15 July 2022

SUBSTITUTION OF A BONDHOLDER

Substitution of a bondholder refers to the change, removal or substitutions of a debtor in respect of a home loan.

Common circumstances for substitution of a bondholder are as follows:

1. Divorce – One of the parties can be substituted by the other party if one party is awarded sole ownership of the property in terms of the divorce order.

2. Death of a bondholder - The remaining party can take over the bond if they become the sole owner of the property.

The remaining debtor will have to apply to the bank to become the sole debtor on the bond, and the bank will do a credit assessment on the remaining debtor to approve the substitution.