

FundsAtWork Housing loan guarantee

Whether it's a flat or house, our home is very important. Not only is it our shelter and protection, but it's the place we get together with friends and family, raise our children, dream our dreams and make special memories. For many people, buying a home is also the biggest investment they will ever make. Sadly many South Africans struggle to get the loan they need to buy their dream home.

At FundsAtWork, we understand how important owning a home is. We offer housing loan guarantees to our FundsAtWork Pension and Provident Fund members to get the finance they need to buy a home or land to build a house, improve an existing home or pay off another housing loan.

The loans are provided by First National Bank (FNB) and Standard Bank.





The benefits of a home loan guarantee:

- No bond registration costs and no property assessment fees.
- A quick and efficient application process.
- · Preferential interest rates.
 - FNB interest rates depend on the size of the loan and are lower than the prime lending rate.
 - Standard Bank offers loans at the prime lending rate on all loan amounts.
- Monthly loan repayments are easy and hassle-free, simply deducted from the member's salary or wages by their employer.
- Access to a further loan after the member has paid the first loan for three months, as long as there is enough money in their retirement savings account, their repayments are up to date and the bank's requirements are met.
- Members are **kept informed** with home loan statements issued four times a year by the banks.
- Members can also get an up-to-date benefit statement any time by visiting www.momentum.co.za or by calling the FundsAtWork client contact centre on 0860 65 75 85.





How does the housing loan quarantee work?

1. Part of the accumulated monthly contributions

made by the member and employer towards the member's retirement savings can be used as a loan guarantee to help the member:

- Buy a house
- Renovate an existing house
- Buy land to build a house
- Pay off an existing home loan

2. What is the size of the loan?

- Provident Fund:
 - A loan of up to 64% of their withdrawal benefit is available.
- Pension Fund:
 - Members under 50 years, a loan of up to 64% of their withdrawal benefit is available.
 - Members 50 years or older, the size of the loan will be limited to 64% of one-third of their withdrawal benefit (which is 21% of the full withdrawal benefit).

3. Can members afford the loan they want?

- Members must be able to pay the loan instalment every month. This can be up to 25% of their monthly net salary or wages after deductions. The banks will ask for financial information when they apply to check if they can afford to repay the loan.
- After making three payments towards a loan, members can ask for a further loan. This will be granted as long as payments are not in arrears and the bank and the FundsAtWork Umbrella Funds requirements are met.

4. What is needed for approval?

- Members must belong to the FundsAtWork Umbrella Funds.
- They must be employed as a permanent staff member at their current employer for at least six months
- The house belongs to the member, their spouse or hoth
- The member or a dependant must live in the house and it has to be their primary residence.
- The housing loan cannot be used for a holiday home or for buying another house as an investment.

5. How to apply for the housing loan guarantee?

Before members can apply for a housing loan guarantee, the employer must complete the agreement with the bank.

- Members must ask their employer for a quote from FundsAtWork on their maximum housing loan guarantee amount. Employers can request the quote from their client services team.
- Once the quote is received, the following is needed to apply:
 - An up-to-date benefit statement from the FundsAtWork Umbrella Pension or Provident Fund.
 - A certified copy of their South African identity document or passport.
 - A bank account statement that is not older than three months.
 - A payslip not older than three months.
 - Proof of home address (for e.g. a television licence, store account statement, municipal account, telephone account or insurance policy) not older than three months.
 - Building quotations, plans or an offer to purchase.
 - A completed loan application form.
- When the member has completed the bank's application form, their employer sends the application and supporting documents to the bank.
- Once the bank has completed credit and affordability checks, they will request FundsAtWork's approval.
- FundsAtWork will validate the member's details and the maximum loan amount by sending the bank the confirmation of the home loan guarantee approval.
- Once approval is received, the bank pays the home loan amount into the member's bank account.



How does the housing loan guarantee work? (continued)

- 6. What happens to the part of the retirement savings used to back the home loan?
- The part of the member's retirement savings used to back their housing loan guarantee is invested in the Momentum Enhanced Factor 3 investment portfolio.
- This amount stays in this portfolio until the loan is fully repaid. When
 the bank confirms the loan has been repaid, the money is switched to
 the same investment portfolio(s) as the member's future contribution
 investments.
- 8. What happens when the member's circumstances change?
- The member resigns?
 - The money in the member's retirement savings account will be used to pay off the loan. Any amount remaining after the payment to the bank will be paid to the member after tax has been deducted.
- The member becomes disabled or dies?
 - Any amount still owed will be paid by the money in the member's retirement savings account.
- The member is struggling financially?
 - If the member is struggling financially and wants to reduce their loan repayment, they can ask their employer to request the bank to extend the period they have to repay the loan.

7. How does repayment of the loan work?

The employer will deduct the monthly repayment amount from the member's salary and pay it to the bank.

- The maximum time to repay the loan is 20 years or normal retirement age, whichever comes first.
- The interest rate on the loan is linked to the banks' prime lending rates, which can go up and down.
- If interest rates rise, the time to repay the loan will be increased unless the member is close to retirement.



This comparison may help members to choose a bank.

Members can only choose a bank if their employer has an agreement with both FNB and Standard Bank. If there is no agreement between the employer and both banks, the member must use the bank their employer has an agreement with.

FNB	Standard Bank
FundsAtWork administration fee	FundsAtWork administration fee
R17 (excl. VAT) pm	R17 (excl. VAT) pm
FNB administration fee	Standard Bank administration fee
R23.00 (incl. VAT) pm	R20.50 (incl. VAT) pm
FNB initiation fee	Standard Bank initiation fee
A once off fee of R250 is charged on all successful loans that	A once off fee of R450 is charged on all successful loans that
result in a credit agreement.	result in a credit agreement.
Loan amounts up to R50 000 - *Prime less 0.5%	All loan amounts - *Prime less 1.00%
*Prime refers to the prime interest rate, which is what banks charge their most secure, creditworthy customers who take out loans.	*Prime refers to the prime interest rate, which is what banks charge their most secure, creditworthy customers who take out loans.
Minimum loan term	Minimum loan term
12 months	24 months
Maximum loan term	Maximum loan term
240 months or the number of months up to the member's retirement age	240 months or the number of months up to the member's retirement age
1	Minimum loan amount
R5 000	R5 000
Minimum monthly loan repayment	Minimum monthly loan repayment
R100	R200
Maximum loan amount on the FundsAtWork Umbrella Provident Fund	Maximum loan amount on the FundsAtWork Umbrella Provident Fund
64% of the withdrawal benefit at time of application	64% of the withdrawal benefit at time of application
Maximum loan amount on the FundsAtWork Umbrella Pension Fund	Maximum loan amount on the FundsAtWork Umbrella Pension Fund
64% of the member's withdrawal benefit at time of application if the member is younger than 50 years 64% of a 1/3rd of the member's withdrawal benefit (or 21% of the full withdrawal benefit) at time of application if the member is 50 years or older In addition to the above limits, FNB will consider the amount that the member can afford to pay every month, which can be up to 25% of monthly salary or wages after deductions. All loans are subject to the National Credit Act for approval and affordability	64% of the member's withdrawal benefit at time of application if the member is younger than 50 years 64% of a 1/3rd of the member's withdrawal benefit (or 21% of the full withdrawal benefit) at time of application if the member is 50 years or older
	In addition to the above limits, Standard Bank will consider the amount that the member can afford to pay every month, which can be up to 25% of monthly salary or wages after deductions.
	All loans are subject to the National Credit Act for approval and affordability
A loan with FNB includes:	A loan with Standard Banks includes:
 Pension Backed statements every 2nd month A dedicated call centre for queries Financial Literacy training A FNB loan writer to explain the financials of the loan to the member. No penalties on early settlement. 20 business days pre-agreement sent to client, which gives the client the option to accept or reject loan agreement within the period Client to receive a outcome of members' application within 5 business days provided all the necessary supporting documentation has been received. 	 Quarterly home loan statements A dedicated call centre for queries Financial education A clear explanation of the cost of credit during a face-to-face meeting between the member and loan writer No penalties on early settlement of the loan A 5-day pre-agreement quotation, which gives the member the option of cancelling the loan agreement within 5 working days Processing of the loan application within 15 business days, provided all the necessary information/ documentation is supplied
	FundsAtWork administration fee R17 [excl. VAT] pm FNB administration fee R23.00 [incl. VAT] pm FNB initiation fee A once off fee of R250 is charged on all successful loans that result in a credit agreement. Loan amounts up to R50 000 - *Prime less 0.5% Loan amounts over R50 000 - Prime less 0.75% *Prime refers to the prime interest rate, which is what banks charge their most secure, creditworthy customers who take out loans. Minimum loan term 12 months Maximum loan term 240 months or the number of months up to the member's retirement age Minimum loan amount R5 000 Minimum monthly loan repayment R100 Maximum loan amount on the FundsAtWork Umbrella Provident Fund 64% of the withdrawal benefit at time of application Maximum loan amount on the FundsAtWork Umbrella Pension Fund 6 64% of a 1/3rd of the member's withdrawal benefit at time of application if the member is younger than 50 years 6 64% of a 1/3rd of the member's withdrawal benefit or 21% of the full withdrawal benefit) at time of application if the member is 50 years or older In addition to the above limits, FNB will consider the amount that the member can afford to pay every month, which can be up to 25% of monthly salary or wages after deductions. All loans are subject to the National Credit Act for approval and affordability A loan with FNB includes: Pension Backed statements every 2nd month A dedicated call centre for queries Financial Literacy training A FNB loan writer to explain the financials of the loan to the member. No penalties on early settlement. 20 business days pre-agreement sent to client, which gives the client the option to accept or reject loan agreement within the period Client to receive a outcome of members' application within 5 business days provided all the necessary



Service provider contact information

FNB:

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STANDARD BANK:

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