

AN INTRODUCTION TO

FLISP

Finance Linked Individual
Subsidy Programme

Financed Linked Individual Subsidy Programme (FLISP) Project, Walmer-Link, Port Elizabeth, Eastern Cape



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

National Housing Finance Corporation SOC Ltd.



FLISP enables qualifying beneficiaries to reduce the initial mortgage loan amount or augment the shortfall between the qualifying loan and the total house price



What is FLISP?

Finance Linked Individual Subsidy Program, better known as FLISP, was developed by the Department of Human Settlements to enable sustainable and affordable first time home-ownership opportunities to South African citizens and legal permanent residents earning between R3 501 and R15 000 per month, (the “affordable” or “gap” market).

Individuals in these salary bands generally find it hard to qualify for housing finance; their income is regarded as low for mortgage finance, but too high to qualify for the government “free-basic house” subsidy scheme.

What to do with FLISP?

Qualifying applicants may use FLISP to do one of the following:-

- ▶ buy an existing, new or old, residential property
- ▶ buy a vacant serviced residential stand, linked to an NHBRC registered homebuilder contract; or
- ▶ build a residential property on a self-owned serviced residential stand, through an NHBRC registered homebuilder

The once-off FLISP subsidy amount ranges between R10000 and R87000, depending on the applicant’s monthly income.

Who can apply?

Applicants intending to acquire residential property may apply for FLISP if they meet the following qualifying criteria:-

- ▶ South African citizen with a valid ID; or permanent residents with a valid permit
- ▶ over 18 years and competent to legally contract
- ▶ never have benefitted from a Government Housing Subsidy Scheme before
- ▶ have an Approval in Principle of home loan from an accredited South African financial institution
- ▶ first time home buyer, earning from R3 501 to R15 000 per month

FLISP is for residential properties in formal towns where transfer of ownership and registration of mortgage bond is recordable in the Deeds Office.

IMPORTANT DOCUMENTS!!!

The following **CERTIFIED COPIES** are required as Supporting Documents when applying for FLISP:

- ✓ RSA Bar Coded Identity Document (**ID**)
- ✓ Bar Coded Permanent residence Permit (**where applicable**)
- ✓ Birth Certificates/RSA ID's of all financial dependants (**where applicable**)
- ✓ Proof of Foster Children Guardianship (**where applicable**)
- ✓ Marriage Certificate, Civil Union Certificate or Cohabiting Affidavit, Proof of Partnership (**applicable**)
- ✓ Divorce Settlement (**where applicable**)
- ✓ Spouse's death Certificate (**where applicable**)
- ✓ Proof of Monthly Income
- ✓ Home Loan Approval in Principle/Grant letter from an accredited Lender
- ✓ Agreement of sale for the residential property
- ✓ Building Contract and Approved Building Plan (where applicable)

***Affidavits required for informal marriages solemnised under the SA Civil Law, accompanied by sworn statements to prove the authenticity of the relationship**



ACCESSING FLISP & APPLICATION PROCESSES

EXAMPLE 1: FLISP REDUCES the initial mortgage loan amount making monthly loan repayment instalments affordable (**payment made to home loan account**)

Property Price	R300 000
Bank HL Approval	R300 000
Less FLISP as a deposit	<u>R 50 000</u>
EVENTUAL HOME LOAN AMOUNT	R250 000

EXAMPLE 2: FLISP AUGMENTS shortfall between the qualifying loan amount and the total product price (**payment made to transfer attorneys**)

Property Price	R300 000
Bank HL Approval	R250 000
FLISP as HL top up	<u>R 50 000</u>
EVENTUAL HOME LOAN AMOUNT	R250 000

First time Homeowner Households earning R3 501 to 15000 per month have **Two Options** on how to use FLISP when buying or building residential property for an amount they qualify for, see below:

Option 1 = Accredited project developments	Option 2 = Open market Access
FLISP roll-out is linked to FLISP accredited development projects in the Province. Individuals identify properties in any of the accredited projects on the list.	Individuals may identify a property in the open market (new and existing properties) in line with the amount they qualify for within the FLISP criteria or may have acquired vacant serviced stand without government assistance and wish to obtain mortgage finance to construct the house
Beneficiary signs an offer to purchase for a house from an accredited developer and also completes a FLISP application form obtainable from the developer.	Beneficiary signs an offer to purchase with the seller directly or through an estate agent.

The Developer and/or the Estate Agent assists the beneficiary to **apply for a home loan** from the Lender.

The price of a property that can be financed through FLISP is determined by the joint household income of not more than R15k

FLISP Summarised

FLISP enables qualifying beneficiaries to reduce the initial mortgage loan amount or augment the shortfall between the qualifying loan and the total house price. Qualifying Criteria for FLISP:

- ✓ RSA citizen or Permanent Resident
- ✓ Over 18 years and competent to legally contract
- ✓ First time Housing Subsidy Scheme beneficiary
- ✓ Have an Approval in Principle for a Home Loan
- ✓ Monthly Income from R3 501 to R15 000
- ✓ The once-off FLISP subsidy amount ranges between R20 000 and R87 000, depending on monthly income.

FLISP may be used for the following:-

- ✓ Buy an existing, new or old, residential property
- ✓ Buy a vacant serviced residential-stand; or
- ✓ Build a residential property



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Upon the lender granting of the home loan approval, the developer submits the beneficiary's completed FLISP application together with supporting documentation to the NHFC.

SUBMISSION OF A HOME LOAN APPLICATION

The Lender will assess the home loan application based on its ***lending criteria***

Upon the lender granting of the home loan approval, the developer ***submits the beneficiary's completed FLISP application together with supporting documentation to the NHFC.***

Upon the Lender granting of the home loan approval, the beneficiary or estate agent ***completes the FLISP application form obtainable from the NHFC website and submits the application and supporting documents to the NHFC.***

APPROVAL/DECLINE OF A HOME LOAN AND FLISP APPLICATION

Should the applicant's home loan application be DECLINED, the FLISP application would not be considered.

Should the applicant's ***Home loan be APPROVED***, the NHFC will process the FLISP application. If the outcome of the FLISP application is positive, the subsidy will be granted and if negative, the application will be declined. The applicants may continue with the transaction without FLSIP, if he/she qualifies for a home loan.

SUBMISSION AND PROCESSING OF FLISP APPLICATION

- The NHFC receives scanned/faxed FLISP application forms from the developer, Regional Provincial Department of Human Settlements, metro Municipalities, Estate Agents.
- The NHFC Assesses and processes the FLISP applications; and communicates the outcome of the FLISP application to the Beneficiary.

PAYMENT OF A SUBSIDY

- In circumstances where the FLISP subsidy is utilised by the beneficiary to make good any shortfall between the qualifying loan amount and the purchase price of the unit, the subsidy will be paid by the NHFC into the ***transferring Attorney's trust account of readiness to lodge*** the transfer documents.
- In circumstances where the FLISP subsidy is utilised by the beneficiary to reduce the principle Loan amount to render the Loan repayment instalments affordable, the FLISP subsidy will be paid by the NHFC directly into the ***beneficiary's home loan account.***



FLISP SUBSIDY BANDS

Step Number	Lower	Higher	Amount
1	R3501	R3 700	R87 000
2	R3 701	R3 900	R85 825
3	R3 901	R4 100	R84 650
4	R4 101	R4 300	R83 475
5	R4 301	R4 500	R82 300
6	R4 501	R4 700	R81 125
7	R4 701	R4 900	R79 950
8	R4 901	R5 100	R78 775
9	R5 101	R5 300	R77 600
10	R5 301	R5 500	R76 425
11	R5 501	R5 700	R75 250
12	R5 701	R5 900	R74 075
13	R5 901	R6 100	R72 900

Step Number	Lower	Higher	Amount
14	R6 101	R6 300	R71 725
15	R63 301	R6 500	R70 550
16	R6 501	R6 700	R69 375
17	R6 701	R6 900	R68 200
18	R6 901	R7 100	R67 025
19	R7 101	R7 300	R65 850
20	R7 301	R7 500	R64 675
21	R7 501	R7 700	R63 500
22	R7 701	R7 900	R62 325
23	R7 901	R8 100	R61 150
24	R8 101	R8 300	R59 975
25	R8 301	R8 500	R58 800
26	R8 501	R8 700	R57 625

How much FLISP do I qualify for?

Depending on the applicant's monthly income, the FLISP amount they qualify for may range from R10 000 to R87 000; the following tables indicate the FLISP low and high bands:



FLISP SUBSIDY BANDS CONTINUED

Step Number	Lower	Higher	Amount
27	R8 701	R8 900	R56 450
28	R8 901	R9 100	R55 275
29	R9 101	R9 300	R54 100
30	R9 301	R9 500	R52 925
31	R9 301	R9 700	R51 750
32	R9 701	R9 900	R50 575
33	R9 901	R10 100	R49 400
34	R10 101	R10 300	R48 225
35	R10 301	R10 500	R47 050
36	R10 501	R10 700	R45 875
37	R10 701	R10 900	R44 700
38	R10 901	R11 100	R43 525
39	R11 100	R11 300	R42 350

Step Number	Lower	Higher	Amount
40	R11 301	R11 500	R41 175
41	R11 501	R11 700	R40 000
42	R11 701	R11 900	R38 825
43	R11 901	R12 100	R37 650
44	R12 101	R12 300	R36 475
45	R12 301	R12 500	R35 300
46	R12 501	R12 700	R34 125
47	R12 701	R12 900	R32 950
48	R12 901	R13 100	R31 775
49	R13 101	R13 300	R30 600
50	R13 301	R13 500	R29 425
51	R13 501	R13 700	R28 250
52	R13 701	R13 900	R27 075

Step Number	Lower	Higher	Amount
53	R13 901	R14 100	R25 900
54	R14 101	R14 300	R24 725
55	R14 301	R14 500	R23 550
56	R14 501	R14 700	R22 375
57	R14 701	R14 900	R21 200
58	R14 901	R15 000	R20 000

FLISP SUBSIDY BANDS CONTINUED



FLISP Contact Details:

For more information on the FLISP subsidy, accredited development projects, nearest contact office and/or FLISP application status contact FLISP Information Centres:

FLISP OFFICES	Tel No.
NHFC Isle of Houghton, Old Trafford 3 11 Boundary Road, Houghton	0860 011 011 flisp@nhfc.co.za www.nhfc.co.za
PROVINCIAL HUMAN SETTLEMENT DEPARTMENTS	
GAUTENG Lisbon Building, 9th Floor 37 Sauer St., Johannesburg	011 355 4901
EASTERN CAPE Steve Tshwete Bldg., Chiselhurst, 31 Phillip Frame Rd, East London	043 711 9777/8
FREE STATE 97 Henry Street, Westdene Bloemfontein	051 403 3883
KWAZULU-NATAL Tolaram House 2 Aliwal St., Durban	031 336 5300
NORTH WEST 3366 Bessemer St., Mafikeng	018 391 0420

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NHFC Isle of Houghton, Old Trafford 3 11 Boundary Road, Houghton	0860 011 011 flisp@nhfc.co.za www.nhfc.co.za
PROVINCIAL HUMAN SETTLEMENT DEPARTMENTS	
GAUTENG Lisbon Building, 9th Floor 37 Sauer St., Johannesburg	0800 046 873
EASTERN CAPE Steve Tshwete Bldg., Chiselhurst, 31 Phillip Frame Rd, East London	043 711 9601 043 711 9595 043 711 9598
FREE STATE 97 Henry Street, Westdene Bloemfontein	082 419 4517 051 405 4690
KWAZULU-NATAL Tolaram House 2 Aliwal St., Durban	031 336 5289 031 336 5249 031 336 5398
MPUMALANGA 7 Government Boulevard Riverside Park Bldg. No. 6 & 7, Nelspruit	013 757 0792 013 766 6676
NORTHERN CAPE Building 9 Cecil Sussman Rd, Kimberley	053 830 9492 053 830 9401
NORTH WEST 3366 Bessemer St., Mafikeng	018 387 6002 018 387 6069



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