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BOND APPROVAL = ACCEPTANCE OF THE BANK'S QUOTATION

A question which often arises is at what moment can it be confirmed that the purchaser's bond has been approved. Many sale agreements determine that the bond is deemed to be approved and the suspensive condition therefore fulfilled once the bank involved issues a bond quotation to the purchaser or when the Bank has issued an approval in principle. This is not legally correct. In terms of section 92 of the National Credit Act, 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 fulfilled.

A purchaser may choose to not accept the bank's quotation due to various reason such as affordability, interest rate etc. The suspensive condition will then not be fulfilled and the agreement will be null and void.