

## Frequently Asked Questions

### 1. Before application: understanding a pension-backed home loan

#### What is a pension-backed home loan?

A pension-backed home loan allows members of pension/provident funds to use their retirement savings as security for the loan. This loan is governed by the Pension Funds Act and can be used to buy or renovate your primary residential property. Not all pension/provident funds offer this benefit, so check with your employer to see if the facility is available through Momentum Lending.

#### Who can apply?

You can apply for the pension-backed home loan if you meet the following criteria:

- You are a member of the FundsAtWork Umbrella Fund, and your employer has an agreement in place with Momentum Lending and your Fund's administrator.
- You are over 18 years old.
- You are a permanent employee working in South Africa.
- You have a minimum retirement savings amount of R50 000.
- You have more than 18 months left until you reach retirement age.

#### What can I use the loan for?

The loan can be used for various purposes, including:

- Buying a house as well as financing the associated costs (bond/transfer).
- Renovating an existing house.
- Buying land to build a house.
- Paying off an existing home loan on your primary residence.

### What are considered renovations/improvements?

Eligible renovations are fixed, permanent additions to your property, such as:

- Adding additional rooms or extending your house.
- Installing solar panels, building a swimming pool, or adding electric fencing.
- Installing a borehole, water backup, or filtration system.
- Renovating your kitchen or bathrooms.

### 2. During the loan process: responsible use of credit

#### Do I have to pay bond registration fees for the pension-backed home loan?

One of the benefits of a pension-backed home loan is that there are no bond registration fees. If you combine this loan with a conventional home loan, you may still have to pay bond registration fees. Transfer fees might also apply when you buy a new property.

#### Can I pay the loan back early?

Yes, you can pay off your loan early without any penalties. Additional payments can be made through EFT. We'll provide the bank details once your loan is approved, and you can request a settlement amount at any time.

#### What happens if I leave my current employer?

If you leave your employer, whether through dismissal, retrenchment, resignation, or early retirement, you must settle the loan within 7 days of exit using your own funds. If that's not possible, the Fund's administrator will use your retirement savings to settle the outstanding loan amount.

## Can I pay the loan through a debit order?

No, repayments are made through a salary deduction. Your employer will deduct the monthly instalment directly from your salary and pay it on your behalf to ensure payments are made on time and you don't pay additional debit order fees.

## Over what term can I repay the loan?

You can choose a loan repayment term of between 12 months and 20 years (240 months). However, the term cannot extend beyond your retirement age and is capped at 20 years, should you have more than 20 years until retirement.

## Will my interest rate ever change?

Yes, your interest rate is reviewed annually and linked to the prime interest rate, which is the rate charged to the most creditworthy customers. Changes to the prime rate will affect your loan's interest rate.

## 3. Responsible usage of credit: understanding limits and loan terms

### Will I be able to take a loan against my full retirement savings amount?

No, the maximum loan amount is capped based on your age and retirement savings. The amount of a housing loan guarantee provided by the Fund will be a maximum of 60% of your total retirement savings (retirement, vested, and savings components) at the date of application.

### What interest rate will I pay if I am approved for a loan?

Your interest rate will depend on your credit score, with rates ranging between prime plus 1,25% and prime less 1,00%.

### What documents do I have to submit for an application?

You need to submit the following documents when you apply:

- A certified copy of your ID.
- Your last three months' stamped bank statements.
- Your most recent payslip.
- Proof of your current address.

- If married in community of property, the same documents for your spouse.
- The reason for the loan, such as quotes for renovations or home purchase approval.

[Click here for more detailed information.](#)

## How do I apply for a pension-backed home loan?

You can start your application by emailing [momentumhomeloans@momentum.co.za](mailto:momentumhomeloans@momentum.co.za) to request an application form.

## My credit record is not that good right now. Will I still qualify for the loan?

Pension-backed home loans are governed by the National Credit Act, so credit checks and affordability assessments are conducted. Depending on the results, your loan may either be approved or declined.

## I have a personal business that I run outside of my current full-time employment. Can I use the additional income for my affordability check?

Yes, additional income from a legitimate, consistent source over the past 3-6 months can be used to boost your affordability. This will be validated against your bank statements, and we may request additional documents if necessary.

## 4. Post-application: ongoing support and questions

### Do I have to take up credit life cover for the loan?

No, credit life cover is not required since the loan is secured by your retirement savings, which will be used to pay off the loan if you pass away.

### Who can I contact if I have additional questions or require more information?

For further details or questions, you can email [momentumhomeloans@momentum.co.za](mailto:momentumhomeloans@momentum.co.za).