

Annexure 17

Form 16

DEBT RESTRUCTURING SERVICES

APPLICATION BY CONSUMER FOR DEBT REVIEW IN TERMS OF SECTION 86 OF THE NATIONAL CREDIT ACT 34 OF 2005

Please note that:

- 1) Before a Consumer's application for debt review is taken on, it is imperative that the Consumer understands both the debt review process and the consequences thereof.
- 2) The Consumer must sign, in full, each page of the Debt Counsellor's copy thereof for our records.
- 3) Should the Consumer be married in community of property, you only have to provide the principal Applicant with a copy of the said annexures provided that the copy you retain is signed by both the principal Applicant and the latter's spouse.
- 4) Once the aforesaid has been attended to, the principal Applicant and, if applicable, the latter's spouse, must sign the Declaration in part 5 of this document and pay the application fee of R 50,00 (excl VAT) and which must be receipted.
- 5) Signature hereof, by the consumer and the latter's spouse, if married in community of property, constitutes an application for debt review and to accordingly submit to debt counselling with the view to restructuring the Consumers debt repayment obligations in accordance with the National Credit Act, Act 34 of 2005 and the guidelines issued by the National Credit Regulator, from time to time.
- 6) The application for debt review will, once all necessary outstanding information as may be requested by or on behalf of the Debt Counsellor has been supplied, be registered with the National Credit Regulator and listed with all credit bureaus.
- 7) Should any information and documents requested by or on behalf of the Debt Counsellor not be supplied by the consumer within 5 days of request therefore, the application for debt review will not be advanced, notwithstanding signature hereof by the consumer and the consumer must be informed accordingly,

PART 1 (Note : Obtain copy/copies of identity document and bank account statements for the last three months preceding date of application.)

1.1 PERSONAL INFORMATION

DETAILS	PRINCIPAL APPLICANT	SPOUSE (if married in community of property)
Surname:		
Full names:		
Identity number:		
Physical address:		
Postal code:		
Postal address:		
Postal code:		
Telephone (home):		

Cell phone:		
E-mail address:		
Name of employer:		
Address of employer:		
Employer tel. No.:		
Employer facsimile:		
Employers e-mail:		
Date of marriage		

1.2 CONSUMER(S) DEPENDANTS

NAME	AGE	SEX

PART 2 - TOTAL INCOME (Obtain copy/copies of latest available salary advise/s. Note further that if a Consumer is paid weekly, you must obtain copies of his last six salary advises/slips. Note also that if a Consumer is paid on a commission basis as well, or only, you must obtain copies of his commission income advises/slips for the last six months and work out the average monthly commission income. Once you have calculated the average monthly commission income, you calculate 75% thereof and the amount so calculated is then to be used as the Consumer's commission income. Finally note that if the Consumer works overtime, you must obtain the salary advises for the last six months, determine the average overtime income over that period, and then, record 75% of the average overtime income or 5% of the Consumers gross monthly income, whichever is the lowest, as overtime income.

2.1 INCOME

PARTICULARS	PRINCIPAL APPLICANT	SPOUSE (If married in community of property)
Gross Salary:		
Overtime		
Other income (specify the source):		
TOTAL GROSS INCOME:		

2.2 CURRENT DEDUCTIONS FROM SALARY (Note: Emolument Attachment Orders are to be specified in paragraph 2.4 hereunder and you therefore only have to total the amounts of the emoluments attachment orders identified in the Consumer's salary advice for the purposes of this paragraph. Furthermore, if any loans (eg. Loans from employers or other credit providers) or insurance policies are deducted directly from the

Consumer's salary, then do not record it in this paragraph 2.2, but rather record it in paragraph 3.1, or as the case may be, in paragraph 4.1 hereunder. In this event your further calculations relating to deductions from the Consumer's salary and the latter's net disposable income will be affected accordingly.)

PARTICULARS	PRINCIPAL APPLICANT	SPOUSE (If married in community of property)
Paye:		
Uif:		
Medical aid:		
Pension :		
Total of emolument attachments orders		
TOTAL DEDUCTIONS FROM SALARY		

2.3 PROVISIONAL CALCULATION OF NET DISPOSABLE INCOME

CALCULATION	PRINCIPAL APPLICANT	SPOUSE (If married in community of property)
Gross Income	R	R
Less Salary Deductions	R	R
NET DISPOSABLE INCOME	R	R

2.4 EMOLUMENT ATTACHMENTS SPECIFIED (Note: Emoluments attachments orders are the enforcement/execution of judgments obtained against consumers, in monthly installments, directly from the Consumer=s salary. This category of debt is not subject to the Credit Agreement Act and cannot be restructured unless specifically agreed to with the creditors concerned. Consideration should therefore be given to place this category of debt under Administration i.t.o. the Magistrates Court Act.)

JUDGEMENT CREDITOR	ATTORNEY	AMOUNT
TOTAL OF EMOLUMENTS ATTACHMENT ORDERS		R

PART 3 - DEBT OBLIGATIONS (Please first read and consider part 4 hereunder before completing this part 3 so as to avoid a duplication of expenses as part 3 is only intended to identify and to relate to such debt

obligations due unto credit providers who will form part of the debt review process. Note further that this heading therefore excludes emoluments attachment orders and living expense. Please note further that the monthly installment to be recorded hereunder will be the amount that the Consumer is ordinarily required to pay to his credit providers as opposed to what the Consumer in fact pays or does not pay. **Furthermore urgently establish if the Consumer has received a so called section 129 default notice/letter of demand threatening legal action within ten (10) days and, if so, fast track the registration of the debt review application and the Form 17.1 notice to such creditor.**

3.1 AGGREGATE OBLIGATIONS UNTO CREDIT PROVIDERS

CREDIT PROVIDER	ACCOUNT NUMBER	OUTSTANDING BALANCE	MONTHLY INSTALMENT
TOTAL OF RESPECTIVELY THE AGGREGATE OUTSTANDING BALANCE AND THE AGGREGATE MONTHLY INSTALMENT		R	R

PART 4 - CURRENT MONTHLY HOUSEHOLD EXPENSES (Note: Under this heading there are two columns, one for “Monthly Expenses” and the other for “Reviewed Expenses”. The column under the heading “Monthly Expenses” is to be completed with reference only to the Consumer’s present actual expenses and is to be completed first. Immediately after this column has been completed, you are required to objectively consider each and every expense so listed. Specifically you must consider whether any particular expense has been overstated or understated. On the one hand a Consumer cannot be seen to “suffer in luxury” at the expense of his creditors. Consequently luxury and unnecessary expenses (eg. m-net, liquor, domestic servant, dstv, cigarettes) will have to be eliminated, whilst other stipulated expenses may well have to be reduced. On the other hand, the Consumer may well have understated his expenses (eg. stipulating only R 200 for food which is clearly inadequate) or merely omitting provision for a reasonable and necessary expense (eg. clothing). These adjustments occur in the “Reviewed Expense” column in consultation and agreement with the Consumer. The “Reviewed Expense” column then becomes the relevant applicable column and must be completed in full. In completing this column the majority of the amounts in the “Monthly Expenses” column will be merely repeated whilst other items will reflect the reviewed amounts, whether upwardly or downwardly adjusted. In addition, this

column may include an additional necessary expense which the consumer did not identify, but should be provided for.

You will also note that provision is made for miscellaneous expenses. This is only relevant to the “Reviewed expense” column. As a point of departure, this amount can be stipulated at 10% of the Consumer’s net monthly income provided that circumstances may require it to be less or be eliminated totally. Regarding insurance policies, you are to specify same in paragraph 4.2 hereunder. In other words, if a Consumer, for example, has two or more life policies, you, for the purposes of paragraph 4.1, only have to add up the total monthly premium payable in respect of such life policies and, thereafter, specify it in paragraph 4.2 hereunder.)

4.1 EXPENSES

COMMITMENT	MONTHLY EXPENSE	REVIEWED EXPENSE
Rental		
Municipal rates and taxes		
Water & electricity		
Transport costs		
Motor vehicle license		
Groceries & cleaning agents		
Meat		
Fresh produce		
Bread and milk		
Toiletries		
Telephone		
Cell phone		
Over the counter medicine		
School fees		
School clothing		
TV license		
Domestic servant		
Gardener		
Household maintenance		
Bank charges (3 month average)		
Clothing		
Tithes/donations		
Child / spouse maintenance i.t.o. court order		
Security/alarm contracts		
Short term household insurance premiums		
Life policy insurance premiums		

Retirement annuity insurance premiums		
TOTAL OF CURRENT AND REVIEWED MONTHLY LIVING EXPENSES	R	R

4.2 SPECIFY INSURANCE POLICIES STIPULATED IN PARAGRAPH 4.1 ABOVE

INSURER	POLICY NO.	POLICY TYPE	PREMIUM
TOTAL OF MONTHLY INSURANCE PREMIUMS			R

5. PROVISIONAL EVALUATION REGARDING OVER-INDEBTEDNESS

- 5.1 Gross monthly Income (as per paragraph 2.1 above) R
- 5.2 Less deductions from salary (as per paragraph 2.2 above) R
- 5.3 Net disposable Income (as per paragraph 2.3 above) R
- 5.4 Less reviewed monthly living expenses (as per paragraph 4.1 above) R
- 5.5 Provisionally available for payment to credit providers **R**

The Consumer will only be over-indebted if the total installment amount payable to his credit providers, as established in paragraph 3.1 above, exceeds the amount identified in paragraph 5.5 above. If not, the Consumer will not be over-indebted and the application for debt review will have to be rejected.

Total of instalments per paragraph 3.1 above is: R

Less total per paragraph 5.5 above : R

Monthly shortfall **R**

The Consumer is therefore :

- Over-indebted
- Not over-indebted

(Tick appropriate box)

(Note : If you have completed paragraphs 4.1 to 5 above correctly and thoroughly, then you will be able to prepare a provisional debt restructuring proposal with reference to the information so obtained.)

6. WHAT ASSETS OF THE CONSUMER, IF ANY, ARE POTENTIALLY AND REASONABLY

CAPABLE OF BEING SOLD, THE PROCEEDS OF WHICH CAN THEN BE UTILIZED TO REDUCE THE CONSUMERS AGGREGATE INDEBTEDNESS UNTO HIS/HER CREDIT PROVIDERS

(Note : It will inevitably occur that a Consumer will have assets which should realistically be sold, the proceeds of which can and probably should be utilized towards reducing the Consumer's aggregate indebtedness unto his creditors. Typically this issue will come into consideration where a Consumer has more than one property or, for example, has luxury items like a speedboat, quad bikes and unnecessary motor vehicles. A Consumer may also have insurance policies which he, in the circumstances, cannot justifiably maintain at the expenses of his obligations unto his credit providers. The issue of insurance policies, however, present with difficulty. The fact of the matter is that you are a Debt Counsellor equipped to restructure debt and not a financial adviser. Therefore you cannot recommend or insist that the Consumer cancels his insurance policies as, should the Consumer, for example, pass away in circumstances where his life is uninsured as a result of your advises, you would have potentially exposed yourself to a legal claim for damages. It can furthermore be argued that the maintenance of insurance policy premiums will serve the best interest of the credit providers in that the proceeds thereof, upon the death of a Consumer or upon the maturity of any particular insurance policy, can be utilized towards settlement of the Consumer's aggregate indebtedness unto his credit providers. There against, however, endowment policies or retirement annuities (as opposed to life policies) are effectively savings by the Consumer and which can hardly be justified at the expense of his obligations unto his credit providers. In this regard your role and function will therefore be limited to merely pointing out to the Consumer that the maintenance of insurance policies are impacting on his ability to pay his credit providers and indeed also on the restructured installment amount available for payment of his creditors. It will therefore be prudent that you refer the Consumer to a financial advisor (for example an insurance broker) to re-evaluate his insurance policies with the view to establishing whether the Consumer can obtain similar insurance benefits at a lower premium. Should the Consumer, however, voluntarily elect to cancel one or more insurance policies, then it will be in order provided that you have the consumer sign an indemnity form available at the office. In such event, it will however, be advisable to suggest to the Consumer that he maintains at least one life policy. Notwithstanding the aforesaid, it may well prove prudent and diligent should you require of the Consumer to establish and provide you with prove of the surrender values of his insurance policies and which you then reflect hereunder.

ITEM	APPROXIMATE VALUE
TOTAL	R

7. POINTS TO PONDER

- 7.1 The aim and purpose of the Act is not to prevent credit providers from receiving payment.
- 7.2 The roll of the Debt Counsellor is to objectively consider the best interests of both the consumer and the latter's credit providers with the view to bringing about a responsible debt restructuring plan. At all times an impeccable, responsible and professional work ethic and image is to be maintained.
- 7.3 The turnaround time from taking in the application to submitting a debt restructuring proposal is 30 business days – time is therefore of the essence.
- 7.4 Know this form 16 and the process that follows it.
- 7.5 Make sure that the Consumer understands the process and the deadlines involved.
- 7.6 Obtain all the relevant documentation from the Consumer, namely:
 - 7.6.1 Copy of identity document;

- 7.6.2 Copies of last three bank statements;
- 7.6.3 Copy of latest salary advise; and
- 7.6.4 Latest account statements in support of paragraph 3.1 above.
- 7.7 Remember that it is the Consumer's obligation to provide you with relevant information and not your function to obtain it. You merely advise what you require.
- 7.8 This becomes particularly relevant when a Consumer is self-employed or owns a close corporation and when the Consumer's financial affairs are in a state of confusion and disorder. Often such Consumers do not have a bookkeeping system and are unable to advise what their personal income is. It is not your function to tell the Consumer what his income is.
- 7.9 In such situations you are merely to inform the Consumer to appoint a bookkeeper to bring his financials up to date and to provide you with a schedule of his (not his close corporation) average monthly income from the business and until when you must inform the Consumer that you cannot register him as being under debt review or advance his application for debt review.
- 7.10 Finally, remember to always apply a common sense test and that time is of the essence.

8 NOTES AND/OR COMMENTS FOR FURTHER REFERENCE

PART 5 - DECLARATION BY THE CONSUMER(S)

I/We declare as follows:

1. I/We undertake to comply with all requests from the debt counsellor to assist him/her to evaluate my/our state of indebtedness and the prospects for responsible debt restructuring.
2. I/We hereby consent to the submission of my/our information to all registered credit bureaus by the debt counsellor and the registration of the application for debt-review with the National Credit Regulator.
3. I/We also consent that the debt counsellor may obtain my/our client records from any/all registered credit bureaus and any other registers which may contain and of my/our credit information.
4. I/We agree that my/our financial affairs and circumstances may be communicated to and be made known to all my/our credit providers and/or the latter=s employees, agents and/or representatives in so far as it is relevant to my/our application for debt-review.
5. I/We acknowledge that my/our personal financial affairs and circumstances may come to the knowledge of the Debt Counsellor's assistants, employees, agents and/or representatives in the course of advancing my/our application for debt review and to which I/we consent.
6. I/We undertake not to enter into any further credit agreements, other than a consolidated agreement, with any credit provider until one of the following events has occurred:
 - a. The debt counsellor rejects my/our application;
 - b. The court determines that I/we am/are not over-indebted; or
 - c. All my/our obligations under credit agreements as re-arranged are fulfilled.
7. I/We confirm that the information contained in this document is, to the best of my/our knowledge, true and correct.
8. I/We the undersigned Consumer(s) hereby agree and undertake to keep the Debt Counsellor indemnified against any and all loss or damage arising from any cause whatsoever which I/we may sustain as a result of my/our application for debt review in terms of the National Credit Act 34 of 2005.

Signed at _____ **on this day** _____ **of** _____ **20** _____

1. Signature of Principal Applicant : _____

2. Signature of spouse (if joint application) : _____

Date:

Receipt no: