



Prop. News

Bad credit profile: can I still get a bond?



You know that you haven't exactly been scrupulous about paying all your accounts all the time - but now you want to buy your home. Can you still qualify for a mortgage?

"The banks are being quite sticky at the moment, so it's best to take a medium-term view by doing what you can to correct the situation now so that you'll be in a stronger position in six months time," said Kelly van de Venter, a bond originator for the Garden Route office of BetterLife Home Loans.

She said that each bank has its own method of scoring your risk profile - but in general, the higher your score, the less of a risk you'll be, so the better your chances of getting a bond will be.

"Your credit profile tells the bank what it can expect if it lends you the money - will you pay regularly and on time? Do you have a history of borrowing often? - but it's not a static thing,

CREDIT REPORTS

Kelly said that almost the first thing that any bank will do when it receives your loan application will be to request your credit profile from the credit bureaux (TransUnion, Experian, etc.) - "So it makes sense for you to request a report as soon as possible."

The National Credit Act entitles you to one free credit report a year - but if you want to draw more regular reports, the cost is reasonable (generally in the region of R 80.00 per report).

REHAB

Kelly said that you'll stand no chance of getting a loan if your name has been blacklisted with the credit bureaux.

"You can be blacklisted if, say, you've had a clothing store account but you've failed to make payments, and made no arrangement to pay off the debt.

"If you find yourself in this situation, you'll have to pay the debt with interest in full before you can apply to have your name cleared - and if you want it done in a hurry you'll have to pay for the application, too," she said. (A blacklisting should be removed automatically one year after you've settled the debt - but if it isn't, the credit bureaux are obliged to have dispute resolution procedures in place: see the NCR's pdf brochure '[Credit bureau regulations and your rights](#)'.)

A STITCH IN TIME

"If your credit rating isn't great, the best way to make sure that you'll be eligible for a bond in the future is to conduct your accounts correctly, to pay them on time, to close some of them so that you aren't seen to be overexposed, and to make sure that you can in fact afford all your loans - bearing in mind that you'll be allowed to allocate up to 30% of your gross income on your home loan when you do qualify for one," said Kelly.

"If you pay attention to your finances now - and if you can afford it - you might be eligible for a home loan in a year's time.

"And it's amazing how quickly a year can pass," she said.

RESOURCES

National Credit Regulator: [Take control of your finances: The consumer's guide to managing debt](#)