

## **A PENSION BACKED HOUSING LOAN FROM A BANK AGAINST THE UCT RETIREMENT FUND**

### **1. What is pension backed loan from the UCTRF?**

It is an agreement between the UCTRF and FNB to grant you a housing loan, utilising your accumulated savings in the UCTRF as a guarantee/ surety for the loan. Repayments are deducted monthly from your salary and paid to the bank.

### **2. How much can I borrow from the bank?**

The amount you may borrow would be subjected to:

- ❖ Your ability to make monthly payments (affordability)
- ❖ The maximum amount of the loan not exceeding 50% of your accumulation account, after tax has been deducted
- ❖ You must take a minimum amount of R5000.00 and
- ❖ your monthly repayments in respect of your housing commitments through UCT not exceed 30% of your gross income including bond repayments if applicable, or 50% of your net take home pay at the date of application.
- ❖ You have no garnishee orders

### **3. What is gross income?**

Gross income is your monthly cash salary

### **4. Will you consider my spouse's income when you calculate monthly repayments**

No, the Trustees of the UCTRF have decided that a spouse's income will not be taken into account.

### **5. How often can I take out a loan from a bank?**

You may only take out a housing loan once every 12 months, subject to the provision of no 2 above.

### **6. For what purpose can I apply for a loan from the bank, which I wish the UCTRF to guarantee?**

**You may use the loan to:**

- 1) purchase land and erect a dwelling for occupation by yourself and/or your dependant(s)
- 2) make additions and alterations or repair a dwelling which is jointly owned by you and your spouse, and which is occupied by you and/or your dependant(s)

### **7. For how long will the UCTRF provide the loan?**

The loan monthly repayments would fall away once the loan has been repaid in full to the bank. The maximum term is until your normal retirement date.

**8. What happens to the loan if I leave UCT or if I am no longer a member of the UCTRF?**

In this case the UCTRF would be obliged to pay the bank from your credit in the UCTRF, the amount owing to the bank on the date that you leave UCT, or are no longer a member of the UCTRF. You would be paid out the balance of your credit in the UCTRF, after tax has been deducted.

**9. What happens if I default on my repayments to the bank?**

The repayments to the bank are made directly from your salary. This means that you cannot default and these repayments will be made for as long as they are due and you are a member of the UCTRF.

**10. Will the UCTRF guarantee the full amount of the loan from the bank?**

Yes, provided that this is not more than the maximum amount stated above (no 2)

**11. Will the UCTRF assist me in obtaining a loan from a bank at a more favourable interest rate?**

The UCTRF has negotiated an agreement with FNB Bank, who has agreed to grant a cash loan at the prime rate less 1.25%.

**12. Can I go to any bank to get a cash loan, which would be secured against my credit in the UCTRF?**

No, the UCTRF is only in agreement with FNB bank for pension-backed housing loans

**13. Can I obtain a loan from the UCTRF for two properties?**

No, the UCTRF does not allow you to take out another loan on a property if you are still liable to the Fund in respect of a loan on another property.

**14. What else should I consider if I want to obtain a loan from my UCTRF?**

You are strongly advised to adequately insure your property against fire, natural disasters, and riot damage, otherwise if your house is damaged or destroyed due to any of the above; you could be paying for up to 20 years for a house that no longer exists.

**15. What must I do if I want to apply for a housing loan from the bank, which is guaranteed by the UCTRF?**

Ask the Benefits Officer of the UCTRF Office for the required forms. When you have completed the forms and given them back to the Benefits Officer with all the required documents, your application be considered.

**16. What documentation do I need to submit?**

- 1) Proof of Ownership or an Offer to Purchase
- 2) Latest payslip
- 3) 3 months bank statements
- 4) Income and expenditure sheet
- 5) Detailed quotations for alterations/ additions/ repairs