



**RFS Home Loans (Pty) Ltd**  
Retirement Fund Solutions

passionately tomorrow

# HOME LOAN GUIDELINES

## YOUR DREAM HOME, OUR TRUSTED GUIDANCE

The Board of Trustees of the National Fund for Municipal Workers (the Fund) transferred the administration of housing loans to RFS Home Loans (Pty) Ltd on 1 June 2007, due to the regulatory requirements of the National Credit Act. This ensures the Fund remains focused on its core mission of providing retirement benefits to its members.

The Fund continues to issue guarantees to RFS Home Loans, using a portion of a member's fund credit as collateral. In accordance with the Pension Funds Act No. 24 of 1956, loans may only be granted for the following purposes:

- 01.** Renovation of a property
- 02.** Purchase of a property
- 03.** Settlement or partial settlement of an existing bond




## RFS Home Loans (Pty) Ltd

RFS Home Loans (Pty) Ltd, an authorized Financial Service Provider licensed by the Financial Services Conduct Authority (License Number 46316), has partnered with the National Fund for Municipal Workers (NFMW) to offer members housing loans at preferential rates. As part of this arrangement, NFMW provides guarantees to RFS Home Loans, using a portion of the member's fund benefit as collateral.

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**Contact Us:**

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**To ensure a successful application, the following requirements must be met:**

1. Completed Application Form
  - o Clearly specify the intended use of the loan.
  - o For property renovations, provide detailed descriptions of the planned work.
2. Recent Bank Statements
  - o Provide statements for the last three months, showing three salary deposits and recurring monthly deductions.
3. Latest Salary Advice
  - o Submit your most recent salary slip.
4. ID Documentation
  - o Include a copy of the main applicant's ID and, if applicable, the co-owner's ID.
5. If Married:
  - o Copy of your spouse's ID
  - o NFMW Home Loan Consent Form
6. Proof of Income Tax Number:
  - o If it does not appear on your salary advice, a copy of your IRP5 will suffice.

**For Renovations:**

- 7.1 Proof of ownership of the property:
  - o A bond statement in your name, or
  - o A water and electricity statement indicating property rates and taxes in your name, or
  - o A letter from the Chief (for rural areas) confirming property ownership, or
  - o For RDP houses, a letter from the municipality confirming ownership.

*Note: A 'Deed of Sale' is not acceptable as it is not considered a current document.*

- 7.2. A valid quotation with:
  - o Your personal details
  - o The supplier's VAT and business registration number

*Note: The quotation must remain valid for 30 days.*

**8. When Purchasing a Property:**

- o A signed, legal, and binding Offer to Purchase, completed by all relevant parties.
- o Contact details of the transfer attorney, along with a detailed breakdown of transfer costs.
- o Proof of bond approval from a bank, unless the full loan amount is being borrowed from RFS Home Loans.

**9. When Settling or Partially Settling an Existing Bond:**

- o The most recent bond statement, showing the current outstanding balance.

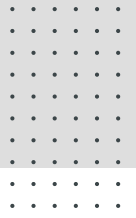




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## The following are the main reasons why home loan applications may be denied:

1. Bad Credit History
  - o If you are listed on credit bureaus and cannot provide evidence that the debt has been settled before applying.
  - o If there are overdue accounts on your credit report that are not up to date or paid off before your application.
  - o You can access your credit record once a year for free through TransUnion at [www.mytransunion.co.za](http://www.mytransunion.co.za).

### **Affordability: The following factors may lead to your application being declined:**

2. Unpaid debit orders on your bank statement.
  - o Overdue accounts on your credit report.
  - o The loan installment may not exceed 40% of the monthly cash available after all household expenses are paid. This includes other loan installments, debit orders, insurance, school fees, and living expenses. These calculations will be based on the most recent three months.
  - o If a spouse covers certain living expenses, proof of such payments must be provided. However, a spouse's income will not be included in the applicant's income.
3. Failing to Honor Existing Loan Repayments
  - o If a member is in arrears on an existing loan, they will be disqualified from applying for any further loans.
4. Minimum Period Between Loan Applications
  - o A minimum of six months must pass before additional loan applications will be considered.
  - o The member must have paid six consecutive installments before reapplying.

5. Insufficient Fund Credit: The following conditions may lead to your application being declined:
  - o According to the Fund's rules, a member can borrow up to the following limits based on their fund credit:
    - 60% of the first R200,000
    - 55% of the next R100,000
    - 50% of the next R100,000
    - 45% of the next R100,000
    - 40% of the next R100,000
    - 35% of the remainder
  - o The outstanding balances of all existing loans will be deducted from the available loan amount (calculated above) to determine the amount available for a new loan.
  - o Any existing RFS Home Loans must be settled before applying for finance on a new or different property.
6. Minimum Period for Re-approval of a Declined Loan
  - o A minimum of three months must pass before reapplying for a loan that was previously declined.
  - o To ensure your application is successful, all requirements outlined in points 1 to 9 above must be resubmitted.
7. Market Value of Property
  - o In accordance with Section 19(5)(c) of the Pension Funds Act, the loan amount cannot exceed 90% of the fair value of the immovable property.
8. Property Occupancy
  - o The property must be your primary residence or occupied by your dependents.

[www.rfshomeloans.co.za](http://www.rfshomeloans.co.za)

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