

Initial Home Buyer Readiness Assessment



Home of My Own

it's personal

www.homeofmyown.co.za

The contents of the report is confidential and is intended only for the client indicated on the front cover of the report. This report was produced by Home of My Own for its client and is to be used by them only for the purpose of assessing their own readiness to purchase a home and cannot be relied on by any third parties. The report remains the property of Home of My Own.

Hi Michael,

Knowledge is power! And so we hope that the information that we provide you in this assessment will help you to succeed in your journey to become a homeowner!

A quick introduction to Home of My Own...

At Home of My Own, it is our mission to improve the financial wellbeing of South Africans through homeownership.

We are a team of homeownership consultants, financial analysts and property experts.

We provide **advice and guidance to help our clients become homeowners** and have helped over 12 000 families through this process.

For us success means...

- **Finding you a home that meets your needs and your budget.**

We don't sell property but we work with a large network of reputable developers and estate agents to help you find your ideal property.

- **Getting you a loan**

We recognise this as a critical success factor. We work with all the major banks and SA Home Loans and through our process we achieve a 89% approval rate.

- Someone **looking out for you as the buyer** in the process

We do all this at risk with no cost to you if you work through our process. We only get paid by the seller or developer when you purchase a property and by the bank when we get you the loan.

Wishing you all the very best on your journey - let us know how we can help.

The Home of My Own Team

Your Feedback

1. Maximum qualifying affordability

You indicated that your household has a combined gross income of **R 43,500**.

Based on this your maximum qualifying loan amount would be **R 1,352,301***.

* Important Note

This amount is based on an installment equal to 30% of your gross household income and is the same as the amount calculated using most online calculators.

Unfortunately our **research shows that this amount overstates your actual affordability 65.7% of the time** as it does not take the following key factors into account:

- The type of property that you intend purchasing;
- Your actual monthly household expenses; and
- Limits that banks place on your level of contractual debt.

As a result **your actual level of affordability is likely to be lower than the indicated maximum above.**

2. Pricing analysis for areas of interest

You indicated an interest in purchasing a property in **Melville**.

Based on our research, property prices in these areas are as follows:

Area	Apartments	Townhouses	Houses
Melville	Start from R 600 000 most in a range between R 750 000 and R 1.2 million	N/A - Very few townhouses	Start from R 1.2 million with average prices above R 2 million

Based on the qualifying affordability amount above, **you would have a very limited selection of properties** and also be aware that your actual affordability is likely be lower than the R 1.35 million highlighted above.

3. Likelihood of getting a loan

Your likelihood of getting a home loan is affected by three main factors:

1. Your **affordability** i.e. not buying for more than you can afford;
2. Your own **credit profile**; and
3. How you go about **applying for a loan***

*First National Bank's research shows that:

- Borrowers achieve a 45% success rate if you only apply at your own bank
- This increases to 74% if you go to all banks and use a top bond originator to help complete your application form

At Home of My Own we achieve 89.4% approval rates by ensuring you are buyer ready BEFORE going house hunting.

The two biggest areas of weakness in your credit profile that you need to address are:

1. **High utilisation of revolving credit facilities** e.g. you have an outstanding balance of R 39,546 on your FNB Credit Card account against a limit of R 40,000.
2. You have a few **accounts that are in arrears** with minor amounts e.g. Woolworths is in arrears by 2 months.

We believe that you currently **only have an average chance of successfully applying** for a home loan.

You will need to **make sure that ALL your accounts are paid up to date** before you are likely to successfully apply for a home loan.

Banks regard high levels of utilisation of revolving facilities as an indication of financial stress. **You should make every effort to reduce the balances on your revolving accounts.** This will also reduce your monthly contractual debt obligations and improve your actual affordability.

Conclusion

You would need to achieve your maximum level of affordability to be able to buy in Melville. To help you do this **we recommend completing a detailed financial affordability report together with our financial analyst.** We would then be able to give you advice on the actions you could take to maximise your affordability.