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Press release from Integer

Integer set to shake up bridging finance industry

Integer, South Africa's newest mortgage lender has launched a revolutionary bridging finance product (InterCash) set to transform the bridging finance market.

Bridging finance has become a significant by product of the mortgage market with advances currently totaling in excess of R1 billion. In essence, service providers (predominantly non-bank lenders) have entered the market to provide temporary cash facilities or advances to those either awaiting the proceeds of the sale of a property or a re-finance by switching or re-advancing on their current mortgage. The advance of these funds (typically for periods of between 30 and 90 days) is designed to facilitate cash flow during the period during which the legalities surrounding the registration of a mortgage bond take place.

The difference with the Integer product is that the bridging finance facility is loaded onto the customer's Transaction Account and can be accessed via a Visa debit card (as opposed to being advanced in cash) immediately on signature of the client's loan agreement. The Integer client pays only for funds actually drawn down as opposed to total funds made available, thereby dramatically reducing the costs associated with this facility. The client can likewise pay back at any stage the funds advanced and thereby avoid interest charges. Integer is currently the only company offering such a product in the South African market.

Simon Stockley, CEO of Integer says, "InterCash, our bridge finance offering will radically transform the bridging finance market. Unscrupulous operators have been charging usurious raising fees and rates as high as prime plus twenty percent. Our product is extremely competitively priced for what amounts to an unsecured revolving credit facility (Integer charges interest at prime plus two percent) but more importantly, clients can use the facility as a revolving credit plan during the registration phase of the mortgage, paying interest only on funds that they use."

If a client is approved for the InterCash facility they will be granted access up to 80% of loan funds to be advanced, less the outstanding balance owed to the existing lender or up to eighty percent of the proceeds to be paid out in relation to the mortgage in the event of there being no existing encumbrances on the property. This means that a client granted a new home loan of R1 million by Integer and existing debt of R600 000 on that home loan, will be eligible for bridging finance on the remaining R400 000. Therefore, R320 000 – calculated as 80% of R400 000 – will be available on the client's Transact Account, within 24 hours of signing their home loan and bridging finance loan agreement.

"This product gives us a significant advantage in attracting clients away from the banks," adds Stockley. Banks have adopted stalling and dilatory tactics in response to Integer's aggressive switching strategy forcing clients in many instances to wait up to 150 days to pay off existing mortgages." InterCash will allow us to advance funds to our clients during this period, allowing them to better manage their cash flows and potentially pay down expensive short term debt."

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NOTE TO EDITORS

Launched in Oct 2007, Integer has already attracted over R1 billion in loan applications. Over R700 million of these applications were from clients with existing mortgages looking to switch to Integer for either improved rate or better home loan features as well as responsive service levels. "This figure clearly demonstrates the high levels of dissatisfaction and distrust consumers have with current lenders."

"We take the matter of providing responsible access to credit very seriously." says Stockley. "The InterCash product will be made available to clients who meet Integer's credit requirements. Upon registration, the outstanding principal amount and interest due on the InterCash facility is repaid from the proceeds of the Integer Home Loan which continues to operate in the normal manner."