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WHY BOND APPROVAL = ACCEPTANCE OF THE BANK'S QUOTATION

A question which often arises is at what moment it can be said that the purchaser's bond is approved. Many sale agreements determine that the bond is deemed to be approved and the suspensive condition therefore fulfilled once the bank issues a bond quotation to the purchaser. This is not correct. In terms of section 92 of the National Credit Act (read together with regulations 28 and 29) the bank must firstly provide the purchaser with a quotation and pre-agreement. This quotation is valid for 5 working days. The effect hereof is that the purchaser must accept the quotation (within this period) before it can be said that the bond is approved, and the suspensive condition therefore fulfilled. A purchaser can also reject such quotation due to affordability, and the suspensive condition of bond approval will then not be met.