

SU VEHICLE FINANCE SCHEME FOR STAFF

1. **Purpose of the scheme**

The aim of the scheme is to enable Stellenbosch University employees to obtain finance in order to purchase a vehicle of their choice at a financial rate that is considerably lower than the lending rates normally available to individuals, thus making use of the University's ability to negotiate relatively low interest rates.

2. **Who may participate in the scheme?**

All permanent full-time, part-time and contract employees (within the contract period) in possession of a valid driver's licence may apply for a loan as per the prescribed application form in accordance with this scheme.

3. **How does the vehicle financing scheme work?**

A staff member who qualifies completes the prescribed application form. Together with certified supporting documentation (*copies of recent salary slips, latest registration document, id, drivers licence, etc.*) submits it to the office of Transport Services, who will process the application within **five (5)** working days and will evaluate the vehicle (if applicable). Once the application has been approved, the employee signs an Acknowledgement of Debt Form and provides proof of insurance before payment can be arranged. Payment will be made as soon as the vehicle has been registered with SU as title holder and the employee as owner.

4. **What are the benefits of the scheme for the participant?**

- 4.1 The rate at which interest is paid by the participant with respect to the University's capital input compares favourably with that of commercial banks, however the minimum interest rate, may never be lower than the official interest rate applicable to fringe benefits as determined from time to time by the Receiver of Revenue.
- 4.2 Extremely favourable tariffs for comprehensive short-term insurance are available via the University's insurance brokers.
- 4.3 As a fleet owner, SU can negotiate better discounts on the purchase price of new vehicles.

5. **Under what conditions and rules may one enter the scheme?**

- 5.1 The vehicle that is purchased must be used for private purposes.
- 5.2 The interest rate will be adjusted in accordance with amendments in the prevailing prime lending rate. This will be deducted from the participant's remuneration in terms of the University's capital input. SU finance rate is subject to periodic fluctuations.

- 5.3 The loan amount is limited to:
- 5.3.1 The monthly repayment instalment may not exceed **25%** of the employee's monthly pension-bearing remuneration.
 - 5.3.2 At most **90% of the market/resale value (according to Mead & McGrouther Auto Dealer's Guide)** of the vehicle which is the maximum amount than can be borrowed. Costs of registering the vehicle are excluded from this amount.
 - 5.3.3 To a maximum of R250 000 (two hundred and fifty thousand rand)
- 5.4 The full amount of the loan must be used for purchasing a vehicle as approved by the University; payment is made directly to the seller upon submission of documentary proof in support of the purchase.
- 5.5 The loan plus the interest must be redeemed by means of a **maximum** of:
- 5.5.1 seventy two (72) equal monthly instalments for vehicle's younger than 24 months with less than 40 000km
 - 5.5.2 sixty (60) equal monthly instalments for vehicle's under than 24 months with less than 250 000km
- 5.6 The instalments will be deducted monthly directly from the staff member's remuneration.
- 5.7 The final decision on a staff member's solvency (and thus whether a loan will be granted to him/her) will rest with the Director: Transport Services of the University, or any delegated person and will be based upon the information furnished in the prescribed application form.
- 5.8 Until the existing loan has been fully redeemed, no further loan or advance with regard to the redeemed portion of the existing loan will be granted.
- 5.9 Employees are restricted to one active loan
- 5.10 Before disbursement of the loan amount, the employee must:
- 5.10.1 Sign an Acknowledgement of Debt and
 - 5.10.2 Submit proof of insurance.
- 5.11 At his/her own cost, the employee agrees undertake comprehensive vehicle insurance which includes riot, strike and public disorder and to maintain it until the loan has been fully redeemed.
- 5.12 The University levies an initiation fee of **R1 207.50** (VAT inclusive) as well as a service fee equal to **1.5%** of the monthly interest and amortized payment up to a maximum of **R69.00** VAT inclusive, added to the instalment. The University reserves the right to amend the initiation-and-service fee as deemed necessary.

6 Vehicle requirements

6.1 New or used cars in an excellent condition which includes standard sedan cars, station-wagons, and minibuses (excluding RV's /recreational vehicles) light delivery vehicles (pick-ups) as well as motor cycles may be purchased.

Depending on the Vehicle Age, SU might require a higher deposit and/or a shorter repayment period. Modified or constructed vehicles as well as vehicles with a km distance in excess of 250 000 km will not be financed.

6.2 The University reserves the right to decline a loan based on the relevant vehicle condition, **therefore, with the exception of new vehicles, all vehicles with an acceptable guarantee of motor plan must be evaluated by Transport Services. Evaluation from a recognised organisation such as the AA (101 Multipoint check) or an accredited service provider will also be acceptable.**

7 Immediate termination from participating in the scheme

7.1 If at any stage, after the loan amount has been disbursed, the information supplied by the employee on his/her application form is **incorrect** or **incomplete** to the extent that the employee's creditworthiness could not be assessed correctly, or vehicle information was incorrect, or if the employee for any reason whatsoever terminate employment at the University, the outstanding capital and interest are immediately payable.

7.2 If any amount becomes payable and claimable, as in 7.1 above, or if the borrower fails to comply scrupulously with any stipulation in terms of the scheme, including failure to pay any instalment or any other amount owing on the appointed date, the University will be entitled to take possession of the vehicle and mortgage it, as security for the proper fulfilment of the borrower's obligations. In the light of this, the employee must undertake in writing (by signing the Acknowledgement of Debt as in 5.9.1 above) not to mortgage or alienate the vehicle involved until such time the loan amount and interest have been paid in full. **In this regard the vehicle's original registration certificate will be held in safekeeping by the University, as the title holder, until the loan has been fully redeemed.**

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