

**SECTION HR 17**

**AM AHLATHI**  
**MUNICIPALITY**

**HOME**

**OWNER**

**ALLOWANCE**

**SCHEME**

## SECTION HR 17

### HOME OWNER ALLOWANCE SCHEME

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## SECTION HR 17

### HOME OWNER ALLOWANCE SCHEME

#### 1. Introduction

As pointed out in Section 2, the majority of the Municipalities in the Easter Cape grant their staff members housing subsidies based on housing loans of not more than R 85 000.00.

The following policy is provided to enable Municipalities to grant housing loans assistance to employees under defined conditions:

#### 2. Home Owner Allowance Scheme

##### 2.1 Definitions

In this policy : -

- a) **'Council'** means the Municipal Council of the \_\_\_\_\_ Municipality and any committee or person to which or whom an institution has been given or any power has been delegated or sub-delegated in terms of, or as contemplated in, section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- b) **'Determination'** means any housing assistance determination issued by the former Board on Remuneration and Service Benefits of Town Clerks;
- c) **'employee'** means
  - i) any permanent employee of the Municipality;
  - ii) any contracted employee of the Municipality who, as a condition of contract, is entitled to the benefits of this policy on condition that, in respect of such employee, a housing subsidy, housing allowance or any other form of housing assistance is not included in a lump sum remuneration package payable to him/her in terms of his/her employment contract with the Municipality;
  - iii) any other employee who, in terms of a resolution of the Council, is entitled to the benefits of the housing assistance scheme contained in this policy;
- d) **'Housing Assistance Scheme'** means the housing assistance scheme contained in this policy;

- e) **'Municipality'** means the Municipality of \_\_\_\_\_.
- f) **'Property'** includes any dwelling or fixed improvements permanently constructed on land;
- g) any reference to the masculine gender includes the feminine unless the context indicates otherwise.

### 3. **Application Limits of Scheme**

3.1 In order to share in the benefits of the scheme, wither on the date of application or at any point of time during an allowance payment period, an employee must be:

- a) in the service of the Municipality; and
- b) be a contributing member of a legally instituted and approved pension or provident fund or be under an obligation to contribute for that purpose on completion of a qualifying period of service

provided that his spouse is not in receipt of any form of housing assistance.

3.2 If an employee and/or his/her spouse in addition to the property that he/she occupies, owns another paid-off property or not paid-off property/properties (wherever located) and in spite of the fact that the registered mortgage in the case of the other not paid-off property is smaller or bigger than the registered bond on the property which he/she occupies which is registered in his/her and/or his/her spouse's name(s) and in respect of which he/she previously for any period received an allowance (or subsidy) on the basis described in this policy (or on a similar basis under a prior determination) on the strength of his service in the Municipality concerned, he/she qualifies for a reduced allowance. Particulars of the reduced allowance which is paid under mentioned circumstances are set out in Annexure A.

3.3 If a reduced allowance is payable to an employee in terms of paragraph 2.2 and the other paid-off or not paid-off property in the mentioned paragraph is sold, the provisions of paragraph 4.3 are *mutates mutandis* applicable. If the other paid-off or not paid-off property is sold on a leasehold basis, it is for this purpose still regarded as being in the possession of the employee and/or his/her spouse.

#### 4. **Criteria for Participation in Scheme**

In order to participate in this scheme, an employee shall comply with the following requirements:

##### 4.1 **Ownership Requirement**

He/she must own a property:

- a) that is registered in his/her and/or his/her spouse's name(s);  
or
- b) that is constructed on premises in respect of which he/she and/or his/her spouse has obtained a long term right of leasehold under a statutory provision; or
- c) that was obtained by him/her and/or his/her spouse by way of contract of sale which will lead to the acquisition of a right of possession/propriety rights and in respect of which a registered mortgage was approved by an institution referred to in paragraph 3.4, but which cannot, as yet be transferred into his/her and/or his/her spouse's name/names, because:
  - i) surveying and/or town establishment is not finalised;  
or
  - ii) the employee concerned, if surveying and/or town establishment is finalised, has not paid the required deposit on the purchase price of the property in full.

##### 4.2 **Location Requirement**

The property must be situated within the Amahlathi Area of Jurisdiction.

##### 4.3 **Occupancy Requirement**

The property must be occupied by the employee him/herself. If such a employee purchases or constructs or already owns a property elsewhere than in his/her municipality (e.g. municipality where he/she has been newly appointed but not yet started working or the place where he/she wishes to settle after retirement), and only periodically occupies such property, he/she shall be deemed to comply with this requirement.

##### 4.4 **Loan Requirements**

- a) There must be a registered mortgage (and not a leasehold contract) on the property which was obtained from either : -

- i) a financial institution registered with the Registrar of Financial Institutions;
  - ii) a municipal pension or provident fund which is lawfully entitled to grant housing loans secured by mortgage bonds to its members;
  - iii) any other body instituted by an Act of Parliament and which grants housing loans.
- b) In cases where there is any doubt whether a financial institution is in fact registered, the Registrar of Financial Institutions must be consulted for confirmation.

## **5. Rules and Procedures**

### **5.1 Calculation of the Allowance**

The maximum allowance is calculated according to the basis, conditions and limitations determined by the Bargaining Council or SALGA whichever shall be the more beneficial to an employee. The current maximum allowances payable are set out in Annexure A.

### **5.2 Acknowledged Loan Amount**

This is the amount of a registered mortgage on which the Municipality will calculate an employee's maximum home owner allowance.

- a) For the purposes of the scheme the (total) acknowledged loan amount is the total of the whole or part(s) of the registered mortgage(s) that was (were) used to buy, construct or to make immovable improvements/alterations (including structural maintenance) to the property which an employee occupies.
- b) In determining the acknowledged loan amount which is used to calculate the allowance:
  - i) a particular registered mortgage, or the total of registered mortgages if an employee has more than one such loan on his property, is considered the acknowledged loan amount, if it is used as contemplated in sub-paragraph (a);
  - ii) the amounts of registered mortgages or parts thereof which were not used for the purposes as contemplated in sub-paragraph (a), is deducted from the registered mortgage, or the total of registered mortgages if an

employee has more than one such loan on his/her property; and

- iii) the acknowledged loan amount, when applicable, is further reduced by the amount with which an employee must be penalised in accordance with paragraph 4.3(b).
- c) The amounts of registered mortgages which were not used for the purposes contemplated in sub-paragraph (a) and which have been deducted in order to obtain the acknowledged loan amount for a particular property may not be added to the amount deducted in terms of paragraph 4.3 (b) should the employee purchase any further property/properties or construct any dwelling(s) thereon.

### **5.3 Employment of the proceeds from Sale of a previously Subsidised Property**

- a) If an employee and/or his spouse previously owned a property (paid off or not paid off) which was registered in his/her and/or his/her spouse's name(s) in respect of which he/she previously for any period received an allowance (or subsidy) on the basis set out in this determination (or similar basis for example a previous determination) on the grounds of his/her services in the municipality concerned, and which was sold (for this purpose it is deemed to be sold on the date on which the property is registered in the name of the owner), he/she is expected (but not obliged) to use an amount equal to the full difference between the full selling price of the previous property, on the one hand, and the total sum of the balance of the mortgage loan (if any) on the date of sale plus his sale costs plus purchasing costs (agent's commission, inspection fees, architect's fees, etc) conveyance costs and transfer fees on the new property, on the other hand, for the purpose of purchasing the property including the construction of a dwelling which he/she occupies.

#### **N.B.**

- i) The 'other property' referred to in sub-paragraph (a), concerns only the property which was occupied by the employee immediately before he obtained the property which at present is occupied by him/her.
- ii) A property sold on the leasehold basis is not deemed to have been sold, since it is still registered in the name of the 'seller'.



- b) If he/she does not use (or did not use) the said amount for this purpose, the acknowledged loan amount on the property which is occupied by the employee (or the total of the acknowledged loan amounts in the case of an employee who has registered more than one mortgage on his/her property) must be reduced by the said amount for purposes of calculating the allowance.
- c) Sub-paragraph (b) shall also be applied in the case of:
  - i) an employee who granted the purchaser of his previous property an extension of time for the payment of a part of the purchase price until such time as he/she produces proof that the shortfall has been paid in full on the registered mortgage (or the registered mortgages if more than one mortgage is registered in respect of the property); or
  - ii) an employee who is holding back part of the proceeds for immovable improvements or alterations to the new property, until such time as he/she produces proof that the improvements for which the amount concerned was held back have been completed.
- d) Any penalty which has been deducted in order to obtain the acknowledged loan amount for a particular property may not be added to the amount deducted in terms of paragraph 5.3(b) should the employee purchase any further property/properties or construct any dwelling(s) thereon.
- e) An employee who sells a previous property under the circumstances mentioned in paragraph (a), but who fails or refuses to declare how the proceeds were spent, is excluded from participation in the allowance scheme from the date of the sale of the previous property. He/she however, qualifies again for participation in the scheme from the salary pay day of the month in which he/she declares how the proceeds were spent.

#### **5.4 Date with Effect from which the Allowance is Paid**

##### **5.4.1 Serving Employees**

- a) On condition that an employee complies with all the qualifying requirements (and keeps on complying), an allowance can be paid to him/her on each salary pay day.
- b) In practice it may occur and it is indeed permissible, that an allowance is paid to an employee twice in the same month, e.g. if he/she is obliged to pay

instalments from 1 October and he/she pays his/her instalment for October directly to his/her mortgage on 5 October and his/her instalment for November is deducted from his/her salary on 15 October. If the employee concerned brings the necessary evidence of the instalment which was paid directly to his mortgagee, an allowance in respect of the said instalment as well as the instalment which was deducted from his/her salary on 15 October and was paid over to his mortgagee, can be paid to the employee. This sub-paragraph also applies in the case of an employee referred to in sub-paragraph (b) if he/she was appointed on 1 October and pays/deducts two instalments on the two dates as indicated above.

#### **5.4.2 On Initial Appointment**

On condition that an employee complies with all the qualifying requirements (and keeps complying), an allowance can be paid to him/her on each salary pay day after he/she has been appointed.

#### **5.4.3 Reinstatement of the Allowance**

When reinstating the allowance after payment was suspended for one or the other reason, the allowance is paid (on every salary pay day) with effect from the date that an employee once again qualifies.

#### **5.5 Termination of the Allowance**

- a) Except where stipulated differently in this determination, payment of the allowance is suspended from the date on which the disqualifying change occurs.
- b) When an employee's service is going to end for whatever reason and on condition that he/she still complies with the qualifying requirements, the allowance can be paid to him/her on his/her last salary pay day.

#### **5.6 Allowance Payment Period**

- a) The allowance is paid for the duration of the redemption period to which the registered mortgage, in respect of which the allowance is paid, is subject. This implies that each employee concerned has a definite allowance period which on a fixed date:

- i) commences, in other words the date on which the first obligatory monthly payment on the mortgage is payable; and
  - ii) expires, in other words the date on which the redemption period to which the mortgage loan is subject, expires.
- b) If an employee:
  - i) on his appointment applies for an allowance in respect of a property which he/she purchased or constructed before his appointment; or
  - ii) whose allowance in respect of a property was terminated for any reason, later again qualifies for an allowance in respect of the same property on the grounds of changes in his/her circumstances.
- c) If an employee has more than one registered mortgage in respect of the property that he occupies, the allowance payment period with regard to each such mortgage is a referred to in sub-paragraphs (a) and (b) above.
- d) Any adjustment of the redemption period (extension or reduction) to which the registered mortgage loan is subject, results accordingly to an adjustment of the allowance payment period. The latter is, inter alia, also applicable when two or more mortgages are consolidated in one registered mortgage loan (i.e. without the person obtaining additional funds in this way) and the mortgages indicate a new redemption period. Refer in this regard, however, to the provisions of paragraph 5.8 (b).

**5.7 Acknowledgement of Further or Increased Registered Mortgages**

- a) Read with the provisions of paragraph 5.2 (b), an employee becomes eligible for an increased monthly allowance whenever he/she negotiates a further or an increased registered mortgage and utilise the fund thus obtained.
  - i) to bring about any essential immovable improvement or alteration to the property that is occupied by him/her; or
  - ii) for the redemption of a private loan which was obtained to purchase or to construct the property or to improve or alter it as contemplated in sub-paragraph (i).

- b) A further registered loan or an increased registered loan, which is utilised for immovable improvements/alterations, is acknowledged for the purpose of allowance at the earliest from the date on which the said improvements/alterations were completed.

**N.B.** The fact that the registered mortgage debt of an employee on his property is to be redeemed within a few months or that the registered mortgage debt which he/she had on his property was redeemed in full (in other words the mortgage is cancelled), does not mean that sub-paragraph (a) is not applicable to him/her. Such an employee may still obtain a further registered mortgage loan on his/her property and, if all the qualifying requirements are met, be paid an allowance in respect of it).

#### **5.8 Acknowledgement of Advances or Reinstatement of Existing Registered Mortgages**

- a) Allowances are calculated in terms of paragraph 4.2 (a) and (b) on the basis of acknowledged registered mortgages(s). Therefore, an employee who obtains an advance / reinstatement (i.e. an action which does not influence the size of his/her existing registered mortgage loan amount), even if the funds are utilised for acknowledged purposes, is not eligible for an increased monthly allowance.
- b) Attention is drawn to the fact that if an employee obtains an advance / reinstatement on his/her existing registered mortgage (whether or not he/she utilises the funds for the purposes as contemplated in paragraph 5.7 (a) (i) or (ii) and his/her mortgage adjusts (lengthens) the redemption period to which the existing loan is subject), the allowance payment period of that employee remains unaltered.

#### **5.9 Allowance Payment during Official Duty away from his Municipality**

If an employee, because of circumstances beyond his control and arising from his/her duties (for example studies in official time while retaining his/her salary or official duties away from his/her Municipality, locally or abroad) is obliged to vacate the property temporarily, regardless of whether the property is leased or not, payment of the allowance may be continued from date of such vacating:

- a) until he again occupies the property; or
- b) for a period of six (calendar) months,

whichever is the shorter period.

## **5.10 Effect of Leave of Absence / Suspension on the Allowance**

Payment of an allowance to an employee is continued during periods of leave of absence of any nature, whether with or without payment, or period of suspension, whether with or without emoluments in terms of the agreement applicable to his/her service, on condition that if:

- a) he/she is absent on leave without payment or has been suspended with emoluments, the allowance may be paid to him/her for a particular month only if he/she provides acceptable proof that the monthly repayment on his/her mortgage(s) which was payable during that month has in fact been paid; and
- b) he/she vacates the property during such period of leave of absence or suspension, the property is not leased. If he/she does lease it, payment of the allowance must be terminated from the date referred to in paragraph 5.5.

## **5.11 Onus on Participants in the Allowance Scheme**

An employee who applies for an allowance or already receives it, must:

- a) apply for an allowance in terms of this policy on the prescribed form and substantiate his/her application with the necessary documentary evidence;
- b) during his/her allowance payment period, report any change which may have an influence on the registered loan amount or the expiry date of his/her allowance payment period and where applicable, substantiate it with documentary evidence.
- c) make arrangements that his/her monthly instalments on his/her mortgage(s) are recovered by stop order from his/her salary and paid to the mortgagee(s); and
- d) deliver a statement from the mortgagee which reflects the annual transactions with regard to his/her mortgage, on request to his/her Municipality.

The Municipality may, in its sole discretion, suspend a participant in the scheme's allowance payment if he/she fails to comply with this paragraph or supply such statement within a period of 21 days from the date on which such request was made to him/her.

The employee concerned hereby consents to the Municipality obtaining such information as it may require to enable it to administer this policy from the financial institution which holds the

mortgage bond over the property in respect of which an allowance is paid to such employee in terms of this policy.

Under no circumstances will an allowance payable in terms of this policy be paid directly to an employee.

#### **5.12 Bona Fide Over and Underpayment**

If the amount of an allowance paid to an employee is found to be incorrect as a result of the faulty application of the provisions of this policy and incorrect data provided by the mortgagee, the error must be corrected immediately and any amount which because of such an error was:

- a) overpaid must be recovered from the employee. If the amount cannot be recovered in a single sum, interest must not be charged on the monthly outstanding balance; or
- b) underpaid, must be paid to the employee.

#### **5.13 Penalty Clause and Recovery / Collection of the Allowance**

- a) If, at a formal disciplinary investigation, it is found that an allowance is being paid to an employee who does not qualify for it, or that an allowance higher than that for which he/she qualifies is being paid as a result of the fact that he/she deliberately provided incorrect information or withheld relevant information:
  - i) payment of the allowance to him/her must be suspended from the first pay date after it was discovered;
  - ii) the amount paid/overpaid must be recovered from him/her. If such amount is not recovered in one sum, but by monthly payments, interest at the standard rate must be charged on the outstanding amount from the date on which the person is instructed in writing to repay the amount.
  - iii) he/she will not again come into consideration for an allowance at the Municipality concerned.
- b) Action taken in accordance with sub-paragraph (a) shall not take the place of and shall not prevent action in accordance with the misconduct provisions which regulate the employee's service.

#### **5.14 Forms and Record**

The Municipality shall keep complete documentation concerning applications, suspension and amendments concerning housing allowances.

### **6. Disposal Powers**

The Council may, on the basis of the provisions of this policy:

- 6.1 approve, reject or terminate payment of the allowance;
- 6.2 in individual cases, determine and change acknowledged loan amounts, allowance payment periods, allowance commencement date and allowance expiry dates;
- 6.3 apply any penalty; and
- 6.4 perform any other action which is prescribed in order in accordance with the application of this policy.

### **7. Other**

#### **7.1 Possession Phenomenon**

- a) When a property is registered in the name of an employee and one or more person's names (without marital relationship) and regarding each person who partakes in the scheme:
  - i) if all the persons in whose names the property is registered are employees who may take part in the scheme, the real loan amount is divided in the proportion to which the persons concerned obtained ownership in the property, to determine the acknowledged loan amount of each person;
  - ii) if not all of the persons in whose names the property is registered are employees who may take part in the scheme, the real loan amount:
    - \* is divided in the proportion to which the persons concerned have ownership in the property, thereby to determine the acknowledged loan amount for each person; or
    - \* is divided by the number of persons concerned to determine the loan amount for each person; and,

whichever acknowledged loan amount is the smaller, is used for allowance purposes;

- iii) the allowance is paid for the normal allowance payment period, subject to the provisions of paragraph 5.6 above; and
  - iv) when the property is sold, the gross proceeds are divided in the proportion as used in sub paragraphs (a) (i) and (ii), in order to determine the gross proceeds and furthermore the usable net proceeds in each case for purposes of the application of paragraph 5.3.
- b) The total of the monthly allowance payable in the case of employees as meant in sub-paragraph (a) (i), or in the case of employees and those other persons as meant in sub-paragraph (ii) may not be more than that payable if the property was registered in only one person's name. In the light of this, the allowance that must be calculated according to sub-paragraphs (a) (i) to (iv) and read in conjunction with paragraphs 5.1 and 5.2 must be reduced proportionately.

## **7.2 Properties Owned by a Company, Trust or Legal Person**

- a) No allowance is payable when an employee occupies a property that is registered in the name of a company, partnership or legal person.
- b) When a property that was registered in the name of a deceased spouse is kept in the latter's estate or in trust and it is clear from the testamentary directions that the surviving spouse who is employed will shortly acquire ownership of the property (e.g. as soon as the deceased's estate has been administered) and he/she maintains the monthly instalments with regard to the mortgage of the property concerned:
  - i) it is deemed that the complies with the ownership requirement and an allowance can be paid to him/her if he/she complies with all the other requirements, and
  - ii) his/her allowance period expiry date is that date when the registered redemption period to which the loan is subject will expire.

## **7.3 Mortgage Loans Phenomena**

Loans that do not comply with the requirements in paragraph 4.4 are not acknowledged for allowance purposes. If such a loan is replaced by a registered mortgage, such mortgage can be



acknowledged for allowance purposes to the extent which the private loan was used for purposes contemplated in paragraph 5.7 (a) (i).

#### **7.4 Subdivision and Selling of Property**

Paragraph 5.3 is *mutatis mutandis* to an employee who subdivides his/her property on which an allowance is paid to him, and sells part of it. This implies that it is expected from an employee to pay off an amount equal to the difference between the full purchase price of the sold part, on the one hand, and the total sum of his subdivision and sale costs, as well as any amount from the said return that issued by him/her for immovable improvements / alterations to or on the premises of the property which he/she occupies, on the other hand, on the mortgage loan(s). If the said return is not used accordingly, action must be taken in accordance with paragraph 5.3 (b).

#### **7.5 Allowance Payable in Respect of Interim Interest**

a) Mortgagees in general impose interest on registered mortgages for the period from the date of resignation of the mortgage loan to the date before that on which the first obligatory capital and interest redemption (instalment) is payable. On condition that an employee complies with the occupancy requirement as referred to in paragraph 4.3 during the period that interest is imposed, an allowance may be paid on the interest paid directly by an employee to his/her mortgagee, in respect of the true period that interest was imposed or 30 days, whichever is the shorter period.

b) The allowance that is payable in accordance with sub paragraph (a), is calculated as follows:

$$A \times B / 30 = \text{allowance on interest, where}$$

**A** represents the allowance that is payable in accordance with paragraph 5.1 in respect of the employee's loan amount; and

**B** represents the true number of days (maximum 30) in respect of which interest was imposed.

c) The provisions of sub-paragraph (a) only refer to the first or main mortgage on a property. An allowance is, therefore, not payable on the interim interest of a second or further mortgage loan on the property that an employee occupies.

## 7.6 Divorce

If an employee divorces his/her spouse and as a result thereof the property in respect of which he/she or his/her spouse previously for any period of time received an allowance (or subsidy) on the basis described in this policy (or on a similar basis in terms of a previous determination) on the strength of his service in the Municipality:

- a) is sold so that the proceeds can be awarded to his/her spouse or that the proceeds can be divided between himself and his/her spouse, his/her case must be dealt with in terms of the rules set out in paragraph 5.3. For this purpose only 50% of the net proceeds from the sale of the property as meant in the said paragraph must be taken into account if he obtains a further property and applies for an allowance; or
- b) is granted to his/her spouse (where, for example, the property is transferred into his/her spouse's name or usufruct is granted to him/her), his/her case must be dealt with in terms of the rules set out in paragraph 5.3 as if he/she had sold the property. For this purpose, and in order to determine the net proceeds, a realistic valuation of the dwelling's market value at the time it was awarded to the spouse must be obtained. Furthermore, only 50% of the net proceeds as meant in the said paragraph must be taken into account when he/she obtains a further property and applies for an allowance.

## **SECTION HR 17**

### **HOME OWNER ALLOWANCE SCHEME**

#### **Annexure A**

#### **CALCULATION OF HOME OWNER ALLOWANCE**

- a) The Home Owner Allowance is calculated on maximum bond amount of R85 000.00.
- b) The monthly Home Owner Allowance is revised on the first day of each quarter based on the weighed average interest rate levied by the five biggest financial institutions as on 1 January, 1 April, 1 July and 1 October.
- c) The weighed average interest rate levied by the five biggest financial institutions on 1 October 2003 was 11.5%.
- d) The South African Local Government Bargaining Council approved that, with effect from 1 July 2004, the monthly Home Owner allowance be adjusted as follows:
  - i) An amount of R454 (R388) in the case of a person who owns another previously subsidised home or who did not use the proceeds from the sale of a previously subsidised home, or
  - ii) The recognised loan amount times the factor 0.5333 (or 0.4563 in the case of a person who owns another previously subsidised home) or
  - iii) An amount calculated at the rate of 56% (or 52% in the case of a person who owns another previously subsidised home) of the person's compulsory monthly capital and interest redemption which is paid by stop order to the mortgagee, provided that the lowest of the three options shall always be payable.
- e) Housing loan payments will not be adjusted programmatically. The onus rests with the employee to complete a stop order form and submit same to the Human Resources Manager for processing.

**SECTION HR 17**

**HOME OWNER ALLOWANCE SCHEME**

**Annexure B**

**APPLICATION FORM**

**PART A – to be completed by Applicant**

I hereby apply for a Home Owner Allowance in respect of my mortgage loan.

**1. Personal Particulars**

Full Name and Surname: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Identity Number: \_\_\_\_\_

Designation: \_\_\_\_\_

Gender: \_\_\_\_\_

Marital Status: \_\_\_\_\_

If married, kindly indicate:

\* whether you are married in terms of the Marriage Act, customary or religious law;

\_\_\_\_\_

\* where your spouse is employed \_\_\_\_\_;  
and

\* whether he/she receives a Home Owner Allowance in terms of his/her employment contract.

<b>YES</b>	<b>NO</b>
------------	-----------

The undermentioned are my Dependants who permanently reside with me in the dwelling:

First Name(s)	Surname	Relationship

My Dependants and I have been residing in the dwelling since \_\_\_\_\_  
20\_\_\_\_.

**2. Particulars of Dwelling in respect of which Application for an Allowance is made**

Description (indicate whether a: dwelling house, semi-detached house or flat): \_\_\_\_\_

Situated at: \_\_\_\_\_

Flat name and no.: \_\_\_\_\_

Street name and no.: \_\_\_\_\_

Suburb: \_\_\_\_\_ Town: \_\_\_\_\_

Province: \_\_\_\_\_

It is registered (indicate whichever is applicable with an X):

In my name

Jointly in my and my spouse's names

Jointly in my and \_\_\_\_\_ names

(if there is no marital relationship between the persons)

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

It is constructed on tribal or state land in respect of which the right of occupation was obtained.

It was obtained by way of a contract of sale (which will lead to the acquisition of right of possession / property rights) but cannot be transferred since:

- surveying and/or town establishment or the provision of sewerage, etc., are not finalised; or
- I have not paid the required deposit on the purchase price in full; or
- the final purchase price of the property has not yet been finalised.

**(Delete if not applicable)**

The registered mortgage loan(s) on the dwelling:

Amount(s) To	At an Interest Rate of	Has/Have been Obtained From
R	_____ %	
R	_____ %	
R	_____ %	

The mortgage loan(s) is/are subject to (a) redemption period(s):

Of	Which Commence(s/ed) on	Which Expires on
_____ Yrs	_____ 20 _____	_____ 20 _____
_____ Yrs	_____ 20 _____	_____ 20 _____
_____ Yrs	_____ 20 _____	_____ 20 _____

The **total** monthly amount payable to my mortgagee is the following: (see also the accompanying stop order) R \_\_\_\_\_ per month

**Documentary proof of the particulars above, is attached.**

**3. Particulars of a Person who is officially obliged to occupy State Housing, but who has bought a Private Dwelling and who applies for the payment of a Home Owner Allowance in respect of said private dwelling**

The state housing which I am officially obliged to occupy, is situated at:

\_\_\_\_\_

The private dwelling which I have bought, is situated at:

\_\_\_\_\_

I let the private dwelling at the following monthly rental and I undertake to notify the Municipality immediately should there be any decrease or increase of the rent:

R \_\_\_\_\_ per month

**4. Particulars of Another Private Dwelling (wherever located) apart from the Dwelling occupied by the Person**

My spouse and/or (indicate whichever is applicable with X):

	at present owns another private dwelling (paid-off or not paid-off) which is registered in my spouse's and/or my name(s) and in respect of which my spouse and/or I previously (for any period) received an Allowance (or subsidy) on the basis (or a similar basis) of the Home Owner Allowance Scheme on the strength of service in a public service, a parastatal, a provincial administration or with a Council, institution or body established by or under a statutory provision; OR
	have/has sold (now or earlier) another private dwelling (paid-off or not paid-off) which was registered in my spouse's and/or my name(s) and in respect of which my spouse and/or I previously (for any period) of the Home Owner Allowance Scheme on the strength of service in a public service, a parastatal, a provincial administration or with a Council, institution or body established by or under a statutory provision, for the amount of R _____ and utilised the said amount as follows:

_____	R _____
_____	R _____
_____	R _____
_____	R _____
_____	R _____
<b>TOTAL</b>	R _____
<b>N.B.:</b> The other dwelling referred to above which was sold, concerns only the last dwelling which was owned and in respect of which a Home Owner Allowance (or a housing subsidy) was paid.	
A dwelling sold on the leasehold basis is not deemed to have been sold, since it is still registered in the name of the seller	
	is not in possession of another dwelling and did not sell one in the circumstances referred to above

## 5. Undertaking and Declaration

I acknowledge that I am aware of the contents of the Home Owner Allowance Scheme of the Municipality.

I undertake, should my application for an allowance be approved, to notify the Human Resources Manager immediately in writing should any change occur in respect of the particulars which I have indicated on this form.

I realise and accept that, should it be established at any time that an allowance was or is to be paid while I did or did not qualify therefore or than an allowance has been paid to me for a period longer than the period for which I qualify, as a result of my having furnished erroneous information or concealed relevant information on purpose when completing this form or at any stage:

- payment of the allowance to me will be suspended immediately;
- the amount paid/overpaid shall be recovered from me, and that if the amount is not recovered in one sum, but in monthly payments, interest will be charged on the outstanding amount at the standard rate from the date on which I was instructed in writing to repay the relevant amount, at the rate determined from time to time by the Minister of Finance; and
- I will not again come into consideration for an allowance.

I hereby authorise the Municipality to obtain any information pertaining to the registered bond(s) on the property or any instalments and fees payout thereon from the financial institution(s) which granted such bond(s) to me.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_

\_\_\_\_\_  
**Signature of Applicant**

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**PART B – Departmental Use Only**

Application            Approved    /    Not Approved

Amount of monthly allowance: R\_\_\_\_\_ per month

Allowance payable as from: \_\_\_\_\_

Allowance period expiry date: \_\_\_\_\_

Council Minute No.: \_\_\_\_\_ Date: \_\_\_\_\_

Reference: \_\_\_\_\_

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Manager: HR**



**SECTION HR 17**

**HOME OWNER ALLOWANCE SCHEME**

**Annexure C**

**APPROVAL OF HOME OWNER ALLOWANCE**

**AM AHLATHI**

**MASIPALA, MUNICIPALITY, MUNISIPALITEIT**

Correspondence to be addressed to:

THE TOWN MANAGER

Imbalelwano zithumele ku:

MANJELA WE-DOLOPHU

Korrespondensie gerig te word aan:

DIE STADBESTUURDER

Private Bag X2

Privaatsak X2

OUR REF:

ONS VERW:



Office of the Town Manager

Iofisi ka-Manejala we-Dolophu

Kantoor van die Stadsbestuurder

Tel: 043 - 683 1100

Fax: 043 - 683 1127

Stutterheim / Cumakala

4930

Oos Kaap/Eastern Cape/Mpumakoloni

YOUR REF:

U VERW:

Date:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Dear \_\_\_\_\_,

**APPROVAL OF HOME OWNER ALLOWANCE: PROPERTY SITUATED AT**

\_\_\_\_\_

I refer to your application in the above connection and have pleasure in advising that you have been granted a monthly housing allowance of R\_\_\_\_\_ will be paid to you with effect from \_\_\_\_\_20\_\_\_\_\_.

Your attention is drawn to the following:

- a) It is your responsibility to insure the property in respect of which the allowance is granted;
- b) You should inform me on the prescribed form of any changes to the monthly repayments on your bond so that the necessary adjustments may be made in the records of the Council and the correct monthly

- repayment made to the financial institution which granted you the bond;
- c) Before 31 March each year, you must provide me with a complete statement obtainable from the financial institution which granted you the bond setting out all payment made and the balance outstanding;
  - d) Under no circumstances will the allowance be paid directly to you; and
  - e) The Housing Allowance will be incorporated into your monthly instalment on your housing bond and be paid directly to the financial institution which granted you the bond.

Yours faithfully

---

**MUNICIPAL MANAGER**

**SECTION HR 17**

**HOME OWNER ALLOWANCE SCHEME**

**Annexure D**

**NOTICE OF CHANGED CIRCUMSTANCES WHICH AFFECT THE HOME OWNER ALLOWANCE**

**Part A – to be completed by Employee**

**Note:** Delete the sections which are not applicable in section 2.

I hereby wish to report my changed circumstances as indicated below:

**1. Personal Particulars**

Full Name and Surname: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Identity Number: \_\_\_\_\_

Designation: \_\_\_\_\_

**2. Changed Circumstances** (please attach documentary proof of particulars)

2.1 I have obtained a further mortgage loan (e.g. 2<sup>nd</sup> bond, 3<sup>rd</sup> bond, etc.) to the amount of R\_\_\_\_\_ on the existing dwelling occupied by me, in order to effect the following immovable improvements / changes to the dwelling:

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

The above improvements were completed on: \_\_\_\_\_ 20\_\_

The above further mortgage loan is subject to a registered redemption period:

<b>Of</b>	<b>Which Commences On</b>	<b>Which Expires On</b>
_____ Yr	_____ 20__	_____ 20__

The mortgagee has consolidated the mortgage loans on the dwelling occupied by me as follows:

Loan Amount & Rate of Interest	Obtained From	Redemption Period in years & the Date of Commencement
R_____ %	_____	_____ years _____ 20_____

- 2.2 I have obtained an advance on / reinstatement of my existing registered mortgage loan. The amount thereof is R\_\_\_\_\_.
- 2.3 The **total** amount payable monthly to my mortgagee is the following. See also the accompanying sop order: R\_\_\_\_\_ per month.
- 2.4 Apart from the following dwelling which I occupy and in respect of which a Home Owner Allowance is paid to me, my spouse and/or I have/has sold another dwelling (paid-off or not paid-off) which was registered in my spouse's and/or my name(s) and in respect of which my spouse and/or I previously (for any period) received an allowance (or subsidy) on the basis (or a similar basis) of the Home Owner Allowance Scheme on the strength of service in a public service, a parastatal, a provincial administration or with a Council, institution or body established by or under a statutory provision, for the amount of R\_\_\_\_\_ and utilised the said amount as follows:

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

\_\_\_\_\_ R\_\_\_\_\_

**TOTAL** R\_\_\_\_\_

**N.B.** The other dwelling referred to above which was sold, concerns only the last dwelling which was owned and in respect of which an allowance (or housing subsidy) was paid.

A dwelling sold on the leasehold basis is not deemed to have been sold, since it is still registered in the name of the seller.

- 2.5 The mortgage loan(s) on the dwelling in respect of which a Home Owner Allowance was paid to me, was fully redeemed on \_\_\_\_\_20\_\_\_\_\_.
- 2.6 My spouse and/or I have/has sold the dwelling in respect of which a Home Owner Allowance is paid to me on \_\_\_\_\_20\_\_\_\_\_.
- 2.7 My dependants and I vacated the dwelling in respect of which a Home Owner Allowance is paid to me on \_\_\_\_\_20\_\_\_\_\_ and I therefore do not comply with the occupancy requirement any more.
- 2.8 I will be absent with leave from \_\_\_\_\_20\_\_\_\_\_ to \_\_\_\_\_20\_\_\_\_\_ and my dependants and I will vacate the dwelling in respect of which a Home Owner Allowance is paid to me on \_\_\_\_\_20\_\_\_\_\_. The dwelling will be let from \_\_\_\_\_20\_\_\_\_\_.
- 2.9 My mortgage has reduced/increased the rate or interest on my mortgage loan(s) to \_\_\_\_\_%. An amended stop order is attached.
- 2.10 My spouse and I were divorced on \_\_\_\_\_20\_\_\_\_\_ and since the said date I do not reside in the dwelling.

\_\_\_\_\_  
**Signature of Employee**

\_\_\_\_\_  
**Date**

**PART B – Departmental Use Only**

With effect from \_\_\_\_\_20\_\_\_\_\_ the Home Owner Allowance:  
 (Delete whichever is not applicable)

- a) Remains unchanged;
- b) Is decreased to R\_\_\_\_\_ per month;
- c) Is increased to R\_\_\_\_\_ per month;
- d) Ceases.

The Allowance period expiry date has changed and is now as follows:

\_\_\_\_\_20\_\_\_\_\_

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Manager: HR**