



FAIRHEADS
Financial Services

FAIRHEADS FINANCIAL SERVICES

**partnering with your retirement fund
to turn your dreams of home into reality**



Fairheads Financial Services (Pty) Ltd is an authorised
financial services provider FSP 18438

PENSION-BACKED HOME LOANS

Home ownership is one of the first steps to economic freedom, providing not only a safe place to live and store possessions, but also allowing an accumulation of wealth through equity in the property – something which can be leveraged to pay for health, education, and other critical needs.

Retirement funds can provide their members with access to home ownership by offering pension-backed home loans. A retirement fund can register as a credit provider with the National Credit Regulator to allow members to benefit from a pension-backed home loan facility.

The Pension Funds Act allows members of a retirement fund, subject to the rules of the fund, to use their retirement fund credit as security for a loan. As long as monthly repayments are met, no money is taken from the fund.

Fairheads Financial Services (FFS) provides administration services to retirement funds wishing to offer this service to members.

IMPORTANT FACTS

Maximum Loan Amount	The Pension Funds Act allows a maximum of 90% of the fund credit to be used as security for loans. However, a lower figure of around 60% of the fund credit is considered more sensible.
Maximum Loan Term	Whichever comes first: <ul style="list-style-type: none">- 20 years (i.e. 240 instalments) or- retirement age as per fund rules
Minimum Loan Amount	R3,000
Years to Retirement	5 years or more to retirement to qualify for a loan

LAWS PROTECTING RETIREMENT FUNDS AND DEBT

Loans are issued in accordance with the regulations of section 19 (5) of the Pension Funds Act (PFA) of 1956.

- The PFA allows members to borrow up to 90% of their accumulated fund credit, BUT the pension or provident fund can set a lower limit to protect retirement savings.
- According to the Pension Funds Act, the loan can only be used
 - To buy a house
 - To build a house
 - To renovate an existing house that you own
 - To buy land on which to build a house
 - To pay a deposit towards the cost of the house, to pay the transfer and/or registration fees
 - To settle your existing home loan

All loans are governed by the **National Credit Act (NCA)**. The NCA requires that monthly repayments are affordable and that members do not take on more debt than they can afford.

WHAT ARE THE COSTS?

FEE / CHARGE	AMOUNT
Establishment Fee:	R575
Interest Charge:	The minimum interest rate as prescribed by the Registrar is currently 6.5% pa and is set at the repo rate plus 2%
Monthly Admin Fee:	R52

Home ownership is one of the first steps to economic **FREEDOM**

WHAT IS THE PROCESS?

1. An administration agreement between the retirement fund and Fairheads Financial Services is signed.
2. With Fairheads' assistance, the fund must apply for a credit licence.
3. An agreement between each employer and the fund is signed.
4. Fairheads provides all administration functions associated with the product, including loan assessment, contracting, repayments and settlement.

HOW ARE LOANS REPAID?

The home loan instalment will be deducted directly from each employee's salary.

WHAT PAPERWORK IS NEEDED TO APPLY?

Personal documents

- ID document copy (legible)
- Latest payslip copy (not older than 3 months)
- Bank statement copy (not older than 3 months)
- Confirmation from pension fund of member's accumulated savings
- Proof of residence (e.g. rates statement, electricity account, utility statement)
- Marriage certificate copy
- Ante-nuptial contract copy (if married ANC)
- Traditional marriage certificate of registration
- Spouse ID document copy (if married COP)

WITH FAIRHEADS YOU ARE NEVER JUST A



DOCUMENTS VERIFYING PURPOSE OF LOAN

A bond / mortgage for a new home

Accepted offer to purchase – OR -
Deed of sale – OR -
Bond statement – AND -
Transfer attorney's invoice

Building a new home OR renovating/improving/ additions to existing home

Confirmation of land ownership – OR -
Property title right statement
AND – registered builder's contract
AND – building material quotes

Paying off another pension-backed home loan

Settlement letter from current lender
AND – 6-month transaction statement
from current lender

ABOUT FAIRHEADS FINANCIAL SERVICES

Fairheads Financial Services is a leading independent service provider to Southern Africa's retirement fund and fiduciary industry.

The Fairheads companies are known for the high quality of service they provide and for having a people-centred approach. With Fairheads you are never just a number.

We are proud to play a role in making the dream of owning a home a reality for many.





FAIRHEADS

Financial Services

**Contact a Fairheads consultant to discuss
pension-backed home loans**

consulting@fairheads.com

Braamfontein

Tel: 010 005 5290/1/2/3

Address: 26 Ameshoff Street (Cnr Ameshoff & Melle Str.)

Cape Town

Tel: 021 410 7500

Address: 15th Floor, 2 Long Street

Durban

Tel: 031 368 9260

Address: 22nd Floor, Office no. 2217, Embassy Building
199 Anton Lembede (formerly Smith Street)

Sandton

Tel: 011 883 9755

Address: Ground Floor, Block C, Vunani Office Park
151 Katherine Street

Fairheads Client Contact Centre:

0860 555 021 (Share call) or 021 410 7800

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