



**KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **FLISP IMPLEMENTATION GUIDELINES FOR NON-MORTGAGE BASED PRODUCTS**

**OCTOBER 2023**

*The Finance Linked Individual Subsidy Programme (FLISP) is  
marketed as First Home Finance and Help Me Buy a Home Scheme*

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## **ACRONYMS/ABBREVIATIONS**

**MEC: MEMBER OF EXECUTIVE COUNCIL**

**FLISP: FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME**

**GEHS: GOVERNMENT EMPLOYEE HOUSING SCHEME**

**SAD: SUBSIDY ADMINISTRATION DIRECTORATE**

**FD: FINANCE DIRECTORATE**

## **1. INTRODUCTION**

In October 2005, the National Department of Human Settlements introduced the Financial Linked Individual Subsidy Programme (FLISP) to assist households that were unable to access mortgage loans without other forms of housing finance support. Labelled the "gap market," these households were described as earning too little to qualify for adequate mortgage loans and yet earning too much to qualify for adequate housing subsidies. The programme was then introduced to and administered by provincial departments

By 2012, FLISP was substantially revised and included aspects which were previously not included in the programme.

The programme was reviewed further by the National Department in consultation with all relevant stakeholders and has since identified several shortcomings within the programme. The current amendments of FLISP is a response to that review. Henceforth, FLISP shall also extend to non-mortgage housing finance options.

## **2. OBJECTIVES**

The objective of this guideline is to:

- 2.1 Guide transactions within the FLISP affordable housing market.
- 2.2 Ensure that the processes are clearly defined to obviate fraud related matters and to also avoid issues of criticism when dealing with FLISP applications.
- 2.3 Ensure that a fair, equitable and efficient process is facilitated in respect of FLISP.
- 2.4 Adopt a standard procedure when addressing application requests in respect of FLISP non-mortgage products.

## **3. QUALIFICATION CRITERIA**

The Finance Linked Individual Subsidy Programme (FLISP) for non-mortgaged based products provides a subsidy to qualifying beneficiaries who have secured loans that are supported by; a pension or provident fund, co-operatives; government employee housing schemes (GEHS) or finance facilities other than loans such as instalment sale agreements. The approved subsidy is then used to acquire an existing house, or a vacant residential serviced stand linked to a house construction contract with home builders registered with the NHBRC. The objective of the Programme is to reduce the initial mortgage loan amount to render the monthly loan repayment instalments affordable over the loan repayment term and/or to make good any shortfall between the qualifying loan amount and the total product price or as a deposit.

The FLISP subsidy is only available to a first-time homeowner whose monthly household income is between R3 501 to R22 000 per month. The subsidy is granted on a sliding scale ranging from R169 264.60 for a household income of R3501 per month to R38 911.40 for a household income of R22 000 per month.

## **4. APPLICATION OF THE GUIDELINE**

The current FLISP guideline may be used only for one or more of the following purposes specifically and only by first time homeowners and before the registration thereof in their names:

- 4.1 To buy a house.

- 4.2 To buy a housing stand.
- 4.3 To build a house on a housing stand but which must be: a) enrolled with National Home Builders Registration Council (NHBRC). b) linked to a building contract with an NHBRC registered contractor.
- 4.4 To pay for house buying costs (e.g., legal fees which may include; conveyancing fee, transfer fee, deposit, endorsement of the title deed).
- 4.5 Further to this, FLISP may be used in one of the following ways:
  - a) In combination with a housing loan granted or guaranteed by a pension/provident fund and, where necessary or desired, also money from personal resources.
  - b) In combination with a housing loan granted or guaranteed by a cooperative or community based savings scheme and, where necessary or desired, also money from personal resources.
  - c) In combination with a housing loan granted or guaranteed by GEHS and where necessary or desired, also money from personal resources.
  - d) In combination with a housing loan supported by an Instalment Sale Agreement and, where necessary or desired, also money from personal resources

## **5. LEGISLATIVE FRAMEWORK**

The Policy is informed by the following Legislation:

### **5.1 Section 26 of the Constitution of the Republic of South Africa of 1996**

(1) Everyone has the right to have access to adequate housing

(2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right

### **5.2 The National Housing Act 107 of 1997, Republic of South Africa, as amended**

The purpose of the Act is to provide for the facilitation of a sustainable housing process and thus outlines the general principles applicable to housing development in all spheres of government. This Act defines the functions of national, provincial and local governments in respect of housing provision and development.

### **5.3 Co-Operatives Act 14 of 2005**

The purpose of the act is to promote the development of sustainable co-operatives that comply with co-operative principles. This includes aspects whereby a duly constituted co-operative offers financial assistance to a member by way of a loan.

### **5.4 National Credit Act 43 of 2005**

The act promotes a fair and non-discriminatory marketplace, for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information. This includes consumer credit in the form of a mortgage.

## 6. APPLICATION AND ALLOCATION PROCESS

### NON-MORTGAGE FLISP PRODUCTS:

#### A. Pension/Provident Fund backed Housing Loan

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>The following procedure will commence upon the receipt of a FLISP application. The required proof can be provided in the form of a letter from the bank or the loan agreement:</p> <ol style="list-style-type: none"> <li>The applicant submits the FLISP application form and supporting documents by email, post, or in person, to the Subsidy Administration Directorate (SAD) to assess for the approval of the applicant based on the FLISP qualification criteria.</li> <li>The SAD performs a verification of the FLISP application form to check for completeness. If the application is incomplete, they will then advise the applicant of an incomplete application via a letter for the purpose of resubmission. If the application is complete, then subsidy administration continues to assess</li> </ol>	<ol style="list-style-type: none"> <li>Lender provides details of key loan terms and conditions, including interest rate.</li> <li>Municipal rates/property assessment indicating the current valuation of the property (as received from the seller)</li> <li>South African Smart Card or a bar-coded identity document of every adult member of the household.</li> <li>Birth certificates for every child of the household.</li> <li>Marriage certificate</li> <li>Affidavit confirming customary union.</li> <li>Divorce settlement agreement, to prove custodianship.</li> <li>Court order to prove guardianship.</li> <li>Proof of sources of income For the purposes of assessing whether any particular person is entitled to receive a housing subsidy, the income of his or her spouse/partner (if any) shall be added to that person's income include:</li> </ol>	<p>The following stakeholders will play a critical part in the process:</p> <p><b>A. Lender (Pension/Provident Fund Administrator and or Affiliated Bank)</b></p> <ol style="list-style-type: none"> <li>Provides a letter that indicates details of the housing loan backed by a pension/ provident fund to the applicant (Interest rate, Terms and conditions, Loan amount, Monthly repayment amount).</li> <li>Performs an affordability and credit worthiness assessment on beneficiaries.</li> <li>Provide banking account details to applicant for the transfer of funds if applicant opts to use the lender as a fund's keeper.</li> <li>Ensure timeous disbursement of subsidy funds to relevant parties</li> </ol> <p><b>B. NHBRC-registered Contractor</b></p> <ol style="list-style-type: none"> <li>Provide the applicant with proof of valid NHBRC certification</li> <li>Provide the applicant with building plans and costs.</li> </ol> <p><b>C. Attorney</b></p> <ol style="list-style-type: none"> <li>Provide Trust Account details to the applicant.</li> <li>Ensure timeous disbursement of subsidy funds to relevant parties</li> <li>Inform applicant when disbursement of funds from Trust</li> </ol>

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>the application according to the FLISP qualification criteria and completion of the verification process.</p> <p>3. The SAD opens the subsidy application file and performs a verification of the supporting documentation and the application. The following documents are assessed:</p> <ul style="list-style-type: none"> <li>a) FLISP Application Form</li> <li>b) Supporting Documentation</li> <li>c) Deeds Search</li> <li>d) Proof of builder's registration with NHBRC</li> <li>e) The Property Assessment</li> <li>f) Amount reflected in the FLISP suspensive account with a bank affiliated with the Department</li> <li>g) If no account with an affiliated bank, then a confirmation of the Attorneys trust account in the form of a letter from the bank to confirm the banking details.</li> <li>h) Loan terms and conditions forms</li> </ul> <p>4. If the application fails the compliance assessment, the SAD will re-verify the FLISP application form along</p>	<ul style="list-style-type: none"> <li>a) basic salary (3 months payslip) and/or wages;</li> <li>b) any allowances paid on a regular, monthly or seasonal basis as part of an employment contract</li> <li>c) 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</li> <li>d) any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis</li> <li>e) 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)</li> <li>f) where commission is present in all 3 months of the payslip, it must be added to the basic</li> <li>g) where overtime is present in all 3 months of the payslip, it must be added to the basic</li> <li>h) income received through self-employment and</li> <li>i) any retirement or disability benefits received on a regular</li> </ul>	<p>Account to relevant parties occurs.</p> <p><b>D. KZNDHS</b></p> <ol style="list-style-type: none"> <li>1. Receive, assess and submit application for approval</li> <li>2. Provide timeous feedback to the applicant of the application status</li> <li>3. Ensure timeous disbursement of subsidy funds to relevant parties</li> <li>4. Negotiating with financial institutions regarding their participation in FLISP and conclude agreements with participating lenders that will regulate the roles and responsibilities of the parties.</li> <li>5. Assessing the FLISP applications against qualifying criteria and processing these applications onto the National Housing Subsidy Data Base.</li> <li>6. Administering payments of approved subsidies to lenders as provided in theprescripts of the FLISP.</li> <li>7. Submitting quarterly reconciliation reports to the NDHS regarding the subsidy funding received and disbursed.</li> </ol>

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>with the supporting documentation.</p> <p>5. If the application passes the compliance assessment, the SAD drafts the submission for the MEC's approval.</p> <p>6. Should approval be granted by the MEC, a letter of undertaking is drafted by the SAD which advises the applicant/attorney/ bank and attorney of the approval. The Letter of Undertaking must include the following:</p> <p>a) Personal resource contribution due by beneficiary into the Attorneys Trust account. The use of the Attorneys Trust account may only be permitted if the applicant does not have a bank account with a bank affiliated with the Department.</p> <p>b) If applicable, request the applicant's attorney to confirm that they have done due diligence on the applicant's source of finance for personal contribution.</p> <p>7. Where applicable, Attorney confirms pre-lodgement/lodgement of the transfer at the Deeds office via a letter indicating that pre-lodgement/lodgement has occurred, this will</p>	<p>(monthly) basis.</p>	



PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>only occur in the event of the beneficiary opting to purchase a property. In the instance of a property being built, registered building plans will be required to ensure that the payment process may commence.</p> <p>8. The Finance Directorate (FD) will perform a reconciliation of the payment process for the purpose of completing and submitting the payment requisition form for approval by the MEC.</p> <p>9. The FD then creates an account and ensures that funds have been transferred into the beneficiary account. Thereafter the payment is authorized and released by FD to the attorney.</p> <p>10. On receipt of proof of payment from FD, attorney accepts the payment into a trust account and payment to parties takes place according to conditions on the grant letter/ letter of undertaking. Disbursements are to be paid to the relevant parties</p>		

## B. Co-Operative/Community Based Savings Schemes Backed Housing Loan

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<p>These applications will be considered provided that the said Co-Operative is duly registered and constituted as per the Co-Operatives Act 14 of 2005. Proof of co-operative/community-based savings must be provided in the form of a bank statement and affidavit from the relevant individual or entity, or</p> <p>A Stokvel that is duly registered with the National Stokvel Association of South Africa (NASASA) or a Stokvel Savings account reflecting the applicant's details, contribution, and funds/loan available to him/her. For a Stokvel's Savings Account there should be policy or agreement which governs the account and a managing body or committee that oversees the overall function of the contributions and members.</p> <p>The following procedure will commence upon the receipt of a FLISP application:</p> <ol style="list-style-type: none"> <li>1. The applicant submits the FLISP application form and supporting documents by email, post or in person, to the Subsidy Administration Directorate to assess for an approval of the</li> </ol>	<ol style="list-style-type: none"> <li>1. Loan terms and conditions, including interest rate.</li> <li>2. Savings account in the name of the association/stokvel and or members: bank document that shows proof of membership including the names of the contributors</li> <li>3. Savings account in a private name: bank document that shows proof of persons contributing towards the savings/regular payments into the account by the contributing persons</li> <li>4. Affidavit from applicant indicating that the savings or loan are funded by a co-operative/ community-based savings scheme.</li> <li>5. Municipal rates/property assessment indicating the current valuation of the property (as received from the seller)</li> <li>6. New property: recent occupation certificate from municipality and valuation by an accredited valuer, from the</li> </ol>	<ol style="list-style-type: none"> <li><b>A. Applicant/ Beneficiary</b> Must ensure a property inspection is performed by an accredited evaluator.</li> <li><b>B. Co-Operative</b> <ol style="list-style-type: none"> <li>1. Ensure registration with the National Credit Regulator</li> <li>2. Provide a letter to members who apply for FLISP. This letter should indicate the amount of funds provided to the member and the repayment expected in return.</li> </ol> </li> <li><b>C. NHBRC-registered Contractor</b> <ol style="list-style-type: none"> <li>1. Provide the applicant with proof of valid NHBRC certification</li> <li>2. Provide the applicant with building plans and labour costs. A pro-forma invoice should be provided by the contractor to the applicant with the pro-forma invoice including banking account details.</li> </ol> </li> <li><b>D. Attorney</b> <ol style="list-style-type: none"> <li>1. Provide Trust Account details to the applicant.</li> <li>2. Ensure timeous disbursement of funds to relevant parties</li> <li>3. Inform applicant when disbursement of funds from Trust Account to relevant parties occurs</li> </ol> </li> <li><b>E. KZNDHS</b> <ol style="list-style-type: none"> <li>1. Receive, assess and submit application for approval</li> <li>2. Provide timeous feedback to the applicant of the application status</li> <li>3. Ensure timeous disbursement of subsidy funds to relevant parties</li> <li>4. Negotiating with financial institutions regarding their participation in FLISP and conclude agreements with</li> </ol> </li> </ol>

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<p>applicant based on the FLISP qualification criteria.</p> <p>2. Subsidy Administration performs a verification of the FLISP application form to check for completeness. If the application is incomplete, they will then advise the applicant/representative of an incomplete application via a letter for the purpose of resubmission. A letter is sent to the applicant/ representative via an email depending on the application process followed by the applicant/ representative. The letter of advice provided to the applicant/ representative should highlight why the application is incomplete and should provide a path of corrective action for the applicant/ representative to achieve a complete application.</p> <p>3. If the application is complete, then subsidy administration continues to assess the application according to the FLISP qualification criteria and completion of the verification process.</p> <p>4. SAD opens the subsidy application file and performs a verification of the supporting documentation and the application. The following documents are assessed:</p>	<p>developer.</p> <p>7. South African Smart Card or a bar-coded identity document of every adult member of the household.</p> <p>8. Birth certificates for every child of the household.</p> <p>9. Marriage certificate</p> <p>10. Affidavit confirming customary union.</p> <p>11. Divorce settlement agreement, to prove custodianship.</p> <p>12. Court order to prove guardianship</p> <p>13. Proof of sources of income 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 include: For the purposes of assessing whether any particular person is entitled to receive a housing subsidy, the income of his or her spouse/partner (if any) shall be added to that person's income include: a) basic salary (3 months payslip)</p>	<p>participating lenders that will regulate the roles and responsibilities of the parties.</p> <p>5. Assessing the FLISP applications against qualifying criteria and processing these applications onto the National Housing Subsidy Data Base.</p> <p>6. Administering payments of approved subsidies to lenders as provided in theprescripts of the FLISP.</p> <p>7. Submitting quarterly reconciliation reports to the NDHS regarding the subsidy funding received and disbursed.</p>

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<ul style="list-style-type: none"> <li>a) FLISP Application Form</li> <li>b) Supporting Documentation</li> <li>c) Deeds Search</li> <li>d) Proof of builder's registration with NHBRC</li> <li>e) The Property Assessment</li> <li>f) Amount reflected in the FLISP suspensive account with a bank affiliated with the Department</li> <li>g) If no account with an affiliated bank, then a confirmation of the Attorneys trust account in the form of a letter from the bank to confirm the banking details.</li> <li>h) Loan terms and conditions forms</li> </ul> <p>5. If the application fails the compliance assessment, the SAD will re-verify the FLISP application form along with the supporting documentation.</p> <p>6. If the application passes the compliance assessment, the SAD drafts the submission for the MEC's approval.</p> <p>7. Should approval be granted by the MEC, a letter of undertaking is drafted by the SAD which advises the applicant/attorney/ bank and attorney of the approval. The Letter of Undertaking must include the</p>	<p>and/or wages;</p> <ul style="list-style-type: none"> <li>b) any allowances paid on a regular, monthly or seasonal basis as part of an employment contract</li> <li>c) 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</li> <li>d) any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis</li> <li>e) 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)</li> <li>f) where commission is present in all 3 months of the payslip, it must be added to the basic</li> <li>g) where overtime is present in all</li> </ul>	

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<p>following:</p> <ul style="list-style-type: none"> <li>a) Personal resource contribution due by beneficiary into the Attorneys Trust account. The use of the Attorneys Trust account may only be permitted if the applicant does not have a bank account with the departmental affiliated bank</li> <li>b) If applicable, request the applicant's attorney to confirm that there has done due diligence on the applicants source of finance for personal contribution</li> </ul> <p>8. Where applicable, the Attorney confirms pre-lodgement/ lodgement of the transfer at the Deeds office via a letter indicating that pre-lodgement/ lodgement has occurred, this will only occur in the event of the beneficiary opting to purchase a property. In the instance of a property being built, registered building plans will be required to ensure that the payment process may commence.</p> <p>9. The FD will perform a reconciliation of the payment process for the purpose of completing and submitting the payment requisition form for approval by the MEC.</p>	<p>3 months of the payslip, it must be added to the basic</p> <ul style="list-style-type: none"> <li>h) income received through self-employment and</li> <li>i) any retirement or disability benefits received on a regular (monthly) basis.</li> </ul>	

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<p>10. The FD then creates an account and ensures that funds have been transferred into the beneficiary account. Thereafter the payment is authorized and released by the FD to the attorney.</p> <p>11. On receipt of proof of payment from the FD, the attorney accepts the payment into a trust account and payment to parties takes place according to the letter of undertaking. Disbursements are to be paid to the relevant parties</p>		

## C. Instalment Sale Agreement/Rent to Own

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<p>An applicant with an instalment-sale agreement/rent-to-own qualifies for a FLISP Subsidy but only if the agreement is registered in the Deeds Office and ownership is currently with the landlord/employer/relevant bank. The following procedure will apply:</p> <ol style="list-style-type: none"> <li>1. The applicant/ representative submits the FLISP application form and supporting documents (Offer to Purchase and Instalment sale agreement) by email, post or in person, to the Subsidy Administration Directorate (SAD) to assess for the approval of the applicant based on the FLISP qualification criteria.</li> <li>2. The SAD performs a verification of the FLISP application form to check for completeness. If the application is incomplete, they will then advise the applicant/ representative of an incomplete application via a letter for the purpose of resubmission. A letter is sent to the applicant/ representative via an email depending on the application process followed by the applicant/ representative. The letter of advice</li> </ol>	<ol style="list-style-type: none"> <li>1. Loan terms and conditions, including interest rate.</li> <li>2. Affidavit from applicant indicating that savings or loan are funded by a lender.</li> <li>3. Municipal annual rates/property assessment indicating the current evaluation of the property (as received from the seller)</li> <li>4. Declaration by lender, that there is, currently, no mortgage against the property.</li> <li>5. Undertaking that section 10A and 10B, or equivalent, is to be included as a restriction on the title deed (sales agreement should include restrictions)</li> <li>6. ERF number, including allotment area, or section number of property subject to the instalment sale agreement.</li> <li>7. South African Smart Card or a bar-coded identity document of every adult member of the household.</li> <li>8. Birth certificates for every child of the household.</li> <li>9. Marriage certificate</li> </ol>	<ol style="list-style-type: none"> <li><b>A. Applicant/ Beneficiary</b> Must ensure a property inspection is performed by an accredited evaluator</li> <li><b>B. Lender or Affiliated Bank</b> <ol style="list-style-type: none"> <li>1. Provide letter that indicates details of the instalment sale agreement to the applicant (Terms and conditions, Monthly instalments).</li> <li>2. Perform an affordability and credit worthiness assessment on beneficiaries.</li> <li>3. Provide banking account details to applicant for the transfer of funds if applicant opts to use the lender as a fund's keeper.</li> <li>4. Ensure timeous disbursement of subsidy funds to relevant parties</li> </ol> </li> <li><b>C. Attorney</b> <ol style="list-style-type: none"> <li>1. Provide Trust Account details to the applicant.</li> <li>2. Ensure timeous disbursement of funds to relevant parties</li> <li>3. Inform applicant when disbursement of funds from Trust Account to relevant parties occurs</li> </ol> </li> <li><b>D. KZNDHS</b> <ol style="list-style-type: none"> <li>1. Receive, assess and submit application for approval</li> <li>2. Provide timeous feedback to the applicant of the application status</li> <li>3. Ensure timeous disbursement of subsidy funds to relevant parties</li> </ol> </li> </ol>

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<p>provided to the applicant/ representative should highlight why the application is incomplete and should provide a path of corrective action for the applicant/ representative to achieve a complete application.</p> <p>3. If the application is complete, then subsidy administration continues to assesses the application according to the FLISP qualification criteria and completion of the verification process.</p> <p>4. The SAD opens the subsidy application file and performs a verification of the supporting documentation and the application. The following documents are assessed:</p> <ul style="list-style-type: none"> <li>a) FLISP Application Form</li> <li>b) Supporting Documentation</li> <li>c) Deeds Search</li> <li>d) The Property Assessment</li> <li>e) Amount reflected in the FLISP suspensive account with a bank affiliated with the Department</li> <li>f) If no account with an affiliated bank, then a confirmation of the Attorneys trust account in the form of a letter from the bank to confirm the banking details.</li> </ul>	<ul style="list-style-type: none"> <li>10. Affidavit confirming customary union.</li> <li>11. Divorce settlement agreement, to prove custodianship.</li> <li>12. Court order to prove guardianship</li> <li>13. Proof of sources of income</li> </ul> <p>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 include:</p> <ul style="list-style-type: none"> <li>a) basic salary (3 months' payslip) and/or wages;</li> <li>b) any allowances paid on a regular, monthly or seasonal basis as part of an employment contract;</li> <li>c) 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;</li> <li>d) any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis;</li> </ul>	



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<p>g) Loan terms and conditions forms h) A Check is performed to ensure that there is no mortgage against the property</p> <p>5. If the application fails the compliance assessment, the SAD will re-verify the FLISP application form along with the supporting documentation.</p> <p>6. If the application passes the compliance assessment, the SAD drafts the submission for the MEC's approval.</p> <p>7. If the application passes the compliance assessment, the SAD drafts the submission for the MEC's approval.</p> <p>8. Where applicable, a request is made to the attorney to submit an affidavit that they have done due diligence on the source of the funding for personal contribution. The attorney confirms pre-lodgement of the transfer at the Deeds office via a letter indicating that pre-lodgement has occurred. Confirmation of pre-lodgement in terms of the Alienation of Land Act Section 20 Endorsement against title deed of property and Sections 10A and 10B or the equivalent title deed.</p> <p>9. Should approval be granted by the MEC, a letter of undertaking is drafted</p>	<p>e) 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);</p> <p>f) where commission is present in all 3 months of the payslip, it must be added to the basic;</p> <p>g) where overtime is present in all 3 months of the payslip, it must be added to the basic;</p> <p>h) income received through self-employment and</p> <p>i) any retirement or disability benefits received on a regular (monthly) basis.</p>	

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>by the SAD which advises the applicant/attorney/ bank of the approval. The Letter of Undertaking must include the following:</p> <ul style="list-style-type: none"> <li>a) Personal resource contribution due by beneficiary into the Attorneys Trust account. The use of the Attorneys Trust account may only be permitted if the applicant does not have a bank account with a bank affiliated with the Department.</li> <li>b) If applicable, request the applicant's attorney to confirm that they have done due diligence on the applicant's source of finance for personal contribution</li> </ul> <p>10. The FD will perform a reconciliation of the payment process for the purpose of completing and submitting the payment requisition form for approval by the MEC.</p> <p>11. The FD then creates an account and ensures that funds have been transferred into the beneficiary account. Thereafter the payment is authorized and released by the FD to the attorney.</p> <p>12. On receipt of proof of payment from the FD, the attorney accepts the payment into a trust account and payment to parties takes place</p>		

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>according to the letter of undertaking. Disbursements are to be paid to the relevant parties</p>		

## D. Government Employees Housing Scheme (GEHS)

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>The following procedure will commence upon the receipt of a FLISP application.</p> <ol style="list-style-type: none"> <li>1. The applicant/ representative submits the FLISP application form and supporting documents (Offer to Purchase, building documents) by email, post, in person, to the Subsidy Administration Directorate (SAD) to assess for the approval of the applicant based on the FLISP qualification criteria.</li> <li>2. The SAD performs a verification of the FLISP application form to check for completeness. If the application is incomplete, they will then advise the applicant/ representative of an incomplete application via a letter for the purpose of resubmission. A letter is sent to the applicant/ representative via an email depending on the application process followed by the applicant/ representative via an email depending on the application processed followed by the applicant/ representative. The letter of advice provided to the applicant/ representative should highlight why the application is incomplete and should provide a path of corrective action for the applicant/ representative to achieve a complete application.</li> <li>3. If the application is complete, then subsidy</li> </ol>	<ol style="list-style-type: none"> <li>1. Loan terms and conditions, including interest rate.</li> <li>2. Affidavit from applicant indicating that savings or loan are funded by a co-operative/ community-based savings scheme.</li> <li>3. Municipal rates/property assessment indicating the current evaluation of the property (as received from the seller)</li> <li>4. New property: recent occupation certificate from municipality and valuation by an accredited valuer, from the developer.</li> <li>5. South African Smart Card or a bar-coded identity document of every adult member of the household.</li> <li>6. Birth certificates for every child of the household.</li> <li>7. Marriage certificate.</li> <li>8. Affidavit confirming customary union.</li> <li>9. Divorce settlement agreement, to prove custodianship.</li> <li>10. Court order to prove</li> </ol>	<p>The following stakeholders will play a critical part in the process:</p> <p><b>A. Applicant</b> Must ensure a property inspection is performed by an accredited evaluator</p> <p><b>B. Lender or Affiliated Bank</b></p> <ol style="list-style-type: none"> <li>1. Provide letter that indicates details of the housing loan backed by a GEHS to the applicant (Interest rate, Terms and conditions, Loan amount, Monthly repayment amount)</li> <li>2. Perform an affordability and credit worthiness assessment on beneficiaries.</li> <li>3. Provide banking account details to applicant for the transfer of funds if applicant opts to use the lender as a fund's keeper.</li> <li>4. Ensure timeous disbursement of subsidy funds to relevant parties</li> </ol> <p><b>C. NHBRC-registered Contractor</b></p> <ol style="list-style-type: none"> <li>1. Provide the applicant with proof of valid NHBRC certification</li> <li>2. Provide the applicant with building plans and labour costs. A pro-forma invoice should be provided by the contractor to the applicant with the pro-forma invoice including banking account details</li> </ol> <p><b>D. Attorney</b></p> <ol style="list-style-type: none"> <li>1. Provide Trust Account details to the applicant.</li> <li>2. Ensure timeous disbursement of funds to relevant parties</li> <li>3. Inform applicant when disbursement of funds from Trust Account to relevant parties occurs</li> </ol> <p><b>E. GEHS</b></p>

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>administration continues to assesses the application according to the FLISP qualification criteria and completion of the verification process.</p> <p>4. The SAD opens the subsidy application file and performs a verification of the supporting documentation and the application. The following documents are assessed:</p> <ul style="list-style-type: none"> <li>a) FLISP Application Form</li> <li>b) Supporting Documentation</li> <li>c) Deeds Search</li> <li>d) Proof of builder's registration with NHBRC</li> <li>e) The Property Assessment</li> <li>f) Amount reflected in the FLISP suspensive account with a bank affiliated with the Department</li> <li>g) If no account with an affiliated bank, then a confirmation of the Attorneys trust account in the form of a letter from the bank to confirm the banking details.</li> <li>h) Loan terms and conditions forms</li> </ul> <p>5. The SAD further liaises with the GEHS and confirms the availability of the loan amount as per the application. GEHS will then confirm same and provide a printout of the requested details as validation.</p>	<p>guardianship.</p> <p>11. Proof of sources of income</p> <p>For the purposes of assessing whether any particular person is entitled to receive a housing subsidy, the income of his or her spouse/partner (if any) shall be added to that person's income include:</p> <ul style="list-style-type: none"> <li>a) basic salary (3 months' payslip) and/or wages;</li> <li>b) any allowances paid on a regular, monthly or seasonal basis as part of an employment contract;</li> <li>c) 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;</li> <li>d) any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis;</li> <li>e) 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</li> </ul>	<ul style="list-style-type: none"> <li>1. Enrols government employees applying to use its facility.</li> <li>2. Assists applicants with regard to financial profiling, credit options, FLISP qualification assessments, housing options that are available and lenders' details.</li> <li>3. Facilitates the payment of the applicant's savings in the GEHS Individual-linked Savings account to the lender.</li> </ul> <p><b>E. KZNDHS</b></p> <ul style="list-style-type: none"> <li>1. Receive, assess, and submit application for approval.</li> <li>2. Provide timeous feedback to the applicant of the application status.</li> <li>3. Liaise with the GEHS in respect of the loan amount available to the beneficiary.</li> <li>4. Ensure timeous disbursement of subsidy funds to relevant parties.</li> </ul>

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>6. If the application fails the compliance assessment, the SAD will re-verify the FLISP application form along with the supporting documentation.</p> <p>7. If the application passes the compliance assessment, the SAD drafts the submission for the MEC's approval.</p> <p>8. Where applicable, a request is made to the Attorney to submit an affidavit that they have done due diligence on the source of funding for personal contribution. The attorney confirms pre-lodgement/ lodgement of the transfer at the Deeds office via a letter indicating that pre-lodgement has occurred. this will only occur in the event of the beneficiary opting to purchase a property. In the instance of a property being built, registered building plans will be required to ensure that the payment process may commence.</p> <p>9. Should approval be granted by the MEC, a letter of undertaking is drafted by the SAD which advises the applicant/attorney/ bank and attorney of the approval. The Letter of Undertaking must include the following:</p>	<p>be determined for eligibility assessment purposes);</p> <p>f) where commission is present in all 3 months of the payslip, it must be added to the basic;</p> <p>g) where overtime is present in all 3 months of the payslip, it must be added to the basic;</p> <p>h) income received through self-employment and</p> <p>i) any retirement or disability benefits received on a regular (monthly) basis.</p>	

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>a) Personal resource contribution due by beneficiary into the Attorneys Trust account. The use of the Attorneys Trust account may only be permitted if the applicant does not have a bank account with a bank affiliated with the Department.</p> <p>b) If applicable, request the applicants attorney to confirm that there have done due diligence on the applicants source of finance for personal contribution</p> <p>10. The FD will perform a reconciliation of the payment process for the purpose of completing and submitting the payment requisition form for approval by the MEC.</p> <p>11. The FD then creates an account and ensures that funds have been transferred into the beneficiary account. Thereafter the payment is authorized and released by FD to the attorney.</p> <p>12. On receipt of proof of payment from</p>		

PROCEDURE	REQUIRED DOCUMENTS	ROLES AND RESPONSIBILITIES
<p>FD, attorney accepts the payment into a trust account and payment to parties takes place according to the letter of undertaking. Disbursements are to be paid to the relevant parties</p>		



## **7. CONSUMER EDUCATION**

The Departments Subsidy Administration in consultation with the Communications Directorate must put together a FLISP Marketing Strategy and Action Plan which is directed at reaching the various FLISP corporate and private channels to support and create awareness so that the FLISP Non-Mortgage products are successfully communicated in order to realize the desired objectives. This must include a multi-media awareness campaign which should be conveyed through print, electronic and other media by using the provinces relevant languages. The programme should also be marketed to various partners who can assist to reach targeted beneficiaries. The consumer education process will not only ensure awareness but assist in successfully implementing the said guidelines and further provide a platform for reviewing the guidelines in the imminent future.

## **8. EFFECTIVE DATE**

The effective date of this implementation guideline will be the date of signature by the MEC.

## **9. MONITORING AND EVALUATION**

The Departments Policy, Research and Product Development Directorate will undertake the monitoring and evaluation of the guideline and will review it as and when required.