



HOMELOANS

Guidelines

The Board of Trustees of the NFMW (the Fund) has decided to transfer the granting of housing loans to RFS Home Loans (Pty) Ltd, as from the 1st of June 2007. The main reason being the strict requirements stipulated in the National Credit Act, which required the Fund to register as a Credit Provider. The Fund believes that its main focus is on ensuring retirement benefits to its members, and not to act as a credit provider.

The Fund however still issues a guarantee to RFS Home Loans with part of a member's fund credit as collateral. The Pension Funds Act no. 24 of 1956 clearly stipulates that a loan can only be granted if it is utilised for one of the following purposes:

- A. Renovation of a property;
- B. Purchase of a property;
- C. Settlement or partial settlement of an existing bond.

In order for any application to be successful, the following requirements must be met:

1. A properly completed application form, clearly reflecting what you intend doing with the money. When doing renovations to a property, specify in detail what renovations or alterations you will be doing.
2. Bank statements for the most recent three months. These statements must reflect three salary deposits and recurring monthly deductions.
3. Most recent salary advice.
4. Copy of ID
5. If married:
 - 5.1. Copy of spouse's ID
 - 5.2. An affidavit from spouse, agreeing to the loan.
6. Proof of Income Tax number. Should this not appear on your salary advice, a copy of your IRP 5 will suffice.
7. When renovating:
 - 7.1. Proof of ownership is required by means of :
 - A bond statement, stating your details, or if not available
 - A water and electricity statement clearly indicating that you are paying property rates and taxes, or if not available



A letter from the Chief (rural areas) confirming you are the owner of the property, or
In the case of a RDP house, a letter from the municipality, confirming you are the
owner.

Note that a 'Deed of Sale' will not suffice as it is not considered to be a current
document.

7.2. A valid quotation, clearly reflecting your personal details as well as the date on which the
quotation was issued with a date stamp and signed by the supplier and the member.

7.3 The quotation must be valid for 60 days.

8. When purchasing a property:

8.1. A legal and binding Offer to Purchase, signed by all relevant parties.

8.2. Contact details of the transfer lawyer and a breakdown of transfer cost .

8.3. Evidence that a bank has approved your bond, unless the full amount is to be borrowed
from RFS Home Loans.

9. When settling or partially settling an existing bond:

9.1. Most recent bond statement, reflecting the current outstanding balance.

The following aspects are the main reasons why home loans are not approved:

1. Bad credit history. Your application won't be successful if:

1.1. You are listed on ITC and cannot provide evidence that the debt as per ITC has been settled
prior to your loan application.

1.2. Trans Union allows any individual to once a year access your credit record, free of charge at
www.mytransunion.co.za.

2. Affordability. The following will definitely result in your application being declined:

2.1. Any unpaid debit orders on your bank statement.

2.2. The loan instalment amount may not exceed 40% of the monthly cash available after ALL
household expenses have been paid. These include instalments for other loans, debit
orders, insurance policies, school fees and other living expenses. These calculations will be
done for the most recent three months.

2.3. Should certain living expenses be paid by a spouse, proof need to be submitted of such
payments. Under no circumstances will a spouse's income be added to the applicant's
income.

3. Insufficient Fund Credit

3.1. The rules of the Fund states that a member can borrow money to the maximum value of:

60% of the first R200,000 of your fund credit;

55% of the next R100,000;

50% of the next R100,000;



- 45% of the next R100,000;
- 40% of the next R100,000;
- 35% of the remainder.

3.2. The outstanding balances of all existing loans are deducted from the available loan amount (calculated above) to determine the amount available for any new loan.

4. Failing to honour existing loan repayments

4.1. Whilst a member is in arrears for an existing loan, he/she will be disqualified for any further loans.

5. Minimum period between loan applications

5.1. A minimum period of twelve months should pass before additional loans will be considered.

6. Minimum period for re-approval of a declined loan.

6.1. A minimum period of three months should pass before re-applying for a loan that was rejected.

6.2. In order for your application to be successful, the requirements should be submitted again as described in point 1 to 9 above.

7. Market Value of Property

7.1. Section 19 (5)(c) of the Pension Funds Act states that the loan shall not exceed 90% of the fair value of the immovable property concerned.

---0000000---