



RFLAUN

Retirement Fund for Local Authorities
and Utility Services In Namibia

2023



DIRECT HOUSING LOANS



The Fund and employer have established a housing loan arrangement where the member may borrow money from their Member Share for housing purposes only. Loans may be granted, on condition that:

Qualifying conditions:

1. The loan amount may not exceed one-third of the Member's Share.
2. The minimum loan amount may not be less than N\$ 5,000.
3. Each member must complete a loan application form and submit it to the Fund with the documentation listed on the form via the Employer.
4. **Member can only have one loan at one institute**, being either Direct loan from Fund or Pension Backed Home Loan with FNB or Pension Backed Home Loan with Standard Bank.
 - A 3-year term needs to lapse before a further loan can be taken
 - A 3-year term needs to lapse before a further loan can be taken by a member with a current loan at a Bank whose loan was transferred from a Bank to the Fund.
5. **Loans may only be granted for:**
 - Buying a residential property (inclusive of transfer costs, interest and other associated costs relating to the property transfer);
 - Repaying an existing housing loan to the member by someone who is not the Fund (such as a bank or the employer);
 - Additions, alterations, maintenance, or repair to a residential property if the employer approves this.
 - Purchases of a residential dwelling or land to erect a residential dwelling, additions, alterations, maintenance, or repair of property in proclaimed areas, unproclaim areas, communal land and resettlement farms.
6. The employer ensures that the member can afford the loan instalments and that the total deductions from the member's monthly salary do not exceed the Labour Act's limits.
7. The property must belong to the member or their spouse (civil and customary marriage).
8. The members' dependents or member himself/herself must occupy the residence or will do so in the immediate future.
9. The Fund does not give housing loans for property owned by a trust, company, or closed corporation.

Payment of loan from Fund:

10. The Fund will make payment only to the following parties:
 - If the member wants to purchase a property: to a recognised housing institution such as a bank or NHE or an attorney's trust account;
 - If the member wants to reduce or settle an existing housing loan: to the person/entity who gave the member the loan;



- If the member wants to improve, alter, or repair an existing residential dwelling: to the member. The member must obtain relevant quotations from various service providers. The Fund will grant the loan for the total value of the work to be undertaken. The member must pay the service provider(s) or supplier(s).

Monthly repayment to Fund:

- Two factors determine the monthly repayment amount:
 - The period over which the loan is repaid.
 - The interest rate on the loan.

According to the Pension Funds Act, the interest rate on the loan is the Namibian Repo rate plus 4%.

- The member understands that when the Bank of Namibia changes the repo rate that my monthly repayment amount will be affected.
- Repayments (to the Fund) will be by direct deductions of equal instalments from the member's salary each month.
- The employer undertakes to forward monthly repayments to the Fund by the 7th of each month. Repayments are allocated to the member's loan account within the Fund.
- The maximum term for the loan is the shorter of:
 - 30 years or
 - the remaining years until Normal Retirement Age (60 or 65) or
 - the remaining duration of the right of leasehold or customary land right, where applicable.

The member can choose a shorter repayment term.

- The member may only have one loan at a time, i.e. they must repay the first loan in full before applying for a loan on another property. A member can take further loans for the same property. The Fund adds any new loan to the member's existing loan, i.e. consolidates the two loans. The member must repay the consolidated loan over the remaining period of the first loan.

Valuation:

- The member gives consent to the **Fund and/or Administrators and/or agent elected to serve on their behalf** to verify that the loan is used for housing purposes only.
- At least 3 inspections are provided for:**
 - Initial engagement inspection for valuation of property

- Progress valuation
- Final inspections of property:
 - i. after 12 months of loan provided i.r.o. construction of building
 - ii. after 6 months of loan provided i.r.o. renovations/additions

Any requirement for further inspection after the third inspection, costs thereof will be borne by the Member.



Settlement / Call-up of loan:

1. If the member resigns, is dismissed or retrenched, becomes disabled and exits the Fund, dies, or retires, the Fund Credit less the housing loan will be due to the member per the Fund Rules. The Fund will treat the member's benefit as a cash withdrawal benefit and deduct the relevant tax.
2. If the member's employer leaves the fund, the fund terminates, or the member transfers to another fund, the Fund Credit less the housing loan will be due to the member per the Fund Rules. The Fund will treat the member's benefit as a cash withdrawal benefit and deduct the relevant tax.
3. Should the member become disabled and remain a member of the Fund, the member must continue making the monthly loan repayments.
4. If the member sells the property or transfers their right of leasehold or customary land right is cancelled, they must repay the outstanding loan amount. Should the member fail to inform the Fund and the Fund does become aware of the sale of property or transfers of right of leasehold or customary land right, and fails to repay the outstanding loan amount, such member shall not be granted a loan for a term of 5 years.
5. If any portion of the loan is used for non-housing purposes as defined in the application form, the member must then settle their loan balance and any associated fees and costs in full within 30 days.
6. If the Employer fails to pay the monthly loan instalments, the Fund will immediately request the Employer to settle the arrears. If the Employer fails to do so, the Fund will continue charging interest on the arrears to the member's housing loan account in the Fund until the Employer settles the arrears plus interest.
7. The Fund will not grant additional housing loans to members who default on their loan repayments.

The following qualify as permissible additions, alterations, repairs, or maintenance of a residential dwelling of a permanent nature for **HOUSING PURPOSES**:

- Construction of a residential dwelling;
- Making alterations to or maintaining a dwelling;
- Renovations (e.g. turning a garage into a study or guest room);
- Additions (e.g. adding a room);
- Plumbing, such as installing a geyser;
- Fencing and walling (steel, precast and brick);
- New and replacement carpeting;
- Wooden flooring;
- Tiling;
- Ceiling and light fittings;
- Air-conditioning;
- Alarm systems;
- Painting;
- Paving;
- Motorised garage doors and gates;
- Indoor fireplaces, immovable braais;
- Installation of kitchen units;
- Bathroom fixtures such as baths, hand washbasins, and water closets;
- Swimming pool, saunas and Jacuzzis;
- Entertainment areas, brick and wooden patios and lapas;
- Built-in cupboards;
- Improvements such as garages, additional rooms, gyms, flats and storerooms;
- Any other permanent improvements that add value to the dwelling.
- Solar Panel and geyser

A housing loan shall **not** be allowed for the following purposes:

- Any movable items;
- Free-standing stoves;
- Portable braais;
- Fridges;
- Curtaining, blinds;
- Free standing kitchen appliances such as washing machines, dishwashers;
- Livestock;
- Motor vehicles;
- Landscaping, garden layout, lawn improving and automatic sprinkler systems installation;
- Settlement of personal loans.



Costs:

Please note: these fees usually increase annually with inflation.

1. Administration costs

The standard administration costs for this arrangement is currently:

- Monthly administration fee: N\$ 52 per loan per month. This fee can be recovered from the borrower.
- Stamp duties

Plus:

Transactional Fees:	N\$	Proposed recovery method
New Loan or additional Loan application processing	660.00	Borrower; added to loan balance
Take-on of existing indirect loan	660.00	Borrower; added to loan balance
Payments to Member/Attorney/Bank i.r.o. settlement, per payment	390.00	Borrower; added to loan balance
Arrangement/Coordination with Valuator: <ul style="list-style-type: none"> ▪ Initial engagement for valuation of property ▪ For interim/progress inspection ▪ for final inspection. 	909.00 700.00 700.00	Borrower; added to loan balance/borne by fund if no loan
Payments to Valuator, per payment. <ul style="list-style-type: none"> ▪ valuation fee payment ▪ inspection/progress (for renovation/construction work) fee payment 	390.00 390.00	Borrower; added to loan balance / borne by fund if no loan
Request for loan repayment change	105.00	Borrower; added to loan balance
Housing loan quote; fee per quote	360.00	Borrower; added to loan balance / borne by fund if no loan

Note:

The Fund shall be entitled to charge the following fees, excluding VAT, which currently does not apply, and shall be entitled to adjust these fees annually on 1 January, as from 1 January 2024, in accordance with the increase in the CPI Services over a consistent 12-month period, ending on or before the revision date.

2. Valuation costs:

The standard valuation fee for this arrangement is currently:

A) Residential properties

Value Bracket	Fee excluding VAT
Vacant Erf	N\$ 750.00 on the first Million plus N\$ 150.00 per million or part thereof exceeding
Improved property	N\$ 1,050.00 on the first Million plus N\$ 250.00 per million or part thereof exceeding
Off Plan / Building Valuations	N\$ 850.00 on the first Million plus N\$ 250.00 per million or part thereof exceeding
Progress payment inspections	N\$ 650.00 per progress inspection

B) Farm properties

Valuation fee is based on the market value of the subject farm.

Base rate: N\$ 2,850.00 on the first Million plus N\$ 350.00 per million or part thereof exceeding.

Plus:

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- Transportation: N\$ 6.00/km for travelling outside a 30km radius of office.
- Accommodation: N\$ 1,500.00/night for extensive trips outside of Windhoek.
- Office departures from Keetmanshoop, Katima Mulilo, Ondangwa, Oshakati, Otjiwarongo, Rundu, Swakopmund and Windhoek.

Note:

The fee structure will escalate with the increase in the CPI Services over a consistent 12-month period, ending on or before the revision date, in accordance with the increases applied by the Fund to its rate-based fees payable by its Clients.





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