

# SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL

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01 March 2012

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To: All Municipal Managers

The Parties:

SALGA	Mr. X. George	(012) 369-8001
SAMWU	Mr. J. Nhlapo	(011) 333-2000
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The Regional Secretaries:

Gauteng Division	Mrs C. Manda	011 – 333 8091
Eastern Cape Division	Mr. M. Bodlani	041 – 581 3648
KwaZulu-Natal Division	Mr. V. Nzuza	031 – 201 9752
Western Cape/Cape Metro Division	Mrs W. Brink	021 – 930 9244
Northern Cape/Free State Division	Mr T. Mqobongo	053 – 831 3608
North West/Mpumalanga/Limpopo Division	Mr E. Shelembe	012 – 342 7015

Dear Sir / Madam,

## CIRCULAR NO.: 02/2012

### HOME OWNER ALLOWANCE SCHEME: ADJUSTMENT OF HOME OWNER ALLOWANCE WITH EFFECT FROM 01 APRIL 2012

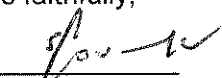
The monthly home owner allowance is revised on the first day of each quarter based on the weighted average interest rate levied by the five biggest financial institutions as on 1 January, 1 April, 1 July and 1 October.

The weighted average interest levied by the five biggest financial institutions on 01 January 2012 was **9%**.

Please find attached the calculation of the monthly allowance for the Home Owners Allowance Scheme.

An electronic copy of this document is downloadable from the SALGBC website.

Yours faithfully,

  
**S.S. GOVENDER**  
**GENERAL SECRETARY**  
Encl.

# HOME OWNER ALLOWANCE

## CALCULATION OF MONTHLY ALLOWANCE: HOME OWNERS ALLOWANCE SCHEME (R135 000 SCHEME)

1. The monthly allowance which can be paid to a person represents the smallest of the following three amounts:

- 1.1 **R522** (or **R426** in the case of a person who is in possession of another dwelling which is either paid off or not paid off as yet)

**OR**

- 1.2 An amount calculated according to the following formula:

$A \times B / 100$  (Rounded to the nearest higher rand) where:

*A – represents the person's acknowledged loan amount or the total of the acknowledged loan amounts.*

*B – represent the factor **0,3862** or ( **0.3155** ) in the case of a person who owns another dwelling which is either paid off or not paid off as yet.*

**OR**

- 1.3 An amount (rounded to the nearest higher rand) calculated at the rate of **48%** (or **43%** in the case of a person to who owns another dwelling which is either paid off or not paid off as yet) of the person's **COMPULSORY** monthly capital and interest redemption which is paid by stop order to the mortgagee

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

$A \times B / 30$  = 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.*