

FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME (FLISP)

FLISP was introduced by Government on 1 October 2005. The subsidy attaches to the beneficiary and not to the property. It 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 Settlement 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.



human settlements

Department of Human Settlements
FREE STATE PROVINCE

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 R10000 and R87000, depending on the applicant's monthly income.
- The maximum price of a property that can be financed through FLISP is R300 000.

Who can apply?

FLISP Applicants must meet the following qualifying criteria:-

- South African citizen with a valid ID; or permanent residents 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.

Important Documents

The following **CERTIFIED COPIES** are required as Supporting Documents when applying for FLISP:-

- RSA Bar Coded Identity Document (ID)
- Bar Coded Permanent Residence Permit (where applicable)
- Birth Certificates / RSA IDs of all financial dependents (where applicable)
- Proof of Foster Children Guardianship (where applicable)
- *Marriage Certificate, Civil Union Certificate or Cohabiting Affidavit or Proof of Partnership (applicable)
- *Divorce Certificate (where applicable)
- *Spouse's Death Certificate (where applicable)
- Proof of Monthly Income
- Home Loan Approval in Principle/Grant Letter from an accredited Lender
- Agreement of Sale for the residential property
- Building Contract and Approved Building Plan (where applicable)
- Affidavits required for informal marriages solemnised under the SA Civil Law, accompanied by sworn statements to prove the authenticity of the relationship

HOME OWNERS HAVE TWO OPTIONS ON HOW TO USE FLISP WHEN BUYING OR BUILDING RESIDENTIAL PROPERTY

OPTION 1: ACCREDITED PROJECT DEVELOPMENTS

1. FLISP rollout is linked to FLISP accredited development projects.

Individuals identify properties in any of the FLISP accredited projects. You may also enquire with the Free State Department of Human Settlements on 051 405 4400/ 051 403 3311 or by E-mail: dineo@fshs.gov.za / tshenolo@fshs.gov.za.

2. Beneficiary signs an offer to purchase with the seller directly or through an estate agent.

In both cases, the Developer and/or the Estate Agent may assist the beneficiary to apply for a home loan from the Lender.

OPTION 2: OPEN MARKET ACCESS

1. Individuals may identify a property in the open market (new and existing properties) or may have acquired a vacant, serviced stand without government assistance and wish to obtain mortgage finance to construct a house on it.
1. Beneficiary signs an offer to purchase for a house from an accredited developer and also completes a FLISP application form obtainable from the developer or the department.

FLISP CAN POTENTIALLY SUPPORT THE FIRST-TIME HOMEBUYER IN ONE OF TWO WAYS:

SITUATION ONE: FLISP reduces the initial mortgage loan amount making monthly loan repayment instalments affordable.

EXAMPLE

Property price R300 000

Bank home loan approval R300 000

Less FLISP as a deposit R50 000

Eventual home loan amount R250 000

SITUATION TWO: FLISP augments the shortfall between the qualifying loan amount and the total product price

EXAMPLE

Property price R300 000

Bank home loan approval R250 000

FLSP as home loan top up R50 000

Eventual home loan amount R250 000

CONTACTS

FLISP OFFICES	CONTACT NUMBERS
FREE STATE Department of Human Settlement (DHS):	
c/o Markgraff & St. Andrew Streets 7 th Floor O.R Tambo Building Bloemfontein	051 405 4067/ 051 403 3917
FREE STATE Provincial Coordinators:	
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