

The National Housing Code

FINANCIAL INTERVENTIONS

Accreditation of Municipalities

Enhanced Extended Discount Benefit Scheme

Individual Subsidies

Operational Capital Budget

Integrated Development Plans Part 1

Integrated Development Plans Part 2

Provision of Social and Economic Facilities

Rectification of Pre-1994 Residential Properties

Subsidy Quantum - Financial Intervention



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Human Settlements
REPUBLIC OF SOUTH AFRICA

Volume 3

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ACRONYMS

Integrated Residential Development Programme	IRDP
Member of Executive Council	MEC
National Department of Human Settlements	DH
Provincial Department responsible for human settlements	PD
Value Added Tax	VAT

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PART A: INDIVIDUAL SUBSIDIES

1 OVERVIEW

One of the objectives of the Comprehensive Plan for the Development of Sustainable Human Settlements is to stimulate the growth of the secondary residential property market. This is considered key in moving the housing programme to not only addressing the bottom end of the market but to creating a vibrant residential market which can serve to assist households to become upwardly mobile and progress up the housing ladder. Hence, the Individual Subsidy Programme provides access to state assistance where qualifying households wish to acquire an existing house or a vacant residential serviced stand linked to a house construction contract through an approved mortgage loan. These properties are available in the normal secondary housing market or have been developed, as part of projects not financed through one of the National Housing Programmes.

Generally, Non-Credit Linked subsidy applications will only be considered in as far as the application for a housing subsidy is tendered for the purchase of an existing improved residential property. However, in cases where it is feasible to administer house building contracts, comprising a limited number of houses on existing serviced stands available in the market, Non-Credit Linked subsidies may be considered for the purchase of the serviced stand and the construction of a top structure.

In addition, in cases where qualifying beneficiaries acquired vacant serviced stands from their own resources and have not accessed state assistance in the past, and who wish to construct/complete top structures on their properties, the MEC may award a full housing subsidy to such persons on condition that he/she can assure that the subsidy funding will be applied for the acquisition of housing goods and services.

The Individual Housing Subsidy Programme has been introduced by the Minister of Housing in terms of the provisions of Section 3(5) of the Housing Act, 1997 (Act 107 of 1997).

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2 POLICY PRESCRIPTS AND PROVISIONS

2.1 POLICY INTENT

This Programme intends to give effect to the policy objective to stimulate the secondary housing market.

The policy envisages a funding arrangement for housing assistance to individual households who wish to acquire properties of choice. The Programme accommodates both beneficiaries who wish to access only subsidy funding to acquire a residential property or who can afford a mortgage loan to finance a residential property.

Persons who have acquired vacant serviced stands without State assistance and who need assistance with the construction of a house may also apply for an Individual Subsidy.

2.2 PROGRAMME PRINCIPLES

The Individual Subsidy Programme incorporates the following principles:

- a) The Individual Subsidy is only available to beneficiaries wishing to acquire residential properties in registered individual ownership;
- b) It is available to beneficiaries who would like to use only the subsidy to acquire an existing house and also to those where the subsidy is linked to mortgage finance from a financial institution for the acquisition of an existing house or the acquisition of a serviced site linked to a house-building contract;
- c) Non-Credit Linked subsidies will be administered on the basis of issuing of guarantees by the MEC and approved funding will only be released upon the achievement of specific milestones;
- d) Credit Linked subsidies will be paid to the financial institution once the subsidy application has been approved and such funds must be paid into a special interest bearing account by the financial institution;
- e) PDs must introduce mechanisms to ensure that subsidies approved for persons who have acquired unsubsidised sites, apply such subsidies for the construction of new, the completion of incomplete and/or improvement of existing houses;
- f) Individual Subsidies may also be accessed through the undertaking of small to medium sized house construction projects for qualifying beneficiary households; and
- g) The awarding of Individual Subsidies will be subject to the availability of funds.

3 APPLICATION OF THE PROGRAMME

The Programme provides access to funding for the following categories:

- a) Credit Linked Subsidies:** In cases where the applicant can afford mortgage loan finance, the applicant may apply for a subsidy that is linked to credit from a financial institution; and
- b) Non-Credit Linked Subsidies:** In cases where the applicant cannot afford mortgage loan finance, the applicant may apply for a subsidy to acquire an existing house entirely out of the subsidy and may supplement this with other funds that may be available to him or her.

Different processes apply to these categories. These are detailed in the Implementation Guidelines for the Individual Subsidy Programme.

- c) Consolidation Subsidies:** In cases where individual beneficiaries of state-financed serviced stands wish to apply for Individual Consolidation Subsidies, the MEC may consider applications for such Consolidation Subsidies on the following basis:
 - i) The subsidy amount must be equal to the prevailing Consolidation Subsidy amount; and
 - ii) The MEC must ensure that mechanisms are in place to ensure that the approved subsidy is utilised for the acquisition of housing goods and services as in the case of persons owning unsubsidised stands that are awarded Individual Non-Credit Linked Subsidies.

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4 WHO WILL BE ASSISTED?

The Programme provides access to subsidies to beneficiaries who satisfy the following entry requirements:

- a) **Resident:** he or she is lawfully resident in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit. Certified copies of the relevant documents must be submitted with the application).
- b) **Competent to contract:** he or she is legally competent to contract (i.e. over 18 years of age or older or legally married or legally divorced and of sound mind).
- c) **Not yet benefited from government assistance:** neither that person nor his or her spouse has previously derived benefits from the housing subsidy scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant. Such previous beneficiaries may, however, qualify for the purchase of a vacant serviced site.

In the case of a divorced applicant who previously derived benefits from the housing subsidy scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant, the terms of the divorce order will determine such an applicant's eligibility for any further benefits under this Programme. Divorced applicants who acquired ownership of a residential property or who derived a financial benefit from the sale of a residential property as part of the dissolution of the joint estate, will be disqualified from accessing any further housing subsidy, except that such an applicant may purchase a serviced stand developed as part of a project financed from any of the National Housing Programmes.

- d) **Not yet owned a fixed residential property:** A person who has not owned fixed residential property may apply for a subsidy, except where the applicant has acquired a vacant serviced site and needs assistance to construct a house. However, if a person has obtained a residential property without government assistance and the property does not comply with the National Norms and Standards for the construction of stand-alone dwellings, such a person still qualifies for subsidisation. The property so acquired must be in possession and registered in the name of the potential beneficiary, with the Registrar of Deeds.

In addition to the above requirements, any applicant must also satisfy the following general criteria:

- e) Married or Cohabiting:** he or she is married (in terms of the Civil Law or in terms of a Customary Marriage) or habitually cohabits with any other person. The word “spouse” includes any partner with whom a prospective beneficiary habitually cohabits.

Where an application is made for a subsidy on the basis of a legal marriage or cohabitation arrangement, it is required that the property must be registered in the names of both spouses in the Deeds Office. Documentary proof of the marriage and affidavits from both spouses in respect of cohabiting arrangements and customary marriages must be provided.

- f) Single with Financial Dependents:** he or she has proven financial dependents. A financial dependent refers to any person who is financially dependent on the subsidy applicant and who resides permanently with the housing subsidy applicant. Financial dependents include any or a combination of the following proven financially dependent persons of, and residing permanently with, the subsidy applicant:

- i) Biological parents or parents-in-law;
- ii) Biological grandparents or grandparents-in-law;
- iii) Brothers/sisters under the age of eighteen [18] years or, if older, who are proven financially dependent on the applicant;
- iv) Children under the age of eighteen [18] years, i.e.:
 - a) Grand children;
 - b) Adopted children;
 - c) Foster children;
 - d) Biological children;
 - e) Any of the above persons over the age of eighteen [18] years who are still studying and who are financially dependent on the applicant; and
- v) extended family members who are permanently residing with the applicant due, for example, to health problems and who are therefore proven financially dependent on the housing subsidy applicant.

Special Provision: it is a requirement that in cases where housing subsidy applications are submitted by single persons with financial dependents, that the particulars from the identification document of such dependents must be recorded on the application form and the information must be captured in the Housing Subsidy System. The following documents must accompany an application for a housing subsidy:

Certified copies of:

- i) Birth certificates, bearing the thirteen digit identity number for children who do not have bar coded identity documents;

- ii) Bar coded identity documents of all persons who are claimed as part of the household;
- iii) Divorce settlement documentation (to prove custody of children) where relevant;
- iv) Affidavits for unions solemnised in terms of SA Civil Law and accompanied by sworn statements to prove the authenticity of the relationship to the applicants, where applicable; and
- v) court orders or, orders issued by the Commissioner of Child Welfare to prove guardianship for foster children, where relevant.

g) Monthly household income: The gross monthly household income of his or her household may not exceed the amount of the maximum income limit as approved by the Minister from time to time.

A prospective beneficiary will be required to submit adequate proof of income, and, in the case of income received through self-employment, must sign an affidavit stating the amount earned.

For the purposes of assessing whether any particular person is entitled to receive a housing subsidy, the income of his or her spouse (if any) shall be added to that person's income, and "income" shall include:

- i) basic salary and/or wages;
- ii) any allowances paid on a regular, monthly or seasonal basis as part of an employment contract;
- iii) any loan interest subsidy, or other remuneration payable regularly on a monthly basis to the individual (and/or to his or her spouse) by his or her employer;
- iv) any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis;
- v) any commission payable to the individual (and/or to his or her spouse) on a monthly basis (an average of the most recent 12 (twelve) months will be determined for eligibility assessment purposes);
- vi) income received through self employment; and
- vii) any retirement or disability benefits received on a regular (monthly) basis.

Special Provision: Beneficiaries of credit-linked subsidies will be subject to additional criteria as stipulated by the financial institution.

h) Persons who are beneficiaries of the Land Restitution Programme: beneficiaries of the Land Restitution Programme (LRP), should they comply with other qualification criteria, may apply for housing subsidies in the following manner:

- i) In cases where a serviced site has been provided in terms of the Land Restitution Programme, such beneficiaries may qualify for a housing subsidy equal to the value of the prevailing subsidy amount applicable for the top structure (Consolidation Subsidy); and
 - ii) In cases where the beneficiary did not receive any residential property, such beneficiaries may qualify for a full housing subsidy.
- i) Persons classified as military veterans as confirmed by the SANDF:** Military veterans who are single without financial dependants may also apply for individual subsidies.
- j) Persons classified as aged:** Aged persons who are single without financial dependants may also apply for subsidisation. Aged persons can be classified as male and female persons who have attained the minimum age set to qualify for Government's old age social grant.
- k) Persons classified as disabled:** Persons who are classified as disabled, whether single, married or co-habiting or single with financial dependants, may apply for housing subsidies. In addition the MEC may in his/her discretion decide to award the beneficiary the variation of the subsidy.

Furthermore, if a person who has already received state funding for housing and/or who already owns or owned a residential property, is or becomes disabled, or if his or her dependent(s) is/are or become disabled and that person satisfies the other qualification criteria, the MEC may at his/her discretion decide to award the beneficiary the variation of the subsidy.

The variation of the subsidy amount for purposes of improvements to the dwellings for disable persons is contained in the Variation Manual, included in the Technical and General Guidelines of the National Housing Code.

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5 FUNDING ARRANGEMENTS

5.1 FUNDING ALLOCATION AND RESERVATION

Annually, the Minister will announce the subsidy allocation awarded to each province. The MEC in each province will then reserve funding for each National Housing Programme subsidy instrument from the provincial allocation. The MEC will notify the financial institutions that will assist in the credit-linked subsidy option of the amount reserved through public notice.

5.2 LEGAL FEES

Only Non-Credit Linked subsidies are eligible to include legal fees in the amount to be covered by the subsidy. In respect of legal fees, the following rules apply:

- a) The costs, expenses and charges to be incurred in transferring a property to a beneficiary accessing a Non-Credit Linked subsidy (the legal fees), may be deducted and paid out of the subsidy amount; and
- b) If the subsidy is a Credit Linked subsidy, the legal fees may not be paid out of the subsidy amount.

5.3 PAYMENT OF SUBSIDY FUNDS BY THE PD

In the case of a Non-Credit Linked Subsidy, the payment of the approved subsidy funding will be administered in terms of a guarantee issued by the MEC that the approved subsidy will be paid to the seller of the stand and/or small contractors when:

- a) Registration of the property in the name of the subsidy beneficiary has taken place. The conveyancer concerned will accordingly, on the basis of the guarantee, attend to the transfer of the property, and provide proof of registration of transfer to the PD. Once the property has been transferred, the PD will pay the seller the subsidy minus conveyancing fees and pay the conveyancer the conveyancing fee;
- b) In the case of an applicant who has acquired a vacant serviced site from his/her own resources or from the Restitution Programme and the subsidy is then used to finance the building of a house, payment will be made upon certification that the house has been completed in accordance with the prescripts in this Programme; and
- c) In the case of a Credit-linked subsidy, the approved subsidy will be paid to the lender as soon as possible after the MEC has approved the subsidy application.

As an alternative option to (c) above and at the MEC's discretion, the MEC may institute a bank guarantee system and release approved subsidy funding against said guarantees when the following conditions/milestones have been met:

- i) fifty percent (50%) of the total approved subsidy amount (including an approved allowance pertaining to geotechnical conditions, if applicable) but not exceeding the infrastructure costs to the stand, including the land and transfer costs, upon receipt of proof of registration of transfer;
- ii) the remaining fifty percent (50%) of the total approved subsidy amount (including an approved allowance pertaining to geotechnical conditions, if applicable) upon receipt submitted by the applicable lender or conveyancer of a top structure completion certificate signed by the beneficiary, as well as an inspection certificate signed by both the municipality and the inspectorate of the applicable PD; and
- iii) the total approved subsidy amount upon receipt, of verifiable proof of registration of transfer in respect of existing residential units.

Before the bank guarantee system can be implemented, the following conditions must be met:

- i) The bank guarantee system may only be introduced once provincial accounting officers have reached agreement with their Bankers with a view to the establishment of a bank guarantee system;
- ii) If successful the respective MECs, accredited lenders and the various conveyancers amend any contracts which may exist between the MEC's, lenders and conveyancers to accommodate the guarantee system as well as the fees to be levied by lenders and conveyancers for the rendering of such a service; and
- iii) The necessary approvals from the Provincial Treasury as well as the Provincial State Attorney are obtained.

5.4 THE DEVELOPER DRIVEN INDIVIDUAL SUBSIDY MECHANISM

The main objective of the Programme is to stimulate the growth of the secondary residential market. The emphasis of the Programme is therefore on providing subsidies for the acquisition of existing houses available in the market. However, there is a need for the administration of Non-Credit Linked Individual Subsidies within the context of a small project on serviced stands available in the market, such as to target small scale developers. Where such small scale projects are feasible and practicable, the Non-Credit Linked Individual Subsidy option may be applied through the following rules:

- a) All interfaces between the organ of the State and the supplier of housing goods and services must be undertaken on the basis of fair, transparent, equitable and competitive processes;
- b) Once projects are approved, the relevant number of subsidies approved must be reserved for each specific small project;

- c) The MEC must enter into an agreement with the small scale developer for the undertaking of the project. This agreement must *inter alia* regulate the payment of the approved subsidy funds; and
- d) The MEC must release the approved subsidy funding in terms of an agreed progress payment system which is based on the principle of the achievement of value for money.

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6 NON-CREDIT LINKED SUBSIDIES

Non-Credit Linked subsidies are available to persons meeting the qualification criteria and who do not qualify for credit from a financial institution, as determined by the institution's lending criteria or who do not wish to access credit from a lender. The purchase of an existing house is therefore made solely from the subsidy amount awarded.

6.1 RULES FOR NON-CREDIT LINKED SUBSIDIES

- a) Individual Non-Credit Linked Subsidies can be considered where an existing house will be purchased except where the Developer Driven Individual Subsidy mechanism is applied for the purchase of vacant serviced stands and the construction of a limited number of houses on such stands for qualifying beneficiaries;
- b) Subsidy applications must be submitted to the PD together with a conditional deed of sale for the relevant property for evaluation and acquiring of the MEC's approval;
- c) Applications for Non-Credit Linked Subsidies will only be considered where funding for the Programme is available;
- d) Once a subsidy application is approved the PD will issue an irrevocable letter of undertaking or guarantee to the effect that the approved subsidy will be paid as indicated; and
- e) The approved subsidy amount will only be paid upon registration of ownership of the property in question in the name of the approved beneficiary or as agreed to between the MEC and the small scale contractor in the case of the Developer Driven Individual Subsidy mechanism.

6.2 FUNDING ARRANGEMENTS FOR NON-CREDIT LINKED SUBSIDIES

6.2.1 THE QUANTUM OF THE HOUSING SUBSIDY

The Director-General of the National Department will annually announce the Housing Subsidy amount, supported by a detailed cost breakdown that would be applicable for the Programme in respect of that specific financial year.

The subsidy amount may be increased to cater for special development requirements. The details for the variations of the subsidy amount are contained in the Manual for the Variations of the Housing Subsidy, found in the Technical Provisions.

7 CREDIT LINKED SUBSIDIES

Credit Linked Subsidies can be accessed by persons who satisfy the qualification criteria for the subsidy, and who can access mortgage loans. The subsidies are administered on behalf of the MEC by the financial institutions who have concluded agreements with the MEC and who will act as agents for the MEC.

7.1 RULES GOVERNING CREDIT LINKED SUBSIDIES

7.1.1 SUBMITTING THE APPLICATION TO THE LENDER

- a) Credit linked subsidy applications must be submitted directly to financial institutions (lenders) who will process the applications, consider the loan application against its credit criteria and submit the applications for approval to the MEC;
- b) Applications must be submitted to lenders together with a conditional deed of sale for the property to be acquired by the beneficiary as well as a signed building contract where applicable;
- c) On receipt of the application and the copy of the sale agreement concluded by the beneficiary and the seller, the lender must in principle approve the beneficiary's application for loan finance, subject to the granting of a subsidy to the beneficiary. Approval is also subject to an assessment of the property by the lender;
- d) Against approval of the beneficiary's application for loan finance, the lender must require the beneficiary to complete the subsidy application form and must obtain from the beneficiary all the supporting documentation required in that application form; and
- e) After completion of the application form by the beneficiary, the lender must submit that application to the MEC.

7.1.2 AFTER APPROVAL OF THE CREDIT LINKED SUBSIDY APPLICATION

After approval of any subsidy, the lender must:

- a) Issue a guarantee securing payment of the subsidy amount;
- b) Deliver that guarantee to the conveyancer appointed to transfer the property to the beneficiary, and require the conveyancer to proceed with the transfer of the property; and
- c) If it has not already done so, immediately give instructions to any qualified conveyancer of the lender's choice, to register a mortgage bond over the property purchased by the beneficiary, as security for the loan granted by the lender to the beneficiary. If the lender so prefers, the guarantee may be issued on its behalf by the conveyancer.

7.2 PROPERTIES PURCHASED IN PROJECTS DEVELOPED UNDER THE INTEGRATED RESIDENTIAL DEVELOPMENT PROGRAMME (IRDP)

- a) If any beneficiary's application for a subsidy has been approved and if that beneficiary subsequently purchases a property which is located in a project approved in terms of the IRDP the lender must, if it is satisfied with the property purchased by the beneficiary, advise the developer that a subsidy has already been obtained for the beneficiary and that it has agreed to grant loan finance to the beneficiary;
- b) Thereafter the developer must ensure that the beneficiary completes that portion of the prescribed application form that relates to the property purchased by him or her and the developer must submit that subsidy application to the MEC; and
- c) Payment of the subsidy amount will then be made in accordance with the progress payment provisions of the IRDP.

7.3 FUNDING ARRANGEMENTS

The Director-General of the ND will annually announce the individual housing subsidy amounts. Certain beneficiaries are required to make a financial contribution to award them access to the benefits of the Programme. The following specific rules apply:

- a) In respect of the income category R0 to R1 500 per month, beneficiaries are not required to make any contribution; and
- b) In respect of in the income category R1 501 to R3 500 per month, beneficiaries are required to make a financial contribution of R2 479 except the indigent.

Funds received by the lender from the MEC, for the purposes of approved Individual Subsidies, must be held in a special interest bearing account of the lender.

7.3.1 INTEREST ON SUBSIDY FUNDING RECEIVED BY THE LENDER

The interest that will accrue on the amount of any approved subsidies transferred to the lender's special account, from the date upon which the lender receives payment of that amount up to and including the date upon which the lender pays that amount to the developer or seller of the property, will be regulated by the agreement between the MEC and the lender.

7.3.2 RECONCILIATION

The manner in which the lender will be required to furnish accounts and reconciliations on the receipt and payment of subsidy refunding to the MEC, and the times at which such accounts and reconciliations are to be delivered, will be determined by the agreement entered into between the lender and the MEC.

8 EXCEPTION TO BOTH CREDIT AND NON-CREDIT LINKED SUBSIDIES

Persons, who have previously acquired unsubsidised stands in ownership, may apply for an Individual Credit Linked or Non-Credit Linked subsidy to assist in the building/completion/purchase/improvement of a top structure. Approval of both Credit and Non-Credit Linked subsidies under this exception must be administered on the basis approved by the MEC. This will require management of the housing funds to ensure the use thereof is for housing goods and services. In the administration of the subsidy, the following principles must be adhered to:

- a) It is essential that the subsidy must be used for housing purposes. The houses to be provided must comply with the Norms and Standards as provided for in the Technical Guidelines. The options for managing the payment of the subsidy amount must be flexible enough to allow beneficiaries the maximum choice of how to use the residual amount of their subsidies and opt for as wide a range of housing delivery systems as possible, whether through purchasing complete housing packages or through the incremental construction of houses. The management of the payout packages must be simple, easy to administer and cost effective. Fraud and abuse of the subsidy system must be prevented;
- b) PDs may accredit certain suppliers of building materials and make appropriate arrangements with such suppliers to deliver housing goods and services to approved subsidy beneficiaries in return for payment direct from the PD. Any such arrangement will have to be linked to a process that will ensure that the material, supplied by accredited suppliers, will be used for the construction, completion and/ or enhancement of the approved house in accordance with the approved subsidy as well as the provisions of the Norms and Standards as captured in the Technical Guidelines;
- c) PDs must have the necessary capacity to manage the payouts of the subsidy amounts. This required capacity *inter alia* entails:
 - i) mechanisms to ensure payments of the residual amounts which may be required on a sporadic and ad hoc basis by beneficiaries;
 - ii) inspections *in loco* to ensure adherence to approved standards and progress with the construction of houses; and
 - iii) payments must only be made upon confirmation that value for the housing subsidy money has been realised.
- d) House building plans should only be approved by the responsible municipality and must conform to at least the National Norms and Standards in respect of Permanent residential Structures and the minimum Norms and Standards instituted by the relevant PD.

9 INSTITUTIONAL ARRANGEMENTS

9.1 RESPONSIBILITIES OF THE PD

- a) The MEC reserves funds for the Programme from the provincial housing allocation;
- b) The MEC administers the Programme;
- c) The MEC must approve the granting of any Individual Subsidy;
- d) The MEC may withdraw the subsidy approval, if any application for a subsidy is approved, and if it subsequently transpires that the beneficiary in fact does not qualify for a subsidy.

The approval of the subsidy will lapse immediately. The PD must advise lenders and conveyancers accordingly who must return the amount concerned to the PD Fund to the extent to which it has not been paid to the developer or seller of the property;

- e) The MEC may take appropriate legal action against a beneficiary if any information supplied in any application for a subsidy is incorrect or fraudulent, and may also institute criminal proceedings;
- f) The MEC must satisfy him/herself that the property acquired by the beneficiary complies with the minimum National Norms and Standards, captured in the Technical Guidelines; and
- g) In the case of beneficiaries who acquired unsubsidised stands, the PD's may accredit certain suppliers of building materials and make appropriate arrangements with such suppliers to deliver housing goods and services to approved subsidy beneficiaries in return for payment direct from the PD.

9.2 WHERE THE MEC DECIDES TO OPT FOR THE INTRODUCTION OF A BANK GUARANTEE SYSTEM

- a) The PD registers and approves a list of lenders with their account payment details and domicilium;
- b) With the MEC's approval the PD registers automated electronic linkages and establishes lines of communication between the respective Bankers of the Provincial Governments and other lenders; and
- c) The PD may pay the conveyancer such a fee as the MEC may regard reasonable for the work done by the conveyancer.

10 NATIONAL HOUSING SUBSIDY DATABASE

All approved Housing Subsidy Scheme beneficiaries must be recorded on the National Housing Subsidy Database (NHSDB).

11 HOUSING SUBSIDY SYSTEM

All approved projects under this Programme must be administered through the Housing Subsidy System and no parallel systems will be allowed.

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PART B: GUIDELINES FOR IMPLEMENTATION

1 NATURE OF GUIDELINES

This section provides suggestions on how to implement individual subsidy applications under the Programme, and therefore is non-prescriptive in nature. The MEC has discretion in the application of these Guidelines.

It is, however, important to note that the contents of the Guidelines are based on the statutory provisions applicable to all spheres of government. The key legislation includes:

- a) the Constitution of the Republic of South Africa, 1996;
- b) the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- c) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
and
- d) the Housing Act, 1997 (Act No. 107 of 1997).

In considering the application of the Guidelines for the Implementation of the Programme, consideration should be given to the implications of any deviations, measured against the provisions of the relevant legislative provisions.

The Constitution, 1996 obliges the three spheres of government to fulfil the obligations imposed by it, and to apply national and provincial legislation enacted in terms of the Constitution, 1996 (sections 85(2), 125(2) and 151 (3)). In the implementation of this Programme, all office bearers and officials must ensure compliance with this statutory framework.

There are two types of Individual Subsidies:

- A. Credit Linked Subsidies; and
- B. Non-Credit Linked Subsidies.

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2 IMPORTANT CONSIDERATIONS

This section details the forms of secure tenure associated with Individual Subsidies, the subsidy amount, beneficiary contributions, VAT and the qualification criteria.

2.1 SECURITY OF TENURE

Persons under this Programme will only qualify for housing subsidies where they acquire the secure right to occupy, use or own a property in terms of a form of tenure which can be registered with a competent authority. Generally, subsidies will be made available only to beneficiaries who acquire registered title to a property either in the form of ownership, leasehold, 99-year leasehold, or deed of grant.

2.2 SUBSIDY AMOUNT AND BENEFICIARY CONTRIBUTIONS

The Director-General of the ND will annually announce the individual housing subsidy amounts.

Certain beneficiaries are required to make a financial contribution to award them access to the benefits of the Programme. The following specific rules apply:

- a) In respect of the income category R0 to R1 500 per month, beneficiaries are not required to make any contribution; and
- b) In respect of in the income category R1 501 to R3 500 per month, beneficiaries are required to make a financial contribution of R2 479.
- c) In respect of beneficiaries earning R1 501 to R3 500 per month and who are classified as aged (60 years in the case of a female and 65 years in the case of a male beneficiary) and disabled as well as persons classified as health-stricken, the requirement of an own contribution will not apply.

2.3 ZERO RATING OF HOUSING SUBSIDIES FOR VAT

In terms of a ruling by the former Commissioner of Inland Revenue, housing subsidies fall within the definition of “transfer payments” as contemplated in the Value Added Tax Act, 1991 (Act No. 22 of 1991) and are subject to VAT at a rate of zero percent (0%).

2.4 WHO WILL BE ASSISTED?

The Programme provides access to subsidies to beneficiaries who satisfy the following entry requirements:

- a) **Resident:** He or she is lawfully resident in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit. Certified copies of the relevant documents must be submitted with the application).
- b) **Competent to contract:** He or she is legally competent to contract (i.e. over 18 years of age or older or legally married or legally divorced and of sound mind).

c) Not yet benefited from government assistance: Neither that person nor his or her spouse has previously derived benefits from the housing subsidy scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant. Such previous beneficiaries may, however, qualify for the purchase of a vacant serviced site. In the event of a divorce involving a person who previously derived benefits, the terms of the divorce order will determine such a person's eligibility for benefits under this Programme.

d) Not yet owned a fixed residential property: A person who has not owned fixed residential property may apply for a subsidy, except where the applicant has acquired a vacant serviced site and needs assistance to construct a house

In addition to the above requirements, any applicant must also satisfy the following general criteria:

e) Married or Cohabiting: He or she is married (in terms of the Civil Law or in terms of a Customary Marriage) or habitually cohabits with any other person. The word "spouse" includes any partner with whom a prospective beneficiary habitually cohabits. Where an application is made for a subsidy on the basis of a legal marriage or cohabitation arrangement, it is required that the property must be registered in the names of both spouses in the Deeds Office. Documentary proof of the marriage and affidavits from both spouses in respect of cohabiting arrangements and customary marriages must be provided.

f) Single with Financial Dependents: He or she has proven financial dependents. A financial dependent refers to any person who is financially dependent on the subsidy applicant and who resides permanently with the housing subsidy applicant. Financial dependents include any or a combination of the following proven financially dependent persons of, and residing permanently with, the subsidy applicant:

- i) Biological parents or parents-in-law;
- ii) Biological grandparents or grandparents-in-law;
- iii) Brothers/sisters under the age of eighteen [18] years or, if older, who are proven financially dependent on the applicant;
- iv) Children under the age of eighteen [18] years, i.e.:
 - a) Grand children;
 - b) Adopted children;
 - c) Foster children;
 - d) Biological children;

- e) Any of the above persons over the age of eighteen [18] years who are still studying and who are financially dependent on the applicant; and
- v) Extended family members who are permanently residing with the applicant due, for example, to health problems and who are therefore proven financially dependent on the housing subsidy applicant.

Special Provision: It is a requirement that in cases where housing subsidy applications are submitted by single persons with financial dependents, that the particulars from the identification document of such dependents must be recorded on the application form and the information must be captured in the Housing Subsidy System. The following documents must accompany an application for a housing subsidy:

Certified copies of:

- i) Birth certificates, bearing the thirteen digit identity number for children who do not have bar coded identity documents;
- ii) Bar coded identity documents of all persons who are claimed as part of the household;
- iii) Divorce settlement documentation (to prove custody of children) where relevant;
- iv) Affidavits for unions solemnised in terms of SA Civil Law and accompanied by sworn statements to prove the authenticity of the relationship to the applicants, where applicable; and
- v) court orders or, orders issued by the Commissioner of Child Welfare to prove guardianship for foster children, where relevant.

Applicants who satisfy the above criteria may qualify for the purchase of a serviced site and/or a housing subsidy for the construction of a top structure.

g) Monthly household income: The gross monthly household income of his or her household may not exceed the amount of the maximum income limit as approved by the Minister from time to time.

A prospective beneficiary will be required to submit adequate proof of income, and, in the case of income received through self-employment, must sign an affidavit stating the amount earned.

For the purposes of assessing whether any particular person is entitled to receive a housing subsidy, the income of his or her spouse (if any) shall be added to that person's income, and "income" shall include:

- i) basic salary and/or wages;

- ii) any allowances paid on a regular, monthly or seasonal basis as part of an employment contract;
- iii) any loan interest subsidy, or other remuneration payable regularly on a monthly basis to the individual (and/or to his or her spouse) by his or her employer;
- iv) any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis;
- v) any commission payable to the individual (and/or to his or her spouse) on a monthly basis (an average of the most recent 12 (twelve) months will be determined for eligibility assessment purposes);
- vi) income received through self employment; and
- vii) any retirement or disability benefits received on a regular (monthly) basis.

Special Provision: Beneficiaries of credit-linked subsidies will be subject to additional criteria as stipulated by the financial institution.

h) Persons who are beneficiaries of the Land Restitution Programme: Beneficiaries of the Land Restitution Programme (LRP), should they comply with other qualification criteria, may apply for housing subsidies in the following manner:

- i) In cases where a serviced site has been provided in terms of the Land Restitution Programme, such beneficiaries may qualify for a housing subsidy equal to the value of the prevailing consolidation subsidy amount for the construction of a house.
- ii) In cases where the beneficiary did not receive any residential property, such beneficiaries may qualify for a full housing subsidy.

i) Persons classified as military veterans: Military veterans who are single without financial dependants may also apply for individual subsidies. Military veterans can be classified as persons who served under any previous manifestation of the military as well as those persons involved in military operations during the liberation movement. Veterans must submit with their application:

- i) Proof of service; and
- ii) Details of social services received thus far.

j) Persons classified as aged: Aged persons who are single without financial dependants may also apply for subsidisation. Aged persons can be classified as male persons who have attained the age of 65 years and female persons who have attained the age of 60 years.

k) Persons classified as disabled: Persons who are classified as disabled, whether single, married or co-habiting or single with financial dependants, may apply for housing subsidies. In addition the MEC may in his/her discretion decide to award the beneficiary the variation of the subsidy.

Furthermore, if a person who has already received state funding for housing and/or who already owns or owned a residential property, is or becomes disabled, or if his or her dependent(s) is/are or become disabled and that person satisfies the other qualification criteria, the MEC may at his/her discretion decide to award the beneficiary the variation of the subsidy.

The variation of the subsidy amount for purposes of improvements to the dwellings for disable persons is contained in the Variation Manual, included in the Technical and General Guidelines of the National Housing Code.

2.4.1 OTHER CONDITIONS FOR ELIGIBILITY

- a) It is within the discretion of the MEC to approve or reject the granting of any Individual Subsidy;
- b) In the case of Credit Linked subsidy, if the property has not been transferred to the beneficiary within three months from the date upon which the PD pays the subsidy amount in respect of that property to the conveyancer or to the lender, as the case may be, the MEC may withdraw the subsidy;
- c) In case of a Non-Credit Linked subsidy, if the property has not been transferred to the beneficiary within three months from the date of approval of the subsidy, the MEC will also be entitled to withdraw the subsidy approval. Beneficiaries must not apply for the subsidies, if, at the time they apply, the properties cannot be transferred to them;
- d) If any information supplied in any application for a subsidy is incorrect or fraudulent, the MEC may take appropriate legal action against the beneficiary, and may also institute criminal proceedings; and
- e) If any application for a subsidy is approved, and if it subsequently transpires that the beneficiary in fact does not qualify for a subsidy, the approval of the subsidy will lapse immediately. The PD must advise lenders accordingly who must return the amount concerned to the PD to the extent to which it has not been paid to the developer or seller of the property.

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3 SUGGESTIONS ON HOW TO IMPLEMENT

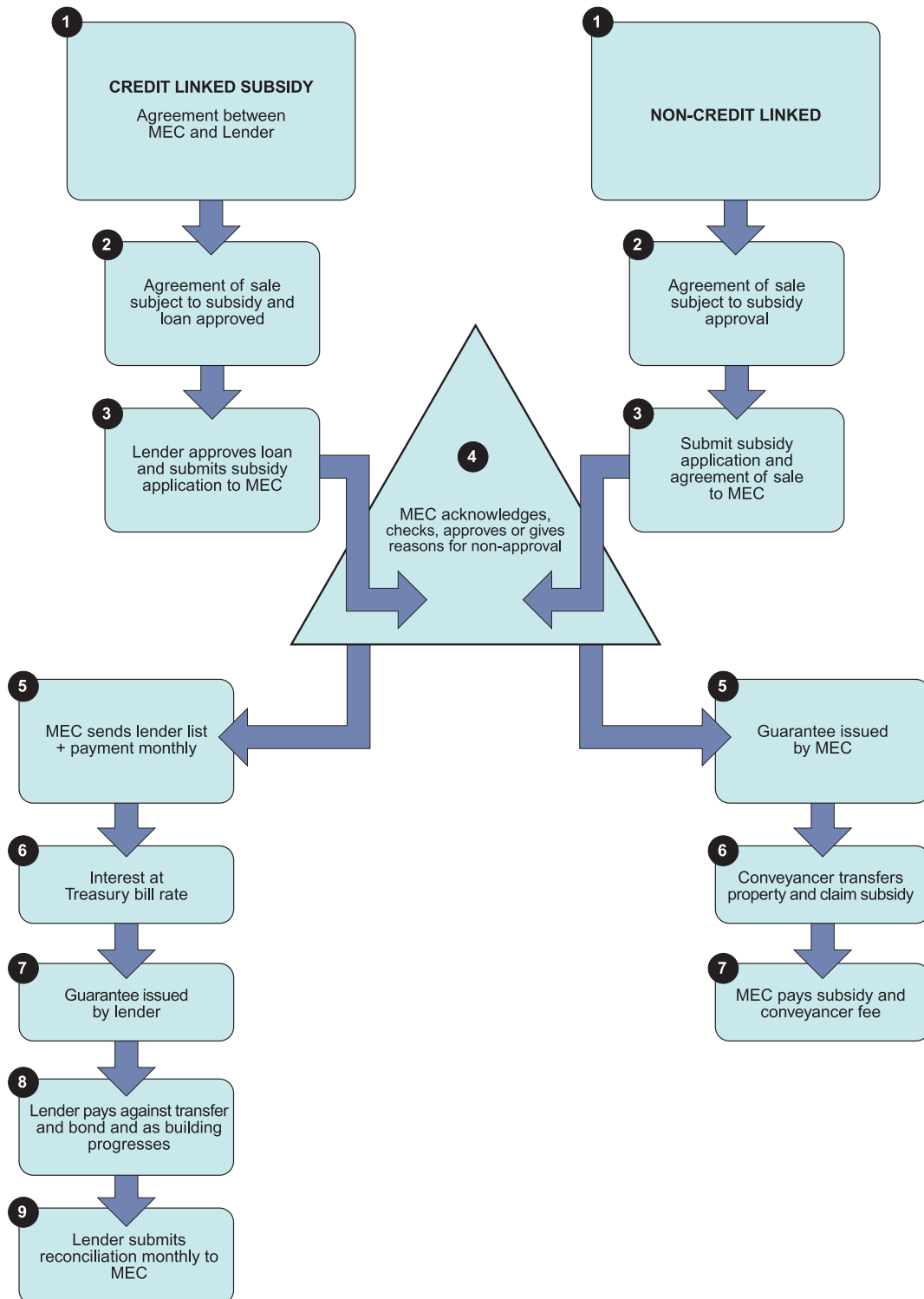
This section details the suggested means of implementing both Credit Linked and Non-Credit Linked Subsidies.

The table below indicates the differences between Non-Credit Linked and Credit Linked Subsidy mechanisms.

Action	Non-Credit Linked Subsidy	Credit Linked Subsidy
Submit application to	To the MEC	To a lender
Legal fees	Covered by the subsidy	Not covered by the subsidy
Notification of decision on subsidy application	To the beneficiary	To the lender
Payout of Subsidy	To conveyancer in terms of guarantee system once transfer has taken place and / or the house has been completed	To the lender upfront once subsidy is approved or alternatively in terms of an agreed guarantee scheme
Use of the Subsidy	To purchase an existing house (or to construct a house in case of person owning an unsubsidised stand)	To purchase an existing house or to purchase a serviced stand linked to a house-building contract
Contribution Requirement	Income: R0,00 – R1 500,00 pm – no contribution Income: R1 501,00 – R3 500,00 pm – contribution R2 479,00 Excluding indigent	Mortgage repayment represents contribution

FLOW CHART: (See following page) SUMMARISED PROCESS FOR APPLICATION, REGISTRATION AND PAYMENT OF INDIVIDUAL SUBSIDIES

INDIVIDUAL SUBSIDIES FLOWCHART



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4 NON-CREDIT LINKED SUBSIDY

4.1 HOW TO APPLY

4.1.1 THE APPLICATION FORM

All applications for Non-Credit Linked individual subsidies must be made on the appropriate application form. The application form must be accompanied by the documentation indicated on the application form. Together with the required documents indicated in the application form, the following documentation is required:

- a) **Conditional sale agreement:** Certified copy of the conditional sale agreement for the purchase of the relevant property;
- b) **Conveyancer appointment:** The application must also contain a nomination by the seller of the property, agreed to by the beneficiary, of a duly admitted attorney or conveyancer who will attend to the registration of transfer of the property, or leasehold or deed of grant into the name of the beneficiary;
- c) **A certificate from the conveyancer:** In this certificate, the conveyancer confirms that he/she is prepared to attend to the work envisaged. In addition, if the seller and the beneficiary have reached an agreement with the conveyancer regarding the fee, which must be an all inclusive and fixed fee, a recordal of such fee must be included; and
- d) **Certified copy of building contract:** In the case of a person owning an unsubsidised stand a certified copy of the building contract, concluded with an NHBRC registered home builder and the approved house plans of the dwelling to be erected on the stand.

4.2 THE BANK GUARANTEE

Non-Credit-Linked Subsidy funding will be paid in terms of the provisions of an irrevocable letter of undertaking or guarantee issued by the MEC, stating that the approved subsidy will be paid upon registration of transfer, or in the case of a person owning an unsubsidised stand, upon completion of the house.

4.3 THE DEVELOPER DRIVEN INDIVIDUAL SUBSIDY

In cases where the need exists for the administration of Non-Credit Linked Individual Subsidies within the context of a small project, such as to target small scale developers the following rules apply:

- a) Upon registration of transfer of the serviced stand in the name of the beneficiary, a progress payment to the value of 50% of the relevant subsidy amount may be paid. This

progress draw may however not exceed the maximum cost of the land plus engineering services.

This payment will be considered by the PD upon receipt of documentary proof of the registration of transfer of the stand in the name of the relevant beneficiary;

- b) The balance of 50% of the subsidy amount is paid after the completion of the house to the satisfaction of the PD. Proof of completion of the house must take the form of a “Happy letter” signed by the beneficiary and an inspection certificate, signed by a suitable qualified person; and
- c) The PD may however decide to institute other milestones in respect of the progress payment system, provided, in the final analysis, such milestones are not inconsistent with the five progress payments as applicable to the project linked subsidy programme.

4.4 HOW THE MEC EVALUATES THE APPLICATION FOR NON-CREDIT LINKED SUBSIDIES

Upon receipt of an application, the PD should:

- a) Acknowledge receipt of the application in writing within seven days;
- b) Ascertain if sufficient funds are available to approve the application as soon as possible;
- c) If sufficient funds are available, examine the application to establish whether it is procedurally correct. If it is not, the PD returns it to the applicant, indicating what is incorrect or incomplete. In such cases the applicant may amend the application as instructed and resubmit it for a second evaluation;
- d) Determine whether the applicant’s name and/or identity number and/or those of his or her spouse appear on the National Housing Database, and if any of them do, immediately advise the beneficiary that the application is considered rejected;
- e) Determine, through a search of all the deeds offices, whether any residential property is registered in the name of the beneficiary and/or his or her spouse. If any residential property is registered in the name of the beneficiary and/or his or her spouse, the MEC must immediately advise the beneficiary accordingly, in which case the application will be considered rejected.
- f) Once the PD has confirmed that:
 - i) the application is procedurally correct;
 - ii) the names and/or identity numbers of the beneficiary and/or his or her spouse do not appear on the National Housing Database, and
 - iii) no residential property is registered in the name of the beneficiary and/or his or her spouse.

- g) The MEC should consider the application and communicate its decision regarding it, within twenty one days after the MEC acknowledgment of the application, if an application is rejected, the MEC should give the beneficiary written notice thereof as well as written reasons for the rejection. If the application is approved, the MEC should advise the conveyancer.

4.5 AFTER APPROVAL OF THE NON-CREDIT LINKED SUBSIDY

The MEC should issue an irrevocable letter of undertaking/guarantee, stating that the approved subsidy funding will be paid upon registration of transfer of the property in the name of the beneficiary or in the case of a person owning an unsubsidised stand upon completion of the house. The guarantee should also indicate:

- a) The nature of the proof that the MEC will require regarding the completion of the construction of the top structure where applicable in the form of a certificate from a suitably qualified professional to the effect that the construction of the top structure has been completed;
- b) The requirements for a certificate signed by the beneficiary in which he or she certifies that he or she has taken occupation of the property; and
- c) A certificate signed by the beneficiary in which he or she certifies that the top structure has been completed to his or her satisfaction.

The PD should certify to the MEC that the newly constructed house has been completed to its satisfaction as additional proof regarding the completion of the construction of houses where this applies.

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5 CREDIT LINKED SUBSIDY

5.1 HOW TO APPLY FOR CREDIT LINKED SUBSIDIES

Credit Linked Subsidies will be administered on behalf of the MEC by banks, financial institutions and other approved providers of credit (the lenders) who have concluded agreements with the MEC and who will act as agents of the MEC. A list of lenders who concluded agreements with the MEC should be maintained to be available from the respective MEC.

An example of a generic application form is attached at the end of this section.

5.2 APPLYING FOR CREDIT

The following rules apply in respect of Credit-Linked Subsidies:

- a) A beneficiary who wishes to apply for a Credit Linked Subsidy must submit his or her application to a lender;
- b) When he or she applies to a lender for a Credit Linked Subsidy, the beneficiary must already have concluded an agreement of sale in respect of a property. In addition, the beneficiary must, at his or her initial interview with the lender, hand a certified copy of that agreement to the lender. Any sale agreement concluded by a beneficiary must be subject to suspensive conditions to the effect that the beneficiary is able to obtain loan finance and a subsidy for payment to the developer or seller of the property; and
- c) Where the beneficiary will purchase a vacant stand and build a house through a house building contract, the applicant must include the building contract and municipal approved house plans.

At the initial interview, the lender must:

- a) Require the beneficiary to complete an initial qualification form for loan finance, in which form the beneficiary must provide to the lender such information as the lender may need; and
- b) Advise the beneficiary whether he or she, in principle, qualifies for loan finance.

If the beneficiary, in principle, qualifies for loan finance, the lender must:

- a) Advise him or her of the amount of the deposit that the lender requires. The lender may, in its discretion, determine the amount of this deposit; and
- b) Advise him or her of the approximate amount of any of the costs associated with the acquisition of a property (including transfer fees and bond registration fees) which the lender is not prepared to lend to him or her, and which he or she must accordingly pay.

5.3 REQUIREMENTS FOR CREDIT LINKED SUBSIDIES

5.3.1 APPOINTING AND MAKING PAYMENT TO THE CONVEYANCER

The lender must instruct the beneficiary to make payment of any costs, to the conveyancer appointed in the sale agreement concluded by the beneficiary. If the beneficiary has not concluded a sale agreement or if the beneficiary has concluded such a sale agreement but no conveyancer is appointed in it, the lender must:

- a) Appoint a conveyancer of its choice who will attend to the registration of ownership and the required bond over the property; and
- b) Advise the beneficiary of the identity of that conveyancer, and require the beneficiary to pay any costs to that conveyancer.

In making payment to the conveyancer, the beneficiary may require the conveyancer to invest the payment in a separate interest bearing account, in which event interest on that amount will accrue for the benefit of the beneficiary. Once the beneficiary has paid the deposit and any costs to the conveyancer and, if he or she has not already done so, conclude a sale agreement, the beneficiary must let the lender have:

- i) A receipt from the conveyancer as proof of the fact that the required costs have been paid; and
- ii) A certified copy of the written sale agreement concluded by the beneficiary, if a certified copy of this agreement was not handed to the lender at the initial interview.

5.4 SUBMITTING THE CREDIT LINKED SUBSIDY APPLICATION TO THE MEC

On receipt of the application and the certified copy of the sale agreement concluded by the beneficiary, the lender must approve the beneficiary's application for loan finance in principle, subject to the grant of a subsidy to the beneficiary. Approval is also subject to an assessment of the property by the lender, and subject to a condition to the effect that the beneficiary attends an instruction course, or instruction courses in the rights and obligations of a homeowner and a borrower as the lender may require.

Against approval of the beneficiary's application for loan finance, the lender must require the beneficiary to complete the subsidy application form, and must obtain from the beneficiary all the supporting documentation required in that application form. After completion of the application form by the beneficiary, the lender must submit that application to the MEC.

5.5 BANK GUARANTEE

Should the bank guarantee option be followed, the following functionality and procedures for the establishment of this are suggested:

- a) The marketing, promotion, prioritising, budgeting, receiving, processing and approval of Credit Linked subsidies as described in this Chapter remain unchanged;
- b) Automated electronic linkages/lines of communication be established between the various Provincial Governments' respective Bankers and leaders participating;
- c) Details in respect of approved subsidies on an agreed format are to be electronically down-loaded to the respective Bankers of the applicable provincial Governments;
- d) The total amount of the approved subsidies thus down-loaded be transferred from the respective Provincial Allocation to an interest bearing Subsidy Approval special Account to be established by the respective Bankers of the Provincial Governments, and all funds standing to the credit of that account should accrue interest at a rate from time to time, equal to the Treasury Bill Rate, less 0,5% with effect from the date upon which the Banker received payment of any subsidy amount;
- e) The PD issue bank guarantees to the appropriate lenders in terms of applicable normal standard commercial practice and subsidies be transferred from Subsidy Approval Trust Accounts referred to above to the preloaded beneficiary accounts of the applicable lenders subject to the various milestones being met;
- f) The respective PD's maintain a list of lenders with their account payment details and domicilium as approved, registered and furnished by the MEC's; and
- g) The Lenders, on a monthly basis, no later than 14 (fourteen) days after the end of each and every calendar month, deliver a reconciliation statement and pay-over interest due to the applicable MEC on a basis similar to existing lender and conveyancer formats, and that the reconciliation statement must give details of the following transactions during the month in question:
 - i) The amount of all payments received by the Bankers from the MEC in respect of approved subsidies;
 - ii) The amount of all payments made by the Bankers to lenders including names, identity numbers and reference numbers of the applicants as well as the names of lenders on whose behalf those payments have been made;
 - iii) The interest that has accrued on the funds invested by the Lenders for the benefit of the Provincial Department Housing Funds.
 - iv) Details of service fees, levied for the processing of applications by lenders; and

- v) The fees payable by the MEC for the rendering of a financial service by the applicable Bankers of the Provincial Government in terms of their conditions of appointment.

5.6 HOW THE MEC EVALUATES THE CREDIT LINKED SUBSIDY APPLICATION

Upon receipt of an application from a lender, the PD must:

- a) Acknowledge receipt of the application in writing within seven days;
- b) Examine the application to establish whether it is procedurally correct. If it is not, the PD returns it to the lender, indicating what is incorrect or incomplete. In such cases the lender may assist the applicant in amending the application as instructed and resubmitting it for a second evaluation;
- c) Determine whether the applicant's name and/or identity number and/or those of his or her spouse appear on the National Housing Database, and if any of them do, immediately advise the lender that the application is considered rejected; and
- d) Determine, through a search of all the deeds offices, whether any property is registered in the name of the beneficiary and/or his or her spouse. If any property is registered in the name of the beneficiary and/or his or her spouse, the PD must immediately advise the lender accordingly, in which case the application will be considered rejected.
- e) Confirm that:
 - i) The application is procedurally correct;
 - ii) The names and/or identity numbers of the beneficiary and/or his or her spouse do not appear on the National Housing Database;
 - iii) No residential property is registered in the name of the beneficiary and/or his or her spouse;
- f) Submit the application to the MEC for consideration of the application and communicate the decision regarding it, within twenty one days after acknowledgment of the application;
- g) If an application is rejected, give the lender written notice thereof as well as written reasons for the rejection. The lender will, in turn, advise the beneficiary of the decision; and
- h) If the application is approved, advise the lender accordingly, and arrange for the subsidy amount to be paid to the lender. Any notification of approval of the subsidy given by the PD to the lender must be regarded as an irrevocable undertaking to pay the amount of that subsidy to the lender.

5.7 AFTER APPROVAL OF THE CREDIT LINKED SUBSIDY APPLICATION

After approval of any subsidy, the lender must:

- a) Issue a guarantee securing payment of the subsidy amount;
- b) Deliver that guarantee to the conveyancer appointed to transfer the property to the beneficiary, and require the conveyancer to proceed with the transfer of the property; and
- c) If it has not already done so, immediately give instructions to any qualified conveyancer of the lender's choice, to register a mortgage bond over the property purchased by the beneficiary, as security for the loan granted by the lender to the beneficiary.

5.8 REGISTRATION OF TRANSFER

On receipt of the guarantee for the subsidy amount from the lender, the conveyancer appointed to transfer the property must:

- a) If the beneficiary has paid the costs of registering a bond to that conveyancer, pay those costs to the lender's conveyancer;
- b) If the beneficiary has paid any additional costs to the lender's conveyancer, obtain payment of the deposit and the costs of registering transfer from the lender's conveyancer;
- c) Proceed to register transfer and ensure that transfer is registered simultaneously with the registration of a bond in favour of the lender; and
- d) On registration of transfer advise the lender.

5.9 PAYMENT ADMINISTRATION AS OUTLINED IN THE AGREEMENT

Any agreement concluded between a lender and the MEC regulates:

- a) The times at which payment of the amounts of any approved subsidies will be made to the lender. Payment will be made at such regular intervals as the lender and the MEC may agree;
- b) The manner in which the lender will be required to deal with the amounts of approved subsidies paid to it. The lender will usually be required to retain these amounts in one or more interest bearing accounts;
- c) The interest that will accrue on the amount of any approved subsidies, from the date upon which the lender receives payment of that amount up to and including the date upon which the lender pays that amount to the developer or seller of the property;
- d) The manner in which the lender will be required to furnish reconciliations and accounts to the MEC, and the times at which such accounts and reconciliations are to be delivered; and

- e) The fees to be paid by the MEC to the lender in respect of the work to be done by the lender in assisting the MEC as its agent in the administration of Credit Linked subsidy applications, and the manner in which payment of those fees will be made.

5.10 PAYING THE DEVELOPER OR SELLER

The lender must make payment of the subsidy to the developer or seller of the property if:

- a) The top structure has already been constructed, against registration of transfer of the property into the name of the beneficiary; or
- b) If the top structure has not yet been constructed, against registration of transfer of the property into the name of the beneficiary, and/or against the progress of building work. In this case, the amount of the subsidy must be used to pay the developer or seller of the property for the land upon which the top structure is built and for such work, if any, as the developer may have done in erecting improvements thereon. The amount of the loan granted by the lender to the beneficiary must only be used once the full subsidy amount has been used.

GENERIC APPLICATION FORM

INDIVIDUAL REGISTRATION NUMBER		INDIVIDUAL PD RESOLUTION NUMBER	
APPLICATION FOR A SUBSIDY			
PROJECT UNDERTAKEN BY CONTRACTOR/DEVELOPER*			
PROJECT UNDERTAKEN THROUGH ENHANCED PEOPLE'S HOUSING PROCESS*			
NON-PROJECT (INDIVIDUAL) *			
CONSOLIDATION*			
INSTITUTIONAL*			
PEOPLE'S HOUSING PROCESS*			
Indicate beneficiaries:			
a) Non owners (occupants)*		<input type="checkbox"/>	
b) Occupants*		<input type="checkbox"/>	
c) Landless people*		<input type="checkbox"/>	
PROVIDE PROJECT DETAILS (TO BE COMPLETED BY DEVELOPER/SUPPORT ORGANISATION)			
Project Application Registration Number		Project Application PD Resolution Number	
Project Description			
Name of Developer / Support organisation (SO)			
THE APPLICATION IS HEREBY RETURNED AS THE FOLLOWING ADDITIONAL INFORMATION IS REQUIRED:			
1.			
2.			
3.			
IN CASE OF INCOMPLETE INFORMATION - CONTACT: (To be completed by Applicant)			
NAME:			
POSTAL ADDRESS:			
TELEPHONE NUMBER:			

In the application form PD means Provincial Department



For office use only

* Tick whichever is applicable.

TABLE 1	
THE FOLLOWING DOCUMENTS MUST BE ATTACHED AND WERE FOUND TO BE PRESENT	OFFICIAL USE
Certified copy of Marriage Certificate, if applicable	
Certified copy of R.S.A. Bar Coded Identity Document (Self and Spouse)	
Certified copies of birth certificates, bearing the thirteen digit identity number for children who do not have bar coded identity documents	
Certified copies of bar coded identity documents of all persons who are claimed as part of the household	
Certified copies of a court order or order issued by the Commissioner of Child Welfare to prove guardianship for foster children, where relevant	
Certified copy of divorce settlement [to prove custody of children], where relevant	
An affidavit for unions not solemnized in terms of SA Civil Law, accompanied by sworn statements to prove the authenticity of the spouse and relationship to the applicants, where applicable	
Certified copy of Divorce Settlement, if applicable	
Certified copy of Spouse's Death Certificate, if applicable	
Proof of Disability (Appendix 1), if applicable	
Proof of loan granted by lender, where applicable	
Certified copy of Agreement of Sale, if applicable	
Certified copy of Building Contract and Approved Building Plan, if applicable	
Certified copy of Sale of Land and House Building Support Agreement i.r.o People's Housing Process (PHP), if applicable	
Certified copy of Proof of Monthly Income	
Certified copy of Permanent Residence Permit (Bar coded permit), if applicable	

TABLE 2 (For official use only)				
	PROCESS RECORD	DATE	SIGNATURE	
			Official	Supervisor
1.	Application Received			
2.	Procedural Check			
3.	Application Returned for Correction			
4.	Application Returned Corrected			
5.	Data Captured			
6.	Data Verified			
7.	Searches Completed: <ul style="list-style-type: none"> a) Internal Affairs b) Deeds Office c) National Housing Data Base 			
8.	Filed			
9.	Date Subsidy Approved by PD			
10.	Date applicant/developer/CBP notified of PD acceptance/non-acceptance			

SECTION A: PERSONAL DETAILS (To be completed by all applicants)					
A "Spouse" is defined as a Husband, Wife or Long Term Partner					
Married, living with long term partner or single with dependants					
	Period		Period		Period
Married*		Habitually Co-habiting with long term partner*		Widow/Widower with dependants*	
Divorced with dependants*		Single with dependants*			
	APPLICANT			SPOUSE (or Deceased Partner)	
Surname					
Maiden or Former Surname					
Full Names (First Three Only)					
Identity Number					
Gender	Male*		Female*		
Race	African*		White*		
	Coloured*		Indian*		
	Other*				
If "other" specify:					
Residential Address:					
.....					
.....					
.....					
.....					
Disabled	Yes*		No*		
If you or any of your dependants are disabled and you are applying for additional subsidy, please attach original medical form (Appendix 1), duly completed and signed by your District Surgeon/Medical Practitioner, registered with the Medical and Dental Council.					

SECTION B: DETAILS OF ALL DEPENDANTS					
Surname	Initials	Identity Number/ Thirteen Digit Birth Certificate Number	Age	Relationship to Applicant	Gender

SECTION C: MONTHLY INCOME DETAILS (To be completed by applicant)			
		Applicant	Spouse
Indicate if you are:	Unemployed *		
	Employed *		
	Self Employed *		
	Pensioner *		
Basic Monthly Income		R	R
Regular Periodic Allowances		R	R
Housing Allowance Payable (Loan Interest Subsidy)		R	R
Regular financial obligations met by employer on behalf of applicant/spouse		R	R
Commission Received (12 months average)		R	R
Pension or Disability Grant		R	R
TOTAL		R	R
JOINT TOTAL (Applicant and Spouse)		R	
Amount of Subsidy Applied For		R	

SECTION D: DETAILS OF CITIZENSHIP (To be completed by applicant)		
Are you a South African Citizen	YES *	NO *
If you are not a South African Citizen supply the following:		
Country of which you are a Citizen		
South African Permanent Residence Permit Number		
Date Permit was Issued		

SECTION E: DETAILS OF PROPERTY TO BE PURCHASED WITH SUBSIDY (To be completed by applicant)				
Name of Seller (or owner in case of land availability agreement):				
District:		Municipality		
Township:		Site / Lot Number*		
Township Extension:				
Unit Number:				
Description of Dwelling *	Flat (Name of Building)	House (Street Address)		
Type of Tenure	Ownership*	Leasehold*	Deed of Grant*	Other*
	If other: Specify			

SECTION F (i): FUNDING DETAILS IN RESPECT OF PURCHASE OF PROPERTY (To be completed by applicant)	
TOTAL PRODUCT PRICE	R
a) Subsidy	R
b) Amount of Home Loan, if applicable	R
c) Employer's Contribution, if any	R
d) Own Cash Contribution	R
e) Own Building Material Contribution	R
TOTAL	R
SECTION F(ii) (To be completed by Provincial Department)	
f) Subsidy Amount Qualified for	R
g) Disability Subsidy (Plus)	R
h) Geotechnical Assistance (Plus)	R
Sub Total	
i) Grants Received from State Resources (Minus)	R
j) Previous capital expenditure (Minus)	R
Total Subsidy Amount Qualified for	R

SECTION G: DETAILS OF CONTRACTOR (To be completed by contractor)			
Name:			
Postal Address:			
National Home Builders Registration Council's Registration Number:			
Telephone Number	Code		
Facsimile Number	Code		
SECTION H: DETAILS OF SUPPORT ORGANISATION (To be completed i.r.o. Enhanced People's Housing Process by support organisation)			
Name:			
Postal Address:			
Telephone Number		Code	
Facsimile Number		Code	
Full description of legal status and registration number, if applicable			

AFFIDAVIT BY APPLICANT & SPOUSE/PARTNER *

AFFIDAVIT BY APPLICANT & SPOUSE/PARTNER *

We, the undersigned applicant and spouse /partner, do hereby solemnly / under oath* declare:

1. That all the information contained in this application form is true and correct and that all material facts have been disclosed therein.
2. That we are married to each other / habitually cohabit with each other as if we are husband and wife*.
3. That neither of us :
 - currently owns or has ever previously owned any residential property in full ownership, leasehold or deed of grant;
 - has ever purchased a State-subsidised residential property of which transfer has not yet been taken;
 - has previously received financial assistance from the Government of the Republic of South Africa or Independent Development Trust or the former Self Governing Territories or TBVC States or any other State financed subsidies in order to acquire a residential property; and
 - have estates that, at the date of this application, have been sequestrated or made insolvent.
4. That the information supplied with regard to dependants, are correct.
5. That all details given in this application form with regard to ourselves, our income and employment status are true and correct.

We, further acknowledge:

6. That should the property which we are to acquire not have been transferred to us within three months after the date on which the Provincial Department has made the subsidy amount available to us, the Provincial Department shall, at its discretion, be entitled to withdraw the subsidy.
7. That we are aware that if any information supplied by us in this application is incorrect or fraudulent, the Provincial Department may take appropriate legal action against us and may also institute a criminal prosecution.

APPLICANT

SPOUSE/PARTNER

Full names and Surname: Full names and Surname:

.....
SIGNATURE OF APPLICANT

.....
SIGNATURE OF SPOUSE/PARTNER

COMMISSIONER OF OATHS

I CERTIFY that the Deponent/s has/have acknowledged that he/she/they* know and understand the contents of their affidavit's, which was/were signed and sworn to/affirmed* before me at
 on this day of of the year 20

OFFICIAL DATE STAMP

Full names and Surname:

Identity Number

Capacity:

Postal Address:

Area:

.....
SIGNATURE OF COMMISSIONER OF OATHS

Appendix 1

MEDICAL CERTIFICATE IN RESPECT OF DISABLED PERSONS AS REQUIRED IN THE HOUSING SUBSIDY SCHEME OF THE GOVERNMENT OF SOUTH AFRICA (To be completed by district surgeon/medical practitioner and submitted with Housing Subsidy Application Form)									
1. Name of subsidy applicant:									
2. Postal Address:									
3. Identity No									
4. Name of disabled person									
5. Relation of disabled person to applicant, if not applicant:									
Husband*		Wife*		Long term partner*		Child*		Financial dependant*	
6. Nature of Disability*									
CATEGORY	NATURE			DEGREE					
A	Walking			Walking aids					
B	Walking			Wheel chair - partial usage					
C	Walking			Wheel chair - full time usage					
D	Hearing			Partially/profound deaf					
E	Vision			Partially/Totally blind					
F	Limited or no use of upper body limbs			Partial/Total movement loss/paralyses in the upper body limbs					
7. Particulars of district surgeon/medical practitioner									
7.1 Surname:									
7.2 Full Names:									
7.3 Postal Address:									
7.4 Registration Number with the Medical and Dental Council:									
7.5 Telephone Number: ()									
7.6 Facsimile Number: ()									
I certify that the above details are true and correct.									
Signature:				Date:					
MEDICAL PRACTITIONER/									

- Tick whichever is applicable.