

Many current new home owners are unaware that first time home buyers may qualify for a housing subsidy under the FLISP grant.

“If they do not investigate and make use of the opportunity they may be losing thousands of rands by not claiming the FLISP subsidy, but also losing out on the prospect of reducing their bond repayment and bond term and as such losing out thousands more” says Verna Pugin who conducted an investigation into FLISP subsidies.

The word FLISP is an abbreviation for “Finance Linked Individual Subsidy Plan”, initiated by the Government to assist first time home owners in acquiring their own homes. It is available to all first time residential home buyers who earn between R3 501 – R15 000 per month and whose home loan has been approved, (as a pre-requisite) as well as current first time new home owners (who have already taken transfer). Current new home owners must apply for the assistance within 12 months of taking ownership.

The minimum FLISP subsidy is R20 000.00 and if such subsidy is paid into a bond of R500 000.00 as a “once-off” payment, the home owners can save up to almost R100 000.00 and reduce his/her bond repayment from 20 years to almost 18 years, saving 2 years of bond repayments. Similarly, a subsidy of R40 000.00 awarded to a qualifying home owner with an income of R11 700.00 who may qualify for a home loan of R400 000.00, may save more than R170 000.00 on bond repayments, and reduce the bond repayment term from 20 years to 15 and a half years.

The maximum purchase price of R300 000 was removed since 1 April 2014, yet few existing home owners are aware of this opportunity to claim their FLISP subsidy.

The benefit to a bank will be that an additional payment into a bond account will also reduce the debt risk for a bank, as it reduces the loan to value ratio. “We suggest that clients approach their banks to reconsider and reduce the interest rate that is applicable to a home loan once the FLISP subsidy is paid into their home loan account”, says Vern Pugin, who made an intensive study of government assistance over the past few years and she realised that home owners need to be assisted and informed about their rights to obtain FLISP subsidies. The research done by Verna led to hosting workshops with property developers, estate agents, home buyers and home owners as she realised the dire need therefor amongst all stakeholders in the property market.

FLISP subsidies are available to pre-qualified property developments and to obtain such approval, property developers need to submit their application in advance to the Department of Human Settlements.

The FLISP subsidy is however not limited to property developments only as this grant is available to the open market for all first time buyers as well. Any type of residential property can be bought, *inter alia* plot and plan except vacant, land, a new house, or a property with an existing houses on it, as long as the applicant has pre-qualified for a home loan when he or she submits their application for the FLISP subsidy. Applicants will have to meet the qualifying criteria which can be found on our website and will be advised by us as to which documentation is to be annexed in support of their application.

Verna realised that home ownership education will play a vital role in creating sustainable home ownership and teamed up with Meyer de Waal, who developed the Rent2Buy concept as home ownership education forms a vital part of their educational module. With Rent2buy, aspiring home owners will first rent the home they want to buy, should they not meet the strict requirements of a

bank to qualify for their home they want to buy, and during the rental period, they secure the property with the Rent2Buy agreement, then have the time and opportunity to improve their credit rating and affordability and save towards a deposit to enhance their chances the next time they apply for a home loan, some 12- 18 months later. Verna says such opportunities will allow the processing a FLISP subsidy application much faster as by the end of the rent2buy period, all the required FLISP documentation will be ready and available for processing.

For more information – go to [www.flisp.co.za](http://www.flisp.co.za)

Meyer de Waal  
Verna Pugin  
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