

# Sourcing home loan financing can be problematic - is there a solution?

We speak to Meyer de Waal, CEO of RENT2BUY [r2b], to find out more about the unique buying and borrowing solution they offer aspiring homeowners.

## What made you come up with the concept of r2b?

Currently more than 50% of bond applications are turned down. With r2b, we identified the three main reasons for these declines as being:

- lack of deposit,
- lack of affordability,
- absence of a long-standing or good credit record.

We are able to assist sellers who cannot sell their properties and offer buyers the opportunity and means to secure their investment without an upfront bond, upfront deposit or upfront payment of transfer costs.

## How does r2b actually work?

1. The Seller/Mortgagor sells his property to a buyer who cannot obtain a bond now, but may be able to qualify for a bond in the near future once he or she is able to meet the requirements mentioned above;
2. The Parties enter into a r2b agreement and the Purchaser rents the property from the Seller, with the right (option)

to buy it (just before the option expires). This right is registered against the Title Deed;

3. During the r2b Option Period, the buyer rents the property and assumes the responsibilities of a property owner. He or she will:
  - pay rent equal to the future bond repayment;
  - pay the rates and taxes, levies and be responsible for maintenance;
  - In addition, the seller will be able to insure the rental income through r2b Rental Insurance – an added benefit and comfort for the seller)
4. With “My Budget Fitness” we help the buyer build up and establish a good credit record, thereby improving their affordability during the r2b Option Period, which may take between 9 and 18 months. This will enable the buyer to exercise the option to buy once he or she obtains a bond approval.

Deposits of 2-3 months rental may be required, based on the credit profile of a customer.

## Tell us more about “My Budget Fitness”

Many potential homeowners are financially “unfit”, and don’t know how to improve their credit rating or affordability. The My Budget Fitness programme leads them to home ownership, by educating and mentoring bond applicants, helping them to improve their credit rating and affordability, and to increase their success rate of securing a home loan. Potential buyers who start with home owner education 6 to 24 months before applying for a loan, will enhance their ability to secure a home loan.

## How is this achieved?


This service was inspired by the premise that an educated, informed and credit fit consumer will lay the foundation for risk-free lending. In the first instance, we offer our clients Mobile2Budget – a FREE mobile tool that allows the consumer to;

- design and create their own personal budget
- capture and track personal expenses through a mobile

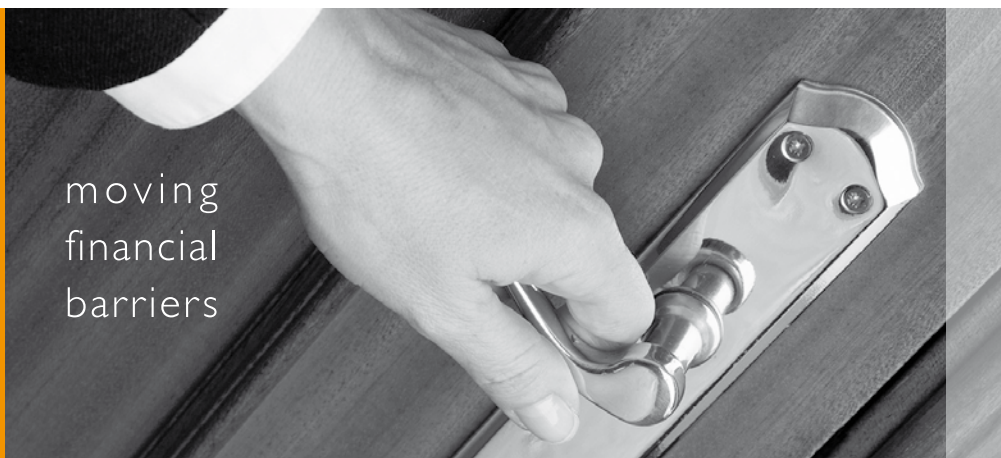
phone (which is accessible to every mobile phone)

- break existing spending and negative credit habits
- adhere to the budget and reduce unnecessary expenses

We also provide a monitoring system that alerts us to clients that have difficulty staying within their budget, and with the mentorship, education and guidance of a personal budget trainer, we enable the client to create a sustainable credit profile, thereby reducing the risk of lending by the lender. The launch of this service goes live in early February

The entire process, and aftercare service, is captured on a secure web-based system, with easy access to all relevant parties through a unique username and password. My Budget Fitness is recommended to every consumer who is granted credit, and is not restricted to home loans only. 

For more information, or to get your FREE Mobile2Budget tool, contact Meyer de Waal:  
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Or visit [www.irent2buy.co.za](http://www.irent2buy.co.za)



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