

SALE OF CLAIMS RESERVE FORM: CAPITAL BUILDER PLAN

Cash custodian code : _____ (for office use only) Independent Consultant : _____

Consultant Email Address : _____

Monthly amount : _____

Date of first debit order : 25th / 5th _____ 20__

Source of funding : _____

Period of monthly purchase (60 months)

Annual escalation : Yes No

The annual escalation will be 10% of the monthly amount.

Interest will be earned at the **Prime lending rate + 7.5% (seven comma five percent) per annum** (compounded monthly), in terms of the Loan Agreement with the Body Corporate, and will be repaid with the capital amount as and when the Body Corporate repays the loan. Please enquire about the performance guarantee option should you be interested in securing a maximum repayment timeframe of five years to the product.

Purchaser details:

Purchasers name : _____

Cell number for SMS's : _____

ID / Registration No : _____

Authorized representative : _____ (if not an individual)

Email : _____

Physical address : _____

: _____

: _____ Postal code : _____

Bank details for repayment of loan:

Account holder : _____

Name of bank : _____

Branch : _____

Branch code : _____

Account no : _____

Signed : _____

Date : _____

Print name : _____

Once received, BC Bridging Solutions (Pty) Ltd will issue you with a cash custodian code and a debit order instruction form that will need to be completed along with the Sale of Claims Agreement, which will enable the debit order to be created.

MEMORANDUM OF UNDERSTANDING

SECTIONAL TITLE BODY CORPORATE LENDING OPPORTUNITY

The Purchaser / Seller and Independent Consultant hereby acknowledges that the BC Bridging Solutions Pty Ltd ("BCBS") lending opportunity processes and procedures have been explained to him / her and further that they have read and understood the contents of this document.

The Sale of Claims Agreement is between: The Purchaser and The Seller (who is the owner of claims against the Body Corporate).

The transaction of the lending opportunity includes the following:

1. ANY and ALL monies advanced by The Purchaser are deposited with, and managed by, Investment Data Services Group (Pty) Ltd ("IDS") who carries Fidelity and Professional Indemnity cover. IDS will only disburse funds once they have received a copy of the Sale of Claims Agreement, duly completed and signed, by the parties.
2. The financial accounting service of the Purchasers loan, in the form of monthly loan statements issued to the Bodies Corporate, The Purchaser and / or the Independent Consultant, is undertaken by BCBS.
3. All loan repayments made by the Body Corporate will be paid directly to IDS, who will distribute these, to any and all owner/s of the claims (as defined in the Sale of Claims Agreement) in their proportionate claim's holding shares.
4. The Body Corporate is entitled to repay The Purchaser in full, or portions thereof, at any time throughout the duration of the loan.
5. One of the main factors, generating this loan finance opportunity, is the inordinate delays, experienced by Bodies Corporate in recovering their levy debtors, in our courts. This, despite the fact that Sectional Title Body Corporate levies are a legislated expense (not a good or a service) secured and protected by the Sectional Titles Act of 1986, as amended (The Act). The various legal processes which need to be followed to recover arrear levies tend to currently take an average 5 years. Given the individual financial status of each levy debtor it is impossible to forecast a specific levy recover date and hence loan repayment date.
6. Body Corporate loan balances, within the two BCBS lending options, attract interest of Prime + 7.5% p.a. for the Capital Growth and Capital Builder Plans and Prime + 4.5% p.a. for the Monthly Income Plans.
7. The interest rate charges are adjusted with any amendments to the Prime interest rate as quoted by the ABSA Bank of South Africa, from time to time.
8. Sectional Title Bodies Corporate are unique borrowers whose income (levies) are protected and secured by Legislation – The Sectional Titles Act (The Act). Body Corporate creditors (e.g. loan providers) to these unique borrowers also enjoy The Acts protections due to the **Security Cession** given by the body corporate of their levy debtors. The effect of which is that the lenders claims are recovered before those due to other Body Corporate and unit owner creditors, including the Receiver of Revenue and Mortgage Bond holders. In addition, ALL the Sectional Title units within the entire development provide security, in proportion to their participation quota share, to the loan, as this loan does not form part of the Body Corporate levies. As such, prevention of joinder of the units, contained in Section 47 of The Act, does not apply to this lending.

9. Section 15 (b) iii of The Act requires that the Registrar of Deeds shall not register a transfer of a Sectional Title unit until the Body Corporate has issued a levy clearance certificate certifying that all monies due to it, by the unit owner in respect of the said unit, have been paid or that provision has been made to the satisfaction of the Body Corporate for the payment thereof.
10. In terms of The Act, Bodies Corporate cannot be Liquidated – Section 47, 48 and 49 (Deemed Destruction) and must provide for perpetual succession – Section 36 (6).
11. Sectional Title Body Corporate loans are not a financial product, as defined by the Financial Services Board, and as such are not regulated by the Financial Advisory and Intermediary Services Act (“FAIS Act”). BCBS has obtained this clarification from the FSB and will provide The Purchaser with this Notice.
12. All information provided to The Purchaser by, The Seller, the Independent Consultants, BCBS and or their staff should not be construed as financial advice but rather as introductory information to a lending opportunity in terms of current Sectional Title legislation. Any additional legal, financial or Sectional Title advice required in the due diligence and decision making process of this lending opportunity, should be obtained from any independent source within the Sectional Title industry or from any preferred professionals selected by The Purchaser. The Purchaser acknowledges that any business opportunity carries risk and that they have performed their due diligence of this lending opportunity to their satisfaction.
13. Any Independent Consultant, who is an Authorised Representative in terms of the FAIS Act, has placed on record that they are not providing information, nor are they marketing this lending opportunity to The Purchaser in their capacity as Authorised Representative in terms of an FSP license.
14. BCBS implements various lending criteria when deploying funds into this environment. These include initial maximum loan to value ratios and (in our latest agreements – from 2013) maximum repayment periods of three years. BCBS also monitors the Body Corporate levy collection service providers as well as the recovery of the levies to both The Purchaser and the Body Corporate. BCBS reserves the right to amend its lending criteria from time to time, depending on the current lending environment, assessment of the individual Bodies Corporate and each Body Corporates specific financial, management and rehabilitation circumstances.
15. The returns from this lending opportunity should be considered to be interest and are therefore taxable. BCBS, the Independent Consultants and The Seller are not tax advisors and are therefore not able to provide advice in this regard. BCBS does not provide The Purchaser with an IT3b certificate as it is not a deposit taking institution.
16. Early exit from this lending opportunity is not generally available unless the Body Corporate collects its levy debtors and repays its loan within the average period. If circumstances force The Purchaser to request early exit, The Purchaser acknowledges that they will incur an early termination cost equal to 10% of the amount to be repaid to The Purchaser.

This cost is payable to offset expenditure incurred in the original placement and subsequent sale of The Purchasers claim against the Body Corporate. The Purchaser will be required to wait until his / her Sale of Claims (the asset) is sold, by his or another Independent Consultant, to a willing buyer.
17. Pertaining to the Capital Builder Plan, in the event of a default (i.e. non-payment by the Purchaser) of any of their contractual obligations under their Sale of Claims Agreement then an interest rate reduction will apply to the contracted interest rate. This will be a reduction of 4.0%, on the total purchases made, for the period that the Claim Holder remains in breach.

18. BCBS and the Independent Consultants are remunerated from fees charged to the Body Corporate and / or The Seller. This means that 100% of The Purchasers funds are deployed to their benefit into the Body Corporate claim throughout the duration of the loan.
19. The Purchaser will receive access to the BCBS web portal for Purchasers, prior to signature of the Sale of Claims Agreement. The web portal contains all the supporting documentation pertaining to each Body Corporate that the Purchaser transacts with, including:
 - 19.1. Sale of Claims Reserve Form;
 - 19.2. Memorandum of Understanding;
 - 19.3. Signed Sale of Claims Agreement and Annexures thereto;
 - 19.3.1. Power of Attorney;
 - 19.4. Loan Agreement documentation between the Lender and the Body Corporate and Annexures thereto;
 - 19.5. Copy of the Municipal Valuation of each unit within the Body Corporate.
 - 19.6. Current Body Corporate Loan Statement;
 - 19.7. Copy of the Deeds office listing, pertaining to the Body Corporate at the time of contracting;
 - 19.8. Photo of the Body Corporate (if available) at the time of contracting; and
 - 19.9. Investment Data Services documents (updated form time to time):
 - 19.9.1. Company profile; and
 - 19.9.2. Fidelity and Professional Indemnity Cover (R50 million).
20. Once the above Sale of Claims Agreement has been signed and returned to BC Bridging Solutions, a copy of the signed agreement will be uploaded onto the BCBS user portal on its website to be viewed along with the other relevant documents above. BC Bridging Solutions will then commence monthly reporting to The Purchaser via a monthly loan / claim statement and SMS, illustrating the movement in The Purchasers loan claim against the Body / Bodies Corporate transacted with.

Thus signed at _____ on this ____ day of _____ 20__.

The Purchaser

Duly Authorized person

Independent Consultant

BC Bridging Solutions (Pty) Ltd

Duly Authorized person
