

# ***PROCEDURE ON PAYMENT OF RESIDUAL: ABSENT BENEFICIARY***

*The following article is confirmation of the procedure on the payment of the residual amount where beneficiaries have absconded or are no longer available to claim the residual amount.*

## **1. BACKGROUND**

- 1.1 A conveyancer/account administrator administers the residual amount for the beneficiary's top-structure. The residual amount is released to the supplier/contractor on condition that the beneficiary fulfils the following requirements :-
  1. an invoice or delivery note is received from the beneficiary/supplier
  2. a completion certificate is received from the contractor.
- 1.2 There are instances where the beneficiary disappears and does not return to claim his residual amount for the payment of building materials and the account administrator is required to return the residual amount to the department.

## **2. PROCEDURE**

- 2.1 that the conveyancer/account administrator must ensure that the beneficiary is aware that the residual amount will be refunded to the department, if he fails to claim the residual amount;
- 2.2 that the conveyancer/account administrator must first take the necessary steps to trace the beneficiary at his last given address if he does not claim the residual amount within the specified period;
- 2.3 that the conveyancer/account administrator return the residual amount for payment of building materials to the Department's housing fund should the beneficiary fail to submit a claim for this amount within a period of 3 months; and
- 2.4 that the beneficiary will have no further right to the residual amount if he does not submit a claim against the Department's housing fund within 3 years of subsidy approval.

# ***BENEFICIARY CHANGES***

The Department is faced with an increased flow of requests from developers to change beneficiaries lot numbers, cancel and instate beneficiaries and move beneficiaries between projects. These requests have escalated to such an extent that staff are involved on a full-time basis solving these queries, instead of concentrating on other more important matters.

The following procedure is now put in place with immediate effect :

## **1. LOT NUMBER CHANGES**

Change in Lot numbers will not be entertained just because of preference. Beneficiaries should be offered alternatives before signing-up the documents and should be advised at that stage that any changes to lot numbers will not be entertained. Requests for change of lot numbers will only be entertained by the Department, if the allocated sites have fallen away due to changes in planning, sites which cannot be developed and sites captured by the Department incorrectly. In the former cases, a certified copy of the new Deed of Sale must accompany the request.

## **2. CANCELLATION / INSTATEMENT OF BENEFICIARIES**

- 2.1 If the status of the beneficiary reflects that the subsidy process has been completed, then replacements / cancellations will not be affected.
- 2.2 If the status of the beneficiary reflects that the subsidy process has been completed and transfer has not been effected, developers cannot request replacement without proper motivation and after identifying another beneficiary who will qualify for the same subsidy.
- 2.3 Should the developer wish to cancel beneficiaries even before the subsidy process has been completed, full motivation must be submitted stating the reasons why such cancellations should be effected. Cancellations will not be effected merely because beneficiaries wish to move between projects. Any requests for the above without substantive motivations from developers to the Chief Director : Housing Delivery and approved by him upon assessing the motivation, will not receive any attention and will be returned forthwith.