

CALCULATION OF MONTHLY ALLOWANCE: HOME OWNERS ALLOWANCE SCHEME (R70 000 SCHEME)

1. THE MONTHLY ALLOWANCE WHICH CAN BE PAID TO A PERSON REPRESENTS THE SMALLEST OF THE FOLLOWING THREE AMOUNTS:

1.1.R594 (or R540 in the case of a person to whom 2 below applies)

1.2.An amount calculated according to the following formula:

$AxB/100$ (rounded to the nearest higher rand) where

A- represents the person's acknowledged loan amount or the total of the acknowledged loan amounts as referred to in 2 below.

B- represents the factor 0,8472, or if applicable the factor referred to in 2 below.

1.3.An amount (rounded to the nearest higher rand) calculated at the rate of 67% of the person's COMPULSORY monthly capital and interest redemption which is paid by stop order to the mortgagee (i.e. the amount indicated by the person on his stop order as "COMPULSORY capital/interest redemption").

2. POSSESSION OF ANOTHER DWELLING WHICH IS EITHER PAID OFF OR NOT PAID OFF AS YET

If a person and/or his/her spouse owns, besides the dwelling that he/she occupies, another paid off or not paid off dwelling or dwellings, the factor to be used in the calculation as indicated in 1.2 above is 0,7702 (representing B in the formula) and not 0,8472. Likewise, the percentage as stated in 1.3 above should no longer be 67% but should be replaced by 65%.

3. RULES FOR THE CALCULATION OF THE ALLOWANCE

3.1.No allowance is payable with regard to a mortgage loan if interest is levied thereon at a rate of 3% or lower. The interest rate with regard to a mortgage loan should otherwise be left out for the calculation of the allowance according to 1 above.

3.2.Although the redemption period of the mortgage loan has direct influence on a person's allowance payment period (refer to code paragraph 4.6 in this regard), it should be ignored for the calculation of the monthly allowance.

4. The allowance that may be paid in respect of interest on the first/main mortgage before the first installment is calculated is as follows:

$$A \times B / 30 = \text{allowance on interest}$$

Where

A - represents the monthly allowance that is payable in respect of the person's recognised loan amount; and

B - represents the actual number of days (maximum 30) in respect of which interest was imposed.

**PROCEDURE FOR THE CALCULATION OF SUBSIDIES
FOR EMPLOYEES WHO RECEIVE THEIR HOUSING
BENEFITS IN TERMS OF THE EXCLUSION OF 4
JANUARY 1991 (R50 000 SCHEME)**

**1. EMPLOYEES IN RECEIPT OF A SALARY EQUAL TO
OR SMALLER THAN R80 200 PER ANNUM**

1.1. When an employee qualifies for participation in the scheme his
MAXIMUM monthly subsidy shall be

(a) R418

(b) 66% of his compulsory monthly capital and interest redemption

- namely the SMALLER of the two amounts.

1.2. The MAXIMUM subsidy on voluntary capital redemption shall be:

(a) R209 per month or

(b) 50% of the subsidy calculated under 1.1 (b)

- namely the SMALLER of the two amounts. The subsidy may
be paid at a rate of R6,60 for every full R10,00 of voluntary excess
payment.

**2. EMPLOYEES IN RECEIPT OF A SALARY IN EXCESS
OF R80 200 PER ANNUM**

2.1. When an employee qualifies for participation in the scheme his
MAXIMUM monthly subsidy shall be:

(a) R392 or

(b) 62% of his compulsory monthly capital and interest redemption

- namely the SMALLER of the two amounts.

2.2. The MAXIMUM subsidy on voluntary redemption shall be:

(a) R196

(b) 50% of the subsidy calculated under 2.1 (b)

- namely the SMALLER of the two amounts. The subsidy may be paid at a rate of R6,20 for every full R10,00 of voluntary excess payment.

NB!! These figures apply from 1 August 2002 and are based on an average interest rate of 15%. Amended figures will be sent out when interest rates change significantly.