

African Bank Limited press release

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Grow your deposit and reduce your house bond

This may be the year you are considering buying a home. Whether it be a free-standing house or a flat, taking out a bond to finance the purchase is a big commitment and one that should not be taken lightly.

In a recent BusinessTech article, Tony Clarke, MD of the Rawson Property Group, says home buyers could be in for better conditions in the local property market in 2018, following a challenging time in 2017. He believes that despite 2017's economic issues, banks are reported to have lightened up on their lending criteria towards the end of the year, making life easier for buyers in 2018. "We've seen bonds being granted at better rates than we've had for a while," said Clarke, "and banks are making it easier for entrepreneurs to access housing finance. That's good news for first-time buyers who are considering getting into the market - they could find very favourable options on the table in 2018." He stressed, however, that affordability is still key, and that consumers should be conservative in their expenditure wherever possible. "Banks may be tending towards leniency, but they're far from reckless," said Clarke. "You're still going to need to be able to prove financial responsibility and your ability to service a loan."

Mellony Ramalho, African Bank's Group Executive: Sales, Branch Network, agrees saying while it looks like 2018 will be a better year for home buyers, all those considering buying a home should possibly wait a little longer, save more and have a bigger deposit to put into the purchase. "You need to remember that like any loan, a bond loan includes interest. By reducing the amount you need in a bond loan, you are also reducing the amount of interest you pay on the purchase. The only way to reduce the bond amount is to put down a larger deposit amount," she explains.

She says by putting your deposit amount into a savings or investment option for several months you can grow that money exponentially. "We are right at the start of the year so you still have the chance to capitalise on several months of saving growth before taking

the plunge. The improving house financing trend looks to continue for the year so there's no rush to purchase right now. While it takes discipline to wait, the benefits in terms of reduced bond repayments for the next 20 years, for example, will be great," she says.

Ramahlo says it's important to do your research into the right savings and investment option for you bearing in mind the end goal is a house purchase. "You need to look at timeframes and find out what about interest rates, notice periods, tax-free returns and so on. Don't be afraid to ask for advice and find what works for you. Having your own home is very rewarding. Making sure the repayments don't cripple you financially is the key. Happy house hunting," she concludes.

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