



**DEPARTMENT: PUBLIC SERVICE AND ADMINISTRATION
REPUBLIC OF SOUTH AFRICA**

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TO ALL NATIONAL AND PROVINCIAL DEPARTMENTS

**HOME OWNER ALLOWANCE SCHEME: ADJUSTMENT OF HOME OWNER
ALLOWANCE WITH EFFECT FROM 1 APRIL 2003**

1. According to PSCBC Resolution 3/99, the monthly home owner allowance is revised on the first day of each quarter based on the weighed average interest rate levied by the five biggest financial institutions as on 1 January, 1 April, 1 July and 1 October.
2. According to a survey conducted the weighed average interest rate levied by the five biggest financial institutions on 1 January 2003 still remains at 17%.
3. In view hereof, the home owner allowance with effect from 1 April 2003 remains unchanged as shown in the attachment.

DIRECTOR-GENERAL

for

AIDS is a deadly reality. We are individually responsible to prevent the spread of AIDS



1. HOME OWNER ALLOWANCE (*Resolution 3/99 part IV*)

1.1. Calculation of monthly allowance

The monthly allowance, which can be paid to a person, represents the smallest of -

1.1.1. The amount of R709* (R650* in the case of a person who owns another previously subsidised home)

OR

1.1.2. The amount calculated according to the following formula:

$$A \times \frac{B}{100} = \text{said amount (rounded to the nearest higher Rand)}$$

where-

A represents the person's recognised loan amount or total of acknowledged loan amounts

B the factor **1,0122*** (or **0,9279*** in the case of a person who owns another previously subsidised home)

OR

1.1.3. The amount (rounded to the nearest higher Rand) calculated at the rate of **71%*** (or **69%*** in the case of a person who owns another previously subsidised home) of the person's compulsory monthly capital and interest redemption which is paid by stop-order to the mortgagee.

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

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

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.

These may change quarterly on 1 January, 1 April, 1 July and 1 October