INTERIM GUIDELINES FOR APPLICATIONS IN RESPECT OF SPECIAL TREATMENT FOR DEVELOPMENT CREDIT AGREEMENTS

1. The applicant must apply in writing for special approval in respect of development credit agreements.

2. The credit provider must set out the following information in terms of the development credit agreements which it is offering or intends to offer:
   a. Nature of the development credit products offered
   b. Provide a short description of the lending methodology (including whether it is an individual or group-based loan methodology). This must include a description of
      i. The manner of client solicitation and whether public adverts or similar solicitation is employed;
      ii. The manner of evaluation applications and key criteria employed;
      iii. The manner of disbursement and collection (also indicating whether disbursement in cash or in kind);
      iv. Debt enforcement or debt collection procedures.
   c. Provide a profile of the target market.
   d. Relate the profile as above to the priority groups per section 13(a).
   e. Provide a provincial break-down of the intended provision of development credit agreements.
   f. Provide information on the credit agreements (or loan products), including
      i. size or range;
      ii. repayment term
      iii. interest rates
      iv. security or collateral requirements
      v. any other special conditions
   g. Provide information on the anticipated number of clients and value of the outstanding developmental credit loan book after 1, 3 and 5 years from the date of application. Include a break-down per type of product.

3. The credit provider must provide information on the existing development credit agreements, and in particular;
   a. The number of agreements;
   b. Average size and range;
   c. Gross loan book;
   d. The period over which development credit agreements have been provided.

4. The information per sections 2 and 3 above must be provided in the same format (and size / income intervals) as per the relevant sections of the statistical returns.
5. In the application, the applicant must
   a. Specifically identify all areas in which the documentation which it
      intends to use or procedures which it intends to apply deviate from the
      requirements that apply to other credit agreements.
   b. This must be done with reference to the specific sections of the Act
      through which discretion is provided to the NCR for approving such
      specific documentation or procedures for development credit
      agreements.
   c. The credit provider must motivate the departure from the requirements
      that apply to credit agreements in general. I.e., why is it necessary for
      the credit provider to depart from the procedures which applies to other
      credit agreements.
   d. The credit provider must further motivate why it considers the
      procedure or documentation which it proposes to utilise, to still afford
      the necessary protection to the consumer. I.e., the credit provider
      must indicate which special circumstances exist or which alternative
      procedure it applies, which would ensure that the legislative objective
      of the particular section of the Act will still be met.

6. These motivations must be concise. However, every departure from the
   general requirements must be covered in the manner as set out above. It
   must be related to the specific requirements of the Act, and to each area
   where there is a departure.

7. A copy of the credit agreement and of the proposed pre-agreement statement
   or quotation must be attached to the application, for each different type of
   agreement.

8. Where a statement or document is proposed to be used in respect of
   development credit agreements which are different from the statements or
   documents used for other credit agreements, copies of such statements or
   documents must be attached to the application.

9. The credit provider must indicate whether it proposes any modifications to the
   existing conditions of registration, in respect of such development credit
   agreements.

10. The application must be accompanied by
    a. A copy of the latest set of audited financial statements; and
b. A copy of the latest management accounts for the specific division or department within which the development credit agreements reside (and in no case older than 3 months).