

AN INTRODUCTION TO FLISP

Finance linked Individual Subsidy Programme

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 Programme, 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 R3501 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 R20 000 and R87 000, 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 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 R3501 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 dependents (where applicable)
- Proof of foster children guardianship (where applicable)
- Marriage certificate, Civil Union certificate or Cohabiting Affidavit, Proof of partnership (where applicable)
- Divorce settlement (where applicable)
- Spouse's death certificate (where applicable)
- Proof of monthly income
- Home loan approval in principle from an accredited lender
- Agreement of sale for the residential property
- Building contract and approved building plan (where applicable)

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

Accessing FLISP and application process

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

Property price	R300 000
Bank home loan approval	R300 000
Less FLISP as a deposit	<u>R50 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 home loan approval	R250 000
FLISP as home loan top up	<u>R50 000</u>
Eventual home loan amount	R250 000

- First time homeowner households earning R3501 to R15 000 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 with the seller directly or through the estate agent
FDC 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 R15 k

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 R3501 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

FLISP

Submission of a home loan application

- The lender will assess the home loan application based on its lending criteria
- The beneficiary or estate agent completes the FLISP application form and submits the application and supporting documents to FDC
- Upon the lender granting of the home loan approval, FDC submits the completed FLISP application together with supporting documentation to Human Settlements

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 approved, Human Settlements 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 FLISP, if he/she qualifies for a home loan

Payment of a subsidy

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

FLISP subsidy bands

Step number	Lower	Higher	Amount	Step number	Lower	Higher	Amount
1	R3 501	R3 700	R87 000	14	R6 101	R6 300	R71 725
2	R3701	R3 900	R85 825	15	R6 301	R6 500	R69 375
3	R3 901	R4 100	R84 650	16	R6 501	R6 700	R68 200
4	R4 101	R4 300	R83 475	17	R6 701	R6 900	R67 025
5	R4 301	R4 500	R82 300	18	R6 901	R7 100	R65 850
6	R4 501	R4 700	R81 125	19	R7 101	R7 300	R64 675
7	R4 701	R4 900	R79 950	20	R7 301	R7 500	R63 500
8	R4 901	R5 100	R78 775	21	R7 501	R7 700	R62 325
9	R5 101	R5 300	R77 600	22	R7 701	R7 900	R61 150
10	R5 301	R5 500	R76 425	23	R7 901	R8 100	R59 975
11	R5 501	R5 700	R75 250	24	R8 101	R8 300	R58 800
12	R5 701	R5 900	R74 075	25	R8 301	R8 500	R57 625
13	R5 901	R6 100	R72 900	26	R8 501	R 8 700	R57 625

FLISP subsidy bands

Step number	Lower	Higher	Amount	Step number	Lower	Higher	Amount
27	R8 701	R8 900	R56 450	40	R11 301	R11 500	R41 175
28	R8 901	R9 100	R55 275	41	R11 501	R11 700	R40 000
29	R9 101	R9 300	R54 100	42	R11 701	R11 900	R38 825
30	R9 301	R9 500	R52 925	43	R11 901	R12 100	R37 650
31	R9 501	R9 700	R51 750	44	R12 101	R12 300	R36 475
32	R9 701	R9 900	R50 575	45	R12 301	R12 500	R35 300
33	R9 901	R10 100	R49 400	46	R12 501	R12 700	R34 125
34	R10 101	R10 300	R48 225	47	R12 701	R12 900	R32 950
35	10 301	R10 500	R47 050	48	R12 901	R13 100	R31 775
36	R10 501	R10 700	R45 875	49	R13 101	R13 300	R30 600
37	R10 701	R10 900	R44 700	50	R13 301	R13 500	R29 425
38	R10 901	R11 100	R43 525	51	R13 501	R13 700	R28 250
39	R11 100	R11 300	R42 350	52	R13 701	R13 900	R27 075

FLISP subsidy bands

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

FDC OFFICES

- Mangaung Office

KE Kgaile

District Manager

Address: *33 Kellner Street Bloemfontein, Free State, South Africa, 9330*

Phone: 051 400 0800

Fax: 086 6778 536

- Lejweleputswa Office

OE Lebese

District Manager

Address: *Ground Floor, Elizabeth House, Elizabeth Street Welkom, Free State, South Africa, 9300*

Phone: 057 357 5326

Fax: 086 6749 630

- Fezile Dabi Office

Address: *31 NJ Van der Merwe Street, Sasolburg, Free State, South Africa, 9300*

Phone: 016 976 8944/5

- Thabo Mofutsanyana Office

TJ Matla

District Manager

Address: *357 Clubview Phuthaditjhaba, Free State, South Africa, 9866*

Phone: 058 714 0060

Fax: 058 714 0071

- Xhariep Office

Address: *Khoisan Building, Cnr van Riebeeck & Voortrekker Trompsburg, Free State, South Africa, 9913*

Phone: 051 713 0342

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