FLISP Information

FLISP
Finance Linked Individual Subsidy Programme
FLISP
FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAM
What is FLISP all about

- FLISP is an initiative driven by the Department of Human Settlements to assist qualifying households who have secured a mortgage bond to acquire a residential property for the first time.

- The objective of the program is to reduce the initial home loan amount to render monthly instalments affordable over the loan repayment term.

- Or to use a deposit for a property to be purchased.

- It can also be used to cover legal transfer and bond registration fees.
Who is FLISP targeted at

- Households whose income range is R3501 and R22 000 per month for South African citizens
- Those who have never benefitted from a housing subsidy scheme before (Eg: RDP House)
- First time home buyers
- Those with an approved home loan from a financial institution
- Existing home owners - Various Provinces have different time lines – check with your Flisp consultant
A FLISP Subsidy can be used for:

• A Deposit

• Refund into your bond if you have already taken transfer

• Transfer & Bond Registration Fees
As a Deposit

Example: Purchase Price R410 000
Income: R13 500pm (Total Household income)

- Purchase price R410 000
- Flisp subsidy required as a deposit
- FLISP R 70 630
- Legal fees [add extra to pay] (25 000)
- Bond Required 364 370
- Purchase price R 410 000

• Improving affordability or increasing buying power.
Already taken Transfer

- Max qualify for R410 000
  - Flisp subsidy paid into home loan
  - Purchase price: R410 000
  - FLISP: R 70 630
  - Home Loan Balance: R339 370

- All legal fees already paid (possibility of recovery if a loan was taken up for this purpose)
100 % Bond

- Purchase price R410 000
- Bond acquired R410 000
- Flisp R 70 630
- Legal Fees R 25 000
- Home Loan Balance R364 370

• Flisp paid back into home loan to reduce the capital amount R410 000 – R70 630 + R25 000 (legal fees) = R364 370
Retrospective

After Transfer [*]

- Purchase price  R410 000
- Bond registered  R410 000
- Flisp refund  -R 30 000
- Home loan balance  R 370 00

- Already taken transfer
- 3-12 month “window opportunity to submit FLISP claim (except Eastern Cape where the Flisp application has to be done simultaneously with the bond application)

- The Flisp Subsidy is paid back into home loan to reduce the capital amount less costs if able to recover
- [*] NB – Each Province who approves Flisp has their own time line for retrospective Flisp applications
How do I APPLY for FLISP?

• Have an approved home loan on a property you wish to purchase OR own your property

• We are a private company providing assistance with FLISP applications to the Government

• Register on our website: www.flisp.co.za

• Compile the necessary certified documents for the application as per the checklist

• Forward to our office and we’ll do the rest
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 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 R10 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 qualifying criteria:-
- South African citizen with a valid ID; or permanent resident 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.
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)

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<td>Less FLISP as a deposit</td>
<td>R 50 000</td>
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<td><strong>EVENTUAL HOME LOAN AMOUNT</strong></td>
<td><strong>R250 000</strong></td>
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EXAMPLE 2: FLISP AUGMENTS shortfall between the qualifying loan amount and the total product price (payment made to transfer attorneys)

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<td><strong>EVENTUAL HOME LOAN AMOUNT</strong></td>
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First time Homeowner Households earning R3 501 to 15 000 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**

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.

Beneficiary signs an offer to purchase for a house from an accredited developer and also completes a FLISP application form obtainable from the developer.

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

**Option 2 = Open market Access**

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 an estate agent.
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
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.

**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 FLISP, 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
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Tel: 021 845 4143/44
Fax: 086 530 5761
Email: admin@cm2group.co.za

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