



National Credit Act

New bond application process

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Distinction between NCA bonds and Non-NCA bonds

1. Is the CONSUMER a juristic person?
 1. Trust (3 or more trustees or company as trustee)
 2. Company
 3. Close Corporation
 4. Partnership
 5. Association
2. Is the CONSUMER the state/reserve bank?
3. Are the parties dealing at arms' length?



Risk Assessment

1. Risk Assessment (example of process)
 - a) Credit report (from credit bureau)
 - b) Reckless lending questionnaire (income and expenses)
 - c) Internal scorecard
 - d) Accept decision
 - e) Valuation (electronic/manual)
 - f) Verify income
 - g) Final ok



Quotation

(s92 – form 20.1)

1. Quotation must precede the loan agreement
2. Binding for 5 working days in terms of figures UNLESS bank discovers that the loan would be reckless.
3. Can be electronically communicated



Agents

1. Agent Register at the NCR
2. S163(1-2) of the NCA provides that:
 - a) All agents must be trained, and
 - b) Must show identification (form 38)
 - c) Must be named on that bank's agents register

NCR Form 38

Agents' Identity card in terms of section 163 (2) (a)



AGENT'S IDENTITY CARD

NCR FORM 38

Agent:

Name: *{Only required if agent has no other form of identification}*

ID No/CIPRO or other: *{Only required if agent has no other form of identification}*

Lender Name &
Logo

Optional text or
corporate id

Agent/employee's photo.

Position & size mandatory *{Only required if
agent has no other form of identification}*

Optional text or corporate id



Pre-Agreement

s92-93

1. Must happen anytime before the loan agreement is granted.
2. Must comply with regulations (rule 31)
3. Essentially the same as the bond document



Unlawful agreements

Unlikely that conveyancers will encounter this but an unlawful agreement is one where:

1. Contracting with an unemancipated minor
2. Consumer is required to enter into a supplementary agreement which contains an unlawful provision (s91a)
3. There is no consent from administrator (s74)
4. The agreement is a result of a prohibited offer (automatically comes into existence if you don't respond)
5. Credit provider is unregistered

NOTE: Full loan amount from unlawful agreement must be forfeited to the state and installment payments refunded to the consumer (!)



Explanation

1. Seen as the normal process of explanation by the banks. Not more onerous than the current process.
2. Only explanation needed is related to the reckless lending provisions and understanding the provisions of the loan.



Thank You

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Category - Windows Internet Explorer

http://www.ghostdigest.co.za/code/C_30.html

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GENERAL

- New - Registrars' Conference 2006
- Ruling on digs
- More on SARS delays
- Chief Registrar's Circulars 3-5/2007

LINKS

- New - Links

NCA NEWS

National Credit Act update
Conveyancers will soon be joined by Korbitec's experts for an update on the implications of the National Credit Act for the industry.
More...

NCA Q and A's
The National Credit Act will have wide ranging implications for attorneys, and the GhostDigest will be keeping you informed as soon as we know about them.
More...

Credit Act should help sales

NCA promotes free access
The National Credit Act (NCA) comes into effect on 1 June this year and fears have been expressed that it could hamper housing development.
More...

Property sales will slow
Prepare for property sales slowing by several weeks as banks begin to implement the provisions of the new National Credit Act.
More...

National Credit Act - implications
The National Credit Act will place a burden on the conveyancer - should they charge for complying? Vote in our poll.

NCA Act - your responses
Results from last week's poll, and your opinions regarding the National Credit Act's implementation.
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