary or wage.
Insolvent estate	Where the value of a customer's liabilities exceeds the value of the customer's assets. Customer will be declared insolvent by the court and the court will appoint a trustee to manage the property.
Insurance premiums	Insurance premium is an amount of money a customer pays to their insurance provider for an insurance policy over their property.
Interest	The additional amount that you pay for the privilege of borrowing money from the bank. Interest on a home loan is calculated daily and capitalised monthly in arrears.
Interest rate	This is what the bank charges for lending borrowers money, as a percentage of the unpaid or outstanding principal debt.
Guarantee	A document that guarantees the payment of a certain amount of money when a certain specified event happens, e.g. a bank guarantee in favour of a seller, payable on the transfer of a property into the name of the purchaser.
Home loan	Also called a mortgage loan, a home loan allows customers to borrow money from a financial institution, like a bank in order to finance the purchase of immovable property.
Household content insurance	A short-term insurance policy that covers household belongings (television, decoder, furniture, etc) against loss or damage.
Immovable property	An item of property that can't be moved, like land, and everything that is permanently attached to it, like a house.
Life assurance	Life assurance cover that may settle the bond should an insured event occur.
Loan amount	The total amount of money that a customer borrows from the bank. This is also called the principal debt.

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Term	Description
Loan term	The time period a customer has to repay a home loan.
Loss payee	If a life insurance policy is taken to guarantee the payment of the home loan, the bank will have to be noted as the **'loss payee'**. In the event of that customer's death, the outstanding balance is settled with the bank first and whatever amount is left from the death claim is paid to their beneficiary.
Mortgagee	Lender/creditor (usually a bank) that lends money against the security of the property purchased.
Mortgagor	The mortgagor is the owner of the property. Usually, the mortgagor is the the borrower (debtor) who borrows money from the lender to buy a property.
Mortgage loan agreement	A legal agreement between a customer and the bank to repay the loan advanced to purchase immovable property. The agreement is also known as a 'home loan agreement'.
Movable property	Any item of property that is easily transportable, like furniture, motor vehicles, plants and machinery.
NHBRC (National Home Builder's Registration Council)	The NHBRC ensures that homes are built in a workmanlike manner, suitable for habitation, in line with the appropriate technical building requirements and in line with the written agreement between the builder and the customer.
Net Income	A person's income after deducting tax, medical aid, UIF and pension fund contributions.
Offer to Purchase	The written contract, between the seller and the buyer, that records the terms and conditions of the sale of the immovable property. This is also called a Sale Agreement or a Deed of Sale.
Pension backed lending	The home loan is secured against the customer's pension/provident fund value.
Prime lending rate	The prime lending rate is the basic rate of interest that commercial banks will charge their clients when loaning them money.
Principal debt	The loan amount that a customer borrows from the bank, excluding interest.
Progress payment	Payments made as building work is conducted.
PIP (Properties in Possession)	The historic names given to properties that have been bought in by the bank at a public auction.

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Term	Description
Reconstruction and Development Programme (RDP)	Is an integrated, coherent socio-economic policy framework formulated and led by the government for the purpose of to addressing the shortage of housing for low-income communities across South Africa.
Registration of the bond	The legal process followed by conveyancers (lawyers) for the registration of the Mortgage Bonds.
Repayment	The minimum monthly amount that must be repaid to ensure that the loan and interest are settled over the agreed period.
Repo rate	The repo rate is set by the Reserve Bank, and is the rate at which money is lent to South Africa's commercial banks.
Salary deduction	A payroll system that deducts repayments directly from your salary and credits it to your home loan account.
Sectional title	A type of property ownership where a customer buys a portion in a larger complex; for example, where they only own their unit, flat or townhouse within a complex.
Monthly Service fee	A monthly fee charged by the bank for maintaining and administering a home loan account.
Servitude	Are rights that one person has over another's property, and they can either benefit or burden the owner of the property. To get permission to build in a servitude area, the legal department of the council must first approve such an encroachment.
Snag list	A list of defects to the housing structure being built by the developer.
Term	The period over which a home loan has to be fully repaid to the bank.
Terms and conditions	The terms of the legal contract between you and the bank.
Testator/Testatrix	A person who has made and signed a legally valid Will.
Title deed	A legally binding document that reflects ownership and is recorded in the Deeds Office.
Transfer duty	The government tax payable for buying a property and payable to South African Revenue Services (SARS).
Trustee	A group of elected owners in a complex, who act on behalf of the Body Corporate to enforce the complex rules, decide what monthly levies are spent on and administer the affairs of the complex.

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Important contacts

Who can help me?

Your financial institution's customer care line

Your financial institution's customer care line should be your first option when you have enquiries with anything regarding your home loan.

First National Bank (FNB)

Tel: 087 730 1144

The National Financial Ombudsman (NFO)

Call Centre: 0860 800 900
Email: info@nfosa.co.za
website: www.nfosa.co.za

The National Financial Ombudsman (NFO) operates independently from any bank, and was set up to provide an independent, transparent, and fair way for complaints between customers and banks to be resolved. The Ombudsman can only become involved if your bank is a registered financial institution. Banks undertake to abide by the decision of the National Financial Ombudsman (NFO).



The Ombudsman handles complaints if:

- You have tried to resolve the complaint with your bank
- The complaint relates to the bank's own products or services, and advice given by the bank's own staff, regarding its own or another institution's product
- There has been maladministration on the part of your bank, leading to some loss, distress or inconvenience which you have experienced
- The complaint involves a claim for R2 million or less
- The complaint arose within the past 3 years

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National Credit Regulator

Tel: 0860 627 627
Website: www.ncr.org.za

The National Credit Regulator (NCR) was established as the regulator under the National Credit Act 34 of 2005 (NCA) and is responsible for the regulation of the South African credit industry. It is tasked with carrying out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring enforcement of the NCA.

The Banking Association of South Africa

Tel: 011 645 6700

The Banking Association of South Africa is a non-profit industry body representing all registered banks in South Africa. The association's broad role is to, 'establish and maintain the best possible platform on which banks can do progressive, responsible, competitive, profitable and sustainable banking'.

FNB Insurance Brokers

Tel: 0860 328 328

FNB STI

Tel: 087 312 0001

National Home Builders Registration Council (NHBRC)

Tel: 0800 200 824

The National Home Builders Registration Council was established in terms of the Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998). The Council was established to protect the interests of housing consumers, and to regulate the home building industry.

Their mission is to

If you build a new home or make any structural changes to your existing home, you must ensure the contractor is registered with the NHBRC, as they will:

- Regulate the home building environment
- Protect consumers
- Promote innovative technology and compliance
- Capacitate home builders

If you build a new home or make any structural changes to your existing home, you must ensure the contractor is registered with the NHBRC, as they will guarantee the workmanship. If your builder is not enrolled with the NHBRC, your property will not be covered.

Terms, conditions and product rules apply.
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Legal Aid Board

Tel: 0800 110 110

The role of the Legal Aid Board is to provide legal aid to those who cannot afford their own legal representation. Their aim is to provide legal aid to as many vulnerable groups as possible.



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