



Housing loan guarantee

FundsAtWork

momentum
corporate



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. We understand how important owning a home is. For this reason we offer housing loan guarantees to our FundsAtWork Umbrella 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 regular home loan statements 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 guarantee 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

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 the members 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 Fund's requirements are met.

2 What is the size of the loan?

- **Provident Fund:**
 - A loan of up to **60%** of their withdrawal benefit is available.
- **Pension Fund:**
 - members **under 50 years**, a loan of up to **60%** of their withdrawal benefit is available.
 - members **50 years or older**, the size of the loan will be limited to **60%** of one third of their withdrawal benefit (which is 20% of the full withdrawal benefit).

4 What is needed for approval?

- Members must belong to one of the FundsAtWork Umbrella Funds.
- They must be employed as a permanent staff member at their current employer for at least six months.
- The house should belong to the member, their spouse or both.
- The member or their 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 Momentum on their maximum housing loan guarantee amount. Employers can request the quote from their client services team.
- Once the quote is received, the member needs the following documents to apply:
 - An up-to-date benefit statement from the FundsAtWork Umbrella Pension and / or Provident Fund.
 - A certified copy of their South African identity document or passport. If you have a new ID card, we need a certified copy of the front and back of the card.
 - A bank account statement that is not older than three months.
 - A payslip not older than three months.
 - Proof of home address (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 bank 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 the Fund's approval.
- Momentum 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.

7 How does repayment of the loan work?

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

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

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6 What happens to the part of the retirement savings used to back the home loan?

- Depending on the size of the loan, the loan amount will be invested in one of the following housing loan default investment portfolios:
 - Maximum loan of 60% of withdrawal benefit – Momentum Classic Factor 3
 - Maximum loan of 50% of withdrawal benefit – Momentum Classic Factor 5
 - Maximum loan of 40% of withdrawal benefit – Momentum Classic Factor 7
- Once a year the difference between the outstanding loan amount and the amount invested in the housing loan default investment portfolio, will be switched from the housing loan default investment portfolio to the same investment portfolio/s as the member's future contribution investments.

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8 What happens when your circumstances change?

• If a member resigns

The money in their 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.

• If the member becomes disabled or dies

Any amount still owed will be paid from their retirement savings account.

• If the member is struggling financially

If the member is struggling to pay their instalment 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. This is provided that it does not exceed the maximum period referred to under point 7 above.

This comparison may help members to choose a bank

Members can only choose between the two banks 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
Costs	<p>FundsAtWork administration fee R17.00 (excl. VAT) pm</p> <p>FNB administration fee R23.00 (incl. VAT) pm</p> <p>FNB initiation fee The bank to confirm the fee when the member applies for the loan.</p>	<p>FundsAtWork administration fee R17.00 (excl. VAT) pm</p> <p>Standard Bank administration fee R27.75 (incl. VAT) pm</p> <p>Standard Bank initiation fee A once-off fee of R536.79 is charged on all successful loans that result in a credit agreement.</p>
Interest rate	<p>Loan amounts up to R50 000 - *Prime less 0.5%</p> <p>Loan amounts over R50 000 - Prime less 0.75%</p> <p>*Prime refers to the prime interest rate, which is what banks charge their most secure, creditworthy customers who take out loans.</p>	<p>All loan amounts - *Prime less 1.00%</p> <p>*Prime refers to the prime interest rate, which is what banks charge their most secure, creditworthy customers who take out loans.</p>
Loan limits	<p>Minimum loan term 12 months</p> <p>Maximum loan term 240 months or the number of months up to the member's retirement age</p> <p>Minimum loan amount R5 000</p> <p>Minimum monthly loan repayment R100</p> <p>Maximum loan amount on the FundsAtWork Umbrella Provident Fund 60% of the withdrawal benefit at time of application</p> <p>Maximum loan amount on the FundsAtWork Umbrella Pension Fund</p> <ul style="list-style-type: none"> 60% of the member's withdrawal benefit at time of application if the member is younger than 50 years 60% of a third of the member's withdrawal benefit (or 20% of the full withdrawal benefit) at time of application if the member is 50 years or older <p>All loans are subject to the National Credit Act for approval and affordability.</p>	<p>Minimum loan term 12 months</p> <p>Maximum loan term 240 months or the number of months up to the member's retirement age</p> <p>Minimum loan amount R5 000</p> <p>Minimum monthly loan repayment R200</p> <p>Maximum loan amount on the FundsAtWork Umbrella Provident Fund 60% of the withdrawal benefit at time of application</p> <p>Maximum loan amount on the FundsAtWork Umbrella Pension Fund</p> <ul style="list-style-type: none"> 60% of the member's withdrawal benefit at time of application if the member is younger than 50 years 60% of a third of the member's withdrawal benefit (or 20% of the full withdrawal benefit) at time of application if the member is 50 years or older <p>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 30% of monthly salary or wages after deductions.</p> <p>All loans are subject to the National Credit Act for approval and affordability.</p>
General	<p>Optional: Customer Protection Plan</p> <ul style="list-style-type: none"> Death and permanent disability Outstanding balance of the Credit Agreement as at date of death or becoming permanently disabled. Temporary Disability The obligations under the Credit Agreement that become due and payable for a period of 12 months, during the remaining repayment period of the Credit Agreement or until no longer disabled, whichever is the shorter period. Unemployed or unable to earn an income The obligations under the Credit Agreement that become due and payable for a period of 12 months, during the remaining repayment period of the Credit Agreement or until employed or are able to earn an income, whichever is the shorter period. <p>This cover is optional to the client. The cost is R2.49 per R1 000 per month.</p>	<p>A loan with Standard Banks includes:</p> <ul style="list-style-type: none"> Quarterly home loan statements A dedicated call centre for queries Free financial literacy 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 five-day pre-agreement quotation, which gives the member the option of cancelling the loan agreement within five business days Processing of the loan application within 15 business days, provided all the necessary information / documentation is supplied

All processes related to the delivery of these services are National Credit Act compliant.

Service provider contact information

FNB

VAAL TRIANGLE, PRETORIA, FREE STATE, NORTH WEST, MPUMALANGA AND LIMPOPO

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STANDARD BANK

GAUTENG

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