

# Buy a home with friends or family

Customers can own a property with up to 12 people with FNB Collective Buying.

Mortgage originator FAQ



## 1. What is FNB Collective Buying?

FNB Collective Buying is a home loan solution that enables applicants to buy property with up to 12 people. This way of investing in property comes with various benefits that all applicants in the group can enjoy. Whether they are first-time buyers who want to occupy the property or buying as an investment, this home loan solution caters to those needs.

## 2. What are the benefits of FNB Collective Buying?

- 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, as well as shared financial risk

## 3. Other benefits

- No transfer duty cost for bonds below R1.1 million
- Access to a Will which caters for applicants' unique circumstances at no cost which includes a safe keeping service
- Personalised interest rate plus main banked concession of 0.25%, if applicants bank with FNB\*

## 4. How many applicants can apply for FNB Collective Buying?

Currently on the FNB App 6 applicants can apply. Should there be a need for additional applicants, up to 12 can be redirected to direct sales.

## 5. What are the exclusions?

- Juristic entities
- Switch customers

## 6. Can applicants apply for First Home Finance?

To qualify for First Home Finance (previously known as FLISP), it is suited to a more specific purchaser and the rules as set out by government must be adhered to, such as

- The income for all applicants needs to be between R3 501 p.m. and R22 000 p.m.
- The applicant must be a first-time home buyer
- Applicant may not have benefitted for a government subsidy previously
- RSA citizens or permanent residency
- Limited to persons who have not previously owned any residential property in full ownership, leasehold or deed grant.

First-time home buyer must be married or have dependants. It is therefore recommended to apply with parties in good standing with no adverse records.

## 7. How does the repayment work?

Applicants can choose to pay via one debit order, or salary deduction, or can opt for the split bill repayment function which allows in effect multiple debit orders to make up the repayment (i.e. 5 applicants, each responsible for 20% of the total repayment amount). It is important to note however, that as with any home loan, applicants remain jointly and severally liable.

\*Please refer to the website [fnb.co.za](http://fnb.co.za) to access the main banked rules which reflect the main banked criteria.

### 8. What happens if one of the parties are unable to afford the repayments?

All applicants remain jointly and severally liable.

### 9. What happens if one of the parties are sequestrated?

All applicants remain jointly and severally liable.

### 10. How will the affordability be assessed for so many applicants?

Each individual is assessed on their individual circumstances; should one applicant not be in good standing, it could result in the entire application being declined. It is therefore recommended to apply with parties in good standing with no adverse records.

### 11. How can applicants tap into existing equity to purchase collectively?

If each applicant has a deposit, you can put down a higher deposit for the property or use the collective funds towards the bond registration costs.

### 12. If applicants would like to pay more than the required monthly repayment amount, can the collective then access prepaid funds?

Additional funds can be accessed by way of manual prepaid application (once-off access), which will require all applicants to sign the request. Should you all as the collective buyers elect for electronic access to prepaid funds, you will need to apply for an FNB Flexi Option. An FNB Flexi Option nominates a single account where the funds can be transferred to. The collective buyers will need to decide which applicant's nominated account will be used for an FNB Flexi Option. Payments can be made over and above the monthly repayment amount at any time. As a collective, you can elect to pay via way of a single debit order from one person's account, salary stop orders, or even a split bill option which allows payments from multiple accounts on multiple dates in a month.

### 13. Is there specific criteria for the nominated account on an FNB Flexi Option to transact on the home loan account?

The applicants will need to nominate a single account and agree to which account will be used to transact on an FNB Flexi Option.

### 14. If applicants belong to different housing scheme solutions, how would we consider this type of application?

Should there be multiple applicants with a scheme offering in place, it will not be cumulative; as the applicants you will need to decide which scheme offering you would like to implement on the home loan.

### 15. If applicants have multiple sources of income, what is the process and documents needed to fulfil the application?

Each applicant will need to submit their source of income as per the current credit process.

### 16. If one of the applicants is a first-time home buyer, and would like the other FNB Collective Buying applicants to switch from other banks, how would this application be considered?

Switch is excluded from the FNB Collective Buying offering. There is already a property registered; if applicants want to add more applicants when switching, this would be treated as a first bond and applicants would be liable for transfer costs and transfer duty.

### 17. If FNB Collective Buying partners are married COP, can these applicants apply without having to provide their partners' details?

Normal credit process will apply. If married COP, both applicants' details will need to be submitted.

### 18. Can new applicants enter into the FNB Collective Buying home loan once the initial agreement has been signed?

As in the existing home loan process, any removal or additions in terms of applicants will need to follow the substitution of debtor application process.

### 19. Should the applicants fall within different sub-segments where the FNB Home Owners Programme needs to be completed for some and not others, how will this work?

The FNB Home Owners Programme is compulsory within certain sub-segments. If any applicant is required to provide certification for home owners education prior to registration, this would need to be fulfilled prior to registration commencing.

### 20. How does FNB Collective Buying work where applicants are applying for a building loan?

Normal building loan rules will apply as with multiple applicants.

### 21. Do all the applicants have to switch their main banking account to get the rate concession?

Applicants can refer to the main banking rules qualifying criteria as published on the bank's website. If it is provided as a condition of the loan, the applicants will need to meet the criteria as published.

### 22. Will all the applicants have access to the home loan account on the FNB App?

Yes. However, applicants must meet the bank's app requirements of a chip and PIN access.

### 23. What is the approval criteria?

FNB Home Loan credit follows a risk factor approach to lending. We consider a number of factors in determining the acceptability for lending and the level to which we are able to lend. These include, but are not limited to items such as; each individual credit profile and other lending, nature of income, expenses, household size and resultant affordability. These are assessed in conjunction with bureau profiles and account conduct with various creditors and banks. Further to this, factors relating to the property are also considered in line with broader economic events. A holistic picture is created based on these

### 24. If one applicant defaults, what happens?

Defaulting on the home loan will keep all applicants jointly and severally liable. This means that if one party defaults, all parties still remain liable and the bank can seek payment from the remaining parties.

### 25. Do all the applicants have a different interest rate or the same?

There is a single interest rate applied to the loan, but the rate on the home loan is determined through various aspects, including but not limited to cost of funds and risk profile of all the applicants on the application both within FNB and with your bureau profile. These factors assist FNB in determining a rate applicable to each home loan application. Applicants may also avail of concessions in addition to this rate which could improve their rate, such as scheme benefits, main banked offerings or the FNB ecoEnergy offering.

### 26. What happens when one applicant dies?

A deceased estate comes into existence when a person dies leaving property or a document which is a Will, or purports to be a Will. Such an estate must then be administered and distributed in terms of the Deceased Will or failing a valid Will, in terms of the Intestate Succession Act, 81 of 1987. This procedure is followed when an applicant has died and there is a balance outstanding on the FNB Home Loan Account. The surviving bond holders on the home loan account remain jointly and severally liable for the repayments under the home loan account until the estate has been wound up and a substitution of debtor has been done or the property has been sold.