

# Understand Your Access Bond



## **What is a flexireserve option on a home loan?**

The flexireserve option allows you access to any funds paid over and above your required minimum monthly repayments for a home loan.

### **For example:**

If your agreed minimum home loan repayment is R2 000.00 p.m and you deposit R3 000.00, you can withdraw the R1 000.00 (R3 000.00 – R2 000.00). By depositing R3 000.00 for 12 months, you would have paid R12 000 more than your required monthly repayment (R3 000.00 – R2 000.00) x 12). These funds can be used for any purpose.

## **How will additional payment/s affect my home loan outstanding balance?**

Any deposits you make to the home loan account will reduce the home loan outstanding balance.

## **How will additional deposits affect interest rate calculation on the home loan?**

Interest is calculated daily on the outstanding home loan balance. If you paid extra into your home loan, this will reduce the outstanding balance and as a result, this will reduce the amount of interest that you will pay on your home loan.

## **Can I withdraw additional funds paid into the home loan?**

Yes. The flexireserve option allows access to all “additional” funds paid into the home loan account over and above your required monthly repayments. You may transact from your home loan account via ABSA internet banking, automated teller machines (atm’s), telephone banking (if you have an ABSA transactional account and the home loan is linked to your banking profile), or any ABSA branch nationwide.

## **How will a flexireserve withdrawal affect my home loan outstanding balance?**

Any withdrawals will increase the outstanding home loan balance. Withdrawals are limited to a minimum transaction amount of R1 000.00.

## **Can I withdraw available funds when the account balance is low/zero?**

As such, if the account is paid up (i.e. Zero balance) and there are available funds under the flexireserve facility, this does not necessarily mean that the funds are due to the customer.

The account is in a paid-up status inclusive of the advance payments. If the customer then wishes to close the account/cancel the bond, there are no funds due to the customer even though the flexireserve reflects an “available” balance. However, should the customer wish to withdraw the available funds under the flexireserve, this will cause the account to go into a debit balance.

## **Will the home loan repayment be re-calculated when deposits and withdrawals are made?**

**Deposits:**

When a deposit is made over and above the minimum monthly repayment due (flexireserve deposit) the outstanding home loan balance will reduce. No repayment re-calculation will be done.

**Withdrawals:**

When a flexireserve withdrawal is made the outstanding home loan balance will increase. No repayment calculation will be done if the existing repayment amount is sufficient to cover the minimum repayment due.

Please note: when the prime interest rate changes, the system will re-calculate the repayment based on the home loan outstanding balance at that day. If the current repayment is no longer sufficient, a new repayment amount will be calculated and the customer duly notified of the rate change and the revised repayment amount.

**Is there a transaction limit on withdrawals from the home loan account?**

The minimum withdrawal limit is R1 000.00.

**Is a cash withdrawal allowed from the home loan?**

No withdrawals are allowed from the home loan account. Withdrawals may only be made by means of a transfer from your home loan account via ABSA internet banking, automated teller machines (atm's), telephone banking (if you have an ABSA transactional account and the home loan is linked to your banking profile), or any ABSA branch nationwide. No 3rd party payments are allowed from the home loan account.

**Can available flexireserve funds be withdrawn when doing a further advance?**

When a customer is applying for a further advance, all available flexireserve funds will become unavailable as a new loan granted amount is being calculated to accommodate the further advance amount.

**Please note:**

if flexireserve funds are required by the customer during the further advance application process, the customer may withdraw the funds before the further advance application is submitted. If the customer wants the available flexireserve funds included in the further advance, the customer needs to state this in the application.

Currently, if the customer wants the flexireserve amount to remain available during the further advance, the available funds must be withdrawn and placed in a separate account by the customer until such time that the further advance is paid out. The funds must then be transferred/deposited back into the home loan account. By doing this, the amount will then again reflect as pre-paid funds (flexireserve) and be available.

Important to note that in the above scenario, the available funds must be withdrawn before the further advance application is submitted as the further advance must be calculated on the increased outstanding balance post the Flexireserve withdrawal.

The home loan team is currently working on a solution that will enable an improved customer experience for the above scenario.

**Will the flexireserve facility always be an option on my home loan?**

No, the bank has the right to either suspend or withdraw the facility should you not comply with the terms and conditions as stipulated in the mortgage loan quotation and agreement or if any change in the circumstances places the bank at risk.

# Understand Your Access Bond



**Standard Bank**

## What is an access bond?

An access bond is a facility on your home loan that allows you to transfer funds that have been paid in excess of your contracted instalment from your home loan to a linked standard bank account.

### Transfer

- You can only transfer funds out of the available amount in multiples of R1 000.00.
- There is no limit to the number of deposits you can make into the account.
- You get free transfers to and from your home loan account. There are no transfer fees payable.

### Withdrawals from your account

You will have 2 options to choose from:

Access bond link 1: make access funds available

Access bond link 2: reduce my monthly installment

Your instalment will be recalculated when you draw funds from the available amount in your home loan on both options at month-end. This will be calculated on the outstanding balance, remaining term and applicable rate as follows:

**In the case of making access funds available:** if the new instalment is higher than the current debit order amount according to the new instalment calculated, the debit order will increase to the new amount. In the case of reducing my monthly instalment: the instalment will be re-calculated, and your debit order will be adjusted to the new instalment, on the first day of every month to ensure that your repayments remain as low as possible.

### Payments into your account

**Make access funds available:** the instalment will not be recalculated on this option when additional payments are made over and above your instalments.

**Reduce my monthly instalment:** the instalment on the outstanding balance will be recalculated over the remaining term of your home loan and your debit order will be adjusted on the first day of each month.

# Understand Your Access Bond



**NEDBANK**

## **NEDREVOLVE:**

this gives you access to any money that you've paid over and above your minimum monthly repayments. If you've regularly paid some of your annual bonus into your home loan or you paid a bit extra every month, you can transfer this amount from your home loan to your transactional account via online banking or the Nedbank money app, and the money will be available immediately.

Adding R54,000 to your home loan may increase your minimum payments by only a few hundred rands every month, depending on how much you still owe and how long the loan term is. But "a few hundred rands" monthly over 10, 15, or more years really adds up.

To make sure this strategy saves you money, rather than increase your monthly home loan payments by the full R4,500 you would've been saving for school fees. That will clear the additional R54,000 in a year and reduce the extra interest you're charged.

Just to add, clients can restructure their repayments after paying in a lump sum, however, the contract amount will also be reduced which means clients will not be able to access the funds without doing a readvance application.

## **For clarity here are 2 examples to illustrate how it will work:**

The client has a bond of R1,5 million. The client pays in a lump sum of R500k and wants the installment adjusted to the new outstanding balance of R1 million. This will mean that if the client later wants to access the R500k, the client will have to do a readvance application as the contract amount would have been reduced to cater for lower monthly bond instalments. Normal credit criteria will apply to the readvance application.

The client has a bond of R1,5 million. The client pays in a lump sum of R500k and wants installment adjusted to the new outstanding balance of R1,2 million. This will mean that if the client later wants to access an additional R200k, the client can do so without applying for a readvance and can use the money app to transfer funds from the home loan account to the client's Nedbank current account. If non-banked the client will have to go into a branch to effect the transfer.

Any Additional funds required in excess of the R1,2 million would require that the client do a readvance application as per the above example. Normal credit criteria will apply to the readvance application.

# Understand Your Access Bond



**FNB's policy in terms of the access bond allows for the access funds paid by the client over and above the required installment**

The option would have been made available to the client at registration of the bond as a condition, if not, then it means it was not applicable to the client.

If the client is non-banked they will have to apply for prepaid funds and send the request to **(hlapps@fnb.co.za)** to access the prepaid funds.

If the client is main banked and has access to the FNB app, they can request for their account numbers to be linked and do a self-service on the FNB app.

The Access Bond is not permitted to foreign nationals, refugees, and non-resident clients as they may not withdraw from the bond

## **The process is as follows:**

clients can arrange that the access funds paid, be restructured into the bond whereby they will not become available thus reducing the capital debt.

The client will have to complete a rescheduling request whereby the excess funds paid are cleared and the monthly repayment reduced, this means that the client will no longer have access to the funds they can send the request to the following email address **(pleasehelpme@fnb.co.za)** or alternatively, they can phone the call centre **087 730 1144**