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A critical analysis of a large South African bank's commercial development property loan pre-disbursement conditions

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		Medium Business Regional Manager				Medium Business Consultants				Medium Business # of responses 4						Large Business Consultant				Large Business # of responses 1						Valuations National Manager				Valuations Regional Manager				Valuations Consultant				Valuations # of responses 5						Affordable Housing Consultants				Affordable Housing # of responses 2						Ge	
	Pre-disbursement Condition	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED
1	**GENERAL**																																																			
1.1	Registration of the Mortgage Bond and all security documents listed as Pre-registration conditions to be duly signed and legally in order.	2			If there is a pre-requisite and the document is not a formal security document, then the reg can go ahead with the other docs to follow.	2				4	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				2				2			Part of our contract	5	100%	0	0%	0	0%	2				2	100%	0	0%	0	0%	1	
2	**BORROWER'S EQUITY**																																																			
2.1	Proof that the Borrower has contributed in cash towards the property and/or the development.	1		1		2			Can be replaced with other security if necessary	3	75%	0	0%	1	25%	1				1	100%	0	0%	0	0%	1				2				1	1		Depends who the buyer is	4	80%	1	20%	0	0%		2			0	0%	2	100%	0	0%	1	
2.2	A certified copy, acceptable to the Bank, of a Bank, Contractor's or Insurance Company Performance Guarantee for the construction of the development. Alternatively, a retention on each drawdown will be retained and will only be released on fulfilment of the conditions relating to final disbursement	2				1	1		With proper supervision and client's expertise and financial position known to the bank, it can be relaxed slightly	3	75%	1	25%	0	0%	1				1	100%	0	0%	0	0%	1				2			Is "certified" copy really necessary?	2			Reduces risk	5	100%	0	0%	0	0%	1	1			1	50%	1	50%	0	0%		1
3	**PLANS AND DIAGRAMS**																																																			
3.1	General plan of proposed township approved by the Surveyor General	2			If there is any information too hand around this issue that gives sufficient comfort, then the process can go on	1	1			3	75%	1	25%	0	0%	1				1	100%	0	0%	0	0%		1			2				1	1		As SG site diagram for single erven / Alternatively, approved plans from local authority	3	60%	2	40%	0	0%	1	1			1	50%	1	50%	0	0%		
3.2	Subdivision diagram in respect of the property approved by the Surveyor General	2			The bond will not be able to be registered if the subdivision has not gone through.	1	1			3	75%	1	25%	0	0%	1				1	100%	0	0%	0	0%		1			2				1	1			3	60%	2	40%	0	0%	1	1			1	50%	1	50%	0	0%		
3.3	Site development plan in respect of the proposed development approved by the local authority	2				2			Once SDP is approved - assume general plan and subdivision in order	4	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				2				2				5	100%	0	0%	0	0%	1	1			1	50%	1	50%	0	0%		
3.4	Consolidation diagram reflecting the consolidated erven approved by the Surveyor General	2				1	1		If applicable	3	75%	1	25%	0	0%		1			0	0%	1	100%	0	0%		1			2				2				4	80%	1	20%	0	0%	1	1			1	50%	1	50%	0	0%		
3.5	Building plans approved by the local authority	2				2				4	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				2				2				5	100%	0	0%	0	0%		2			0	0%	2	100%	0	0%	1	
3.6	Engineering designs approved by the local authority	2			We can not disburse funds until all the legal ducks are in a row	2				4	100%	0	0%	0	0%		1			0	0%	1	100%	0	0%		1			2				2				4	80%	1	20%	0	0%		2			0	0%	2	100%	0	0%		1
4	**TOWNSHIP & DEVELOPMENT**																																																			
4.1	The signed Services Agreement with the local authority	2				1	1			3	75%	1	25%	0	0%		1			0	0%	1	100%	0	0%	1				2				2				5	100%	0	0%	0	0%	1	1			1	50%	1	50%	0	0%	1	
4.2	Written evidence to our satisfaction that the development contribution has been paid to the local authority or acceptable provision has been made for payment thereof	2				1	1			3	75%	1	25%	0	0%		1			0	0%	1	100%	0	0%	1				2				2				5	100%	0	0%	0	0%		2			0	0%	2	100%	0	0%		
4.3	Conditions of Establishment approved by the local authority	2				1	1		Once all other conditions to LA has been complied with, not essential	3	75%	1	25%	0	0%	1				1	100%	0	0%	0	0%	1				2				2				5	100%	0	0%	0	0%	1	1			1	50%	1	50%	0	0%		1
4.4	Written evidence to our satisfaction that you are not precluded by Section 67 or 97 of the Town Planning and Townships Ordinance, No 15 of 1986 (Gauteng), or any other law or by-law applicable in other provinces, from entering into contracts for the alienation or disposal of erven in the township	2					2			2	50%	2	50%	0	0%	1				1	100%	0	0%	0	0%		1			2				1	1			3	60%	2	40%	0	0%	1	1			1	50%	1	50%	0	0%		
4.5	Written evidence to our satisfaction that external services including inter alia roads, water reticulation, waterborne sewerage and electricity have been installed to the boundary of the township and are available to all erven in the township or that acceptable provision for installation has been made	2				2				4	100%	0	0%	0	0%			1		0	0%	0	0%	1	100%	1				2				1	1			4	80%	1	20%	0	0%		2			0	0%	2	100%	0	0%	1	
4.6	A certificate by the townplanner confirming that the proposed development has been approved by all the relevant authorities	2						2	Once condition of establishment - not necessary	2	50%	0	0%	2	50%	1				1	100%	0	0%	0	0%	1		4.7 to 4.14 must surely be either or?		1	1		Only required when approved township plans are not submitted / Would the plans be approved if not in place?	2				4	80%	1	20%	0	0%	1	1			1	50%	1	50%	0	0%		
4.7	A certificate by the townplanner confirming that the conditions to be complied with prior to the declaration of the township as an approved township as contained in the approved conditions of establishment have been complied with or should they not have been complied with yet, compliance thereof is a formality	2				2				4	100%	0	0%	0	0%		1			0	0%	1	100%	0	0%	1						1	1		Same as above		2		Better to have actual proof such as 4.7 of compliance than promise	2	40%	3	60%	0	0%	1	1			1	50%	1	50%	0	0%	1	
4.8	A certificate by the townplanner confirming that all laws in respect of environmental matters have been complied with	2				2				4	100%	0	0%	0	0%		1			0	0%	1	100%	0	0%	1						1	1		Only required when approved township plans are not submitted		2		Is this not for environmental consultant as the TP is not legally trained in this area of expertise?	2	40%	3	60%	0	0%	1	1			1	50%	1	50%	0	0%		
4.9	A certificate by the townplanner confirming that the development complies with the applicable town planning scheme	2				1		1	Once condition of establishment - not necessary	3	75%	0	0%	1	25%		1			0	0%	1	100%	0	0%	1						1	1		only required when approved township plans and zoning certificates are not submitted	2				4	80%	1	20%	0	0%	1	1			1	50%	1	50%	0	0%		
4.10	A certificate by the townplanner confirming that the proposed development will be undertaken in accordance with the record of decision issued by the Department of Agriculture, Environment and Land affairs	2					1	1	Not town planner's responsibility	2	50%	1	25%	1	25%		1			0	0%	1	100%	0	0%	1				2				2				5	100%	0	0%	0	0%	1	1			1	50%	1	50%	0	0%	1	
4.11	A certificate by the townplanner confirming that no further legal procedures which may prevent the township from being declared an approved township	1	1			1	1			2	50%	2	50%	0	0%	1				1	100%	0	0%	0	0%	1				2					1	1	4.7 should cover this	3	60%	1	20%	1	20%	1	1			1	50%	1	50%	0	0%		
4.12	A certificate by the townplanner confirming that he is satisfied that proclamation of the township is a formality and won't be unduly delayed	1	1				1	1	Speculative	1	25%	2	50%	1	25%	1				1	100%	0	0%	0	0%	1				2					1	1	4.7 is more important	3	60%	1	20%	1	20%	1	1			1	50%	1	50%	0	0%	1	
4.13	A certified copy of the current zoning certificate from the local authority certifying that the property may be used for the following purposes	2				1		1	Conditions of establishment should cover this	3	75%	0	0%	1	25%		1			0	0%	1	100%	0	0%	1						1	1		Zoning certificate must approve the proposed development / Would the building plans be approved if this were not in place?	1	1			3	60%	2	40%	0	0%	1	1			1	50%	1	50%	0	0%	1	
5	**ARCHITECT'S CONFIRMATION**																																																			
5.1	The Site Development Plan has been prepared in accordance with the approved rights	2				2				4	100%	0	0%	0	0%		1			0	0%	1	100%	0	0%	1						1	1		Required when approved plans and zoning certificate are not available / Would the building plans be approved if this were not in place?	2				4	80%	1	20%	0	0%	1	1			1	50%	1	50%	0	0%		
5.2	The building plans have been prepared in accordance with the National Building Regulations Act and relevant municipal by-laws	2				2				4	100%	0	0%	0	0%		1			0	0%	1	100%	0	0%	1						1	1		See above	2				4	80%	1	20%	0	0%	1	1			1	50%	1	50%	0	0%		

		Medium Business Regional Manager				Medium Business Consultants				Medium Business # of responses 4						Large Business Consultant				Large Business # of responses 1						Valuations National Manager				Valuations Regional Manager				Valuations Consultant				Valuations # of responses 5						Affordable Housing Consultants				Affordable Housing # of responses 2						Ge	
	Pre-disbursement Condition	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED
5.3	Approval of the building plans is a formality and will not be unduly delayed		2				1	1	Speculative	0	0%	3	75%	1	25%		1			0	0%	1	100%	0	0%	1				2			See above		1	1	5.1 & 5.2 are more important	3	60%	1	20%	1	20%		2			0	0%	2	100%	0	0%		
5.4	Prior to the pouring of concrete, that the foundations are correctly positioned, do not encroach on any other property/building line and are adequate	2				2				4	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				2				2				5	100%	0	0%	0	0%		2			0	0%	2	100%	0	0%	1	
6	**PRE-SALES**																																																			
6.1	A schedule of selling prices approved by the Bank, net of Vat, estate agent's commission and transfer fees for release purposes	1		1		1		1		2	50%	0	0%	2	50%		1			0	0%	1	100%	0	0%		1			1	1		Not important from a valuation point of view	2				3	60%	2	40%	0	0%	1	1			1	50%	1	50%	0	0%		
6.2	Proof has been provided to us to our satisfaction that pre-sales have been entered into	1	1			1		1		2	50%	1	25%	1	25%		1			0	0%	1	100%	0	0%		1			1	1		Not important from a valuation point of view	2			Proof of 10% deposits held in trust	3	60%	2	40%	0	0%	1	1			1	50%	1	50%	0	0%	1	
7	**HOUSING CONSUMERS PROTECTION MEASURES ACT (RESIDENTIAL DEVELOPMENTS INCLUDING SECTIONAL TITLE)**																																																			
7.1	Proof that the proposed development has been approved by the NHBRC and the Department of Geo-Science, where applicable			2	N/A	1	1			1	25%	1	25%	2	50%			1	N/A	0	0%	0	0%	1	100%		1			2				2				4	80%	1	20%	0	0%	1	1			1	50%	1	50%	0	0%		1
7.2	Proof to our satisfaction that the contractor is registered, and the development/units are enrolled, with the NHBRC under the Housing Consumers Protection Measures Act, No 95 of 1998, and the prescribed fees have been paid			2	N/A	1	1			1	25%	1	25%	2	50%	1				1	100%	0	0%	0	0%		1			2				2				4	80%	1	20%	0	0%		2			0	0%	2	100%	0	0%		1
8	**CERTIFICATE TO COMMENCE CONSTRUCTION**																																																		
8.1	Certificate to Commence Construction in terms of Section 7(6) of the National Buildings Regulations Act, No 103 of 1997	2				1	1			3	75%	1	25%	0	0%	1				1	100%	0	0%	0	0%	1				2				1	1			4	80%	1	20%	0	0%		2			0	0%	2	100%	0	0%	1	
9	**GEOTECHNICAL REPORT**																																																		
9.1	An acceptable geo-technical report	1	1			1	1		Conditions of establishment covers this	2	50%	2	50%	0	0%			1		0	0%	0	0%	1	100%	1				1		1		By a registered engineer	2				4	80%	0	0%	1	20%	1	1			1	50%	1	50%	0	0%	1	
9.2	A certificate from a structural engineer or other suitably qualified professional that the ground conditions are stable and that the foundations and structural design are suitable for development	2				1	1			3	75%	1	25%	0	0%			1		0	0%	0	0%	1	100%	1				2			Especially when detrimental soil conditions are reported in the geo-tech report	2			9.1 is better especially on larger projects	5	100%	0	0%	0	0%	1	1			1	50%	1	50%	0	0%		1
10	**DEMOGRAPHICS STUDY**																																																		
10.1	An acceptable demographic study		2				1	1	In high to medium demand areas with pre-sales - not essential	0	0%	3	75%	1	25%	1				1	100%	0	0%	0	0%		1					2		Only required for shopping centres and specialised properties such as petrol filling stations	2			Especially for shopping centres and large projects	2	40%	3	60%	0	0%		1	1		0	0%	1	50%	1	50%		
11	**PROFESSIONALS**																																																		
11.1	Record of the members of the professional team		2				2			0	0%	4	100%	0	0%			1		0	0%	0	0%	1	100%		1			1	1			2				3	60%	2	40%	0	0%		2			0	0%	2	100%	0	0%	1	
11.2	The final appointment of the members of the professional team, including any joint ventures arrangement with any other contractor, shall be subject to the Bank's approval upon such conditions as it may deem fit in order to satisfy itself that each professional consultant is suitably qualified, experienced and indemnified	1	1				2			1	25%	3	75%	0	0%			1		0	0%	0	0%	1	100%		1			1	1			2			Banks objection to be reasonable based on previous non-performance	3	60%	2	40%	0	0%		2			0	0%	2	100%	0	0%		
11.3	Proof of professional qualifications and experience to the Bank's satisfaction	1	1			1	1			2	50%	2	50%	0	0%		1			0	0%	1	100%	0	0%		1			1		1		2				4	80%	0	0%	1	20%		2			0	0%	2	100%	0	0%		
11.4	A copy of the relevant professional indemnity insurance policy	2				2				4	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				2				2			With sufficient cover	5	100%	0	0%	0	0%		2			0	0%	2	100%	0	0%	1	
11.5	A copy of the relevant agreement or letter of appointment	1	1				2			1	25%	3	75%	0	0%		1			0	0%	1	100%	0	0%		1			1	1			2				3	60%	2	40%	0	0%		1	1		0	0%	1	50%	1	50%		1
11.6	Approval by the Bank of the professional team shall further be subject to each professional consultant acknowledging receipt of the Bank's notification that it will act as financier, that the Bank will rely on the professional consultant's payment certificates, recommendations, or other documentation, and that such professional consultant is deemed to owe a duty of care to the Bank in the exercise of all duties in terms of his/it's appointment	1	1				2		Administrative	1	25%	3	75%	0	0%			1		0	0%	0	0%	1	100%	1				1	1			2			Where possible. In some cases on small projects designers are sometimes used that are not registered Architects. The Engineer must therefore be registered	4	80%	1	20%	0	0%	2				2	100%	0	0%	0	0%	1	
11.7	Should any professional consultant fail or refuse to acknowledge receipt of the notification referred to in 11.6 above, the Bank reserves the right to call for a cession in security of all of your/the developer's/subcontractor's rights in and to any agreements/contracts vis-à-vis such professional consultant, provided that such rights have in the opinion of the Bank not been limited to an acceptable extent, and that cession of such rights is not prohibited in terms of the relevant agreement/contract	1	1				2			1	25%	3	75%	0	0%		1			0	0%	1	100%	0	0%		1			1	1			1		1	Since the bank is not a party to the contracts with the professionals and is a 3rd party, the client will have to undertake signing such an agreement with the professionals? Professionals have a duty to be accurate and professional in terms of code of conduct anyway	3	60%	1	20%	1	20%	1	1			1	50%	1	50%	0	0%	1	
11.8	Based on the assessment of the abovementioned information and documents, the Bank reserves the right to impose such further conditions as it may deem fit	1	1			1	1			2	50%	2	50%	0	0%		1			0	0%	1	100%	0	0%		1			1	1			1		1	Which above mentioned info? Since we do not have a contract with the professionals, we can only impose conditions on our client. He can contract further with his professionals	3	60%	1	20%	1	20%	1	1			1	50%	1	50%	0	0%		1
12	**BUILDING CONTRACT, DRAWINGS, ETC.**																																																		
12.1	The contractor, construction contract, development costs, site development plan, architectural drawings, specification and schedule of finishes together with any change or cancellation thereof, must be approved by the Bank in writing and, where required, by the competent authorities	1	1			2				3	75%	1	25%	0	0%		1			0	0%	1	100%	0	0%		1			2				2			Signed and authorised as true copies	4	80%	1	20%	0	0%		2			0	0%	2	100%	0	0%		
13	**CERTIFICATES**																																																		
13.1	The Town Council, that the rates and taxes & water and electricity in respect of the property are paid up to date or from the Body Corporate of a Sectional Title Scheme or any other applicable governing body that levies and rates and taxes are not in arrears	2				2			No certificate from LA no transfer	4	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				1		1			1	1			3	60%	1	20%	1	20%		2			0	0%	2	100%	0	0%	1	
13.2	A certificate as required in terms of regulations of the Occupational Health and Safety Act, No 85 of 1993 in respect of electrical installations as well as confirmation that the Safety Standards contained in the Construction Regulations to this Act have been complied with	2				1	1		No certificate from LA no transfer	3	75%	1	25%	0	0%			1		0	0%	0	0%	1	100%	1			How can this be possible if building not erected yet?	2				2			Since electrical happens later in the contract it cannot be a pre-disbursement condition for the contract, but only for the electrical contract	5	100%	0	0%	0	0%		2			0	0%	2	100%	0	0%	1	
45										115	64%	49	27%	16	9%					18	40%	19	42%	8	18%											171	76%	46	20%	8	4%					29	32%	59	66%	2	2%		

		Residential		Residential				Residential												Credit Compliance												Monitoring and Control												TOTAL											
		neral Manager		Regional Manager				Consultants				# of responses	3							Manager				# of responses	1							Manager				# of responses	1							# of responses	17										
	Pre-disbursement Condition	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	%	MED	%	LOW	%
1	GENERAL																																																		
1.1	Registration of the Mortgage Bond and all security documents listed as Pre-registration conditions to be duly signed and legally in order.			1				1				3	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1			If not, the Bank is placed on risk.	1	100%	0	0%	0	0%	17	100%	0	0%	0	0%								
2	BORROWER'S EQUITY																																																	
2.1	Proof that the Borrower has contributed in cash towards the property and/or the development.			1				1				3	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1			If not, there will be insufficient funds under the development bond to complete the bond. The Bank could be 100% exposed to the development and client will have nothing to lose.	1	100%	0	0%	0	0%	13	76%	3	18%	1	6%								
2.2	A certified copy, acceptable to the Bank, of a Bank, Contractor's or Insurance Company Performance Guarantee for the construction of the development. Alternatively, a retention on each drawdown will be retained and will only be released on fulfilment of the conditions relating to final disbursement				1				1			0	0%	3	100%	0	0%	1				1	100%	0	0%	0	0%	1			This mitigates the Bank's risk. Same comments as 2.1 above. Loans are granted on the credit worthiness/financial standing of clients as well	1	100%	0	0%	0	0%	12	71%	5	29%	0	0%								
3	PLANS AND DIAGRAMS																																																	
3.1	General plan of proposed township approved by the Surveyor General	1		1					1			1	33%	1	33%	1	33%	1				1	100%	0	0%	0	0%	1			Need to know what we are financing and type of asset. Affects the valuation of the property/type of rights if sold under forced sale conditions	1	100%	0	0%	0	0%	11	65%	5	29%	1	6%								
3.2	Subdivision diagram in respect of the property approved by the Surveyor General	1			1				1			0	0%	2	67%	1	33%		1			0	0%	1	100%	0	0%	1			As 3.1 above	1	100%	0	0%	0	0%	9	53%	7	41%	1	6%								
3.3	Site development plan in respect of the proposed development approved by the local authority	1		1					1			1	33%	1	33%	1	33%		1			0	0%	1	100%	0	0%	1			As 3.1 above	1	100%	0	0%	0	0%	13	76%	3	18%	1	6%								
3.4	Consolidation diagram reflecting the consolidated erven approved by the Surveyor General	1			1				1			0	0%	2	67%	1	33%		1			0	0%	1	100%	0	0%	1			As 3.1 above. To ensure that Absa's bond is registered over both the properties/property to be sold as one	1	100%	0	0%	0	0%	9	53%	7	41%	1	6%								
3.5	Building plans approved by the local authority		Depending on when disbursement is made this is the only requirement that is important. As far as I am aware approval of building plans implies that 3.1 to 3.4 above have been approved		1			1				2	67%	1	33%	0	0%		1			0	0%	1	100%	0	0%	1			As 3.1 above	1	100%	0	0%	0	0%	13	76%	4	24%	0	0%								
3.6	Engineering designs approved by the local authority		Only in the case of services taken over by the Local Authority. This applies to Township establishment		1			1				1	33%	2	67%	0	0%		1			0	0%	1	100%	0	0%	1			As 3.1 above	1	100%	0	0%	0	0%	10	59%	7	41%	0	0%								
4	TOWNSHIP & DEVELOPMENT																																																
4.1	The signed Services Agreement with the local authority				1				1			1	33%	2	67%	0	0%		1			0	0%	1	100%	0	0%	1				1	100%	0	0%	0	0%	11	65%	6	35%	0	0%								
4.2	Written evidence to our satisfaction that the development contribution has been paid to the local authority or acceptable provision has been made for payment thereof	1	This is a normal part of the costing (it should form part of feasibility)		1					1		0	0%	1	33%	2	67%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	10	59%	5	29%	2	12%								
4.3	Conditions of Establishment approved by the local authority				1			1				2	67%	1	33%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	14	82%	3	18%	0	0%								
4.4	Written evidence to our satisfaction that you are not precluded by Section 67 or 97 of the Town Planning and Townships Ordinance, No 15 of 1986 (Gauteng), or any other law or by-law applicable in other provinces, from entering into contracts for the alienation or disposal of erven in the township	1	The effect of non-compliance is that sales are not valid		1			1				1	33%	1	33%	1	33%		1			0	0%	1	100%	0	0%	1				1	100%	0	0%	0	0%	9	53%	7	41%	1	6%								
4.5	Written evidence to our satisfaction that external services including inter alia roads, water reticulation, waterborne sewerage and electricity have been installed to the boundary of the township and are available to all erven in the township or that acceptable provision for installation has been made		At present this is important		1			1				2	67%	1	33%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	12	71%	4	24%	1	6%								
4.6	A certificate by the townplanner confirming that the proposed development has been approved by all the relevant authorities	1	Low importance if we have 4.8	1					1			1	33%	1	33%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	3	18%	3	18%								
4.7	A certificate by the townplanner confirming that the conditions to be complied with prior to the declaration of the township as an approved township as contained in the approved conditions of establishment have been complied with or should they not have been complied with yet, compliance thereof is a formality			1					1			2	67%	1	33%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	6	35%	0	0%								
4.8	A certificate by the townplanner confirming that all laws in respect of environmental matters have been complied with	1	Superfluous if we have 4.8 (I think)	1					1			1	33%	1	33%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	10	59%	6	35%	1	6%								
4.9	A certificate by the townplanner confirming that the development complies with the applicable town planning scheme	1	Superfluous if we have 4.8 (I think)	1					1			1	33%	1	33%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	4	24%	2	12%								
4.10	A certificate by the townplanner confirming that the proposed development will be undertaken in accordance with the record of decision issued by the Department of Agriculture, Environment and Land affairs		But incorporated in 4.8	1						1		2	67%	0	0%	1	33%		1			0	0%	1	100%	0	0%	1				1	100%	0	0%	0	0%	11	65%	4	24%	2	12%								
4.11	A certificate by the townplanner confirming that no further legal procedures which may prevent the township from being declared an approved township	1	What's the difference with 4.8	1					1			1	33%	1	33%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	10	59%	5	29%	2	12%								
4.12	A certificate by the townplanner confirming that he is satisfied that proclamation of the township is a formality and won't be unduly delayed		Repeat of 4.8	1				1				3	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	4	24%	2	12%								
4.13	A certified copy of the current zoning certificate from the local authority certifying that the property may be used for the following purposes			1				1				3	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	12	71%	4	24%	1	6%								
5	ARCHITECT'S CONFIRMATION																																																
5.1	The Site Development Plan has been prepared in accordance with the approved rights	1	Only applicable if 3.5 has not been obtained otherwise of high importance	1					1			1	33%	1	33%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	12	71%	4	24%	1	6%								
5.2	The building plans have been prepared in accordance with the National Building Regulations Act and relevant municipal by-laws	1	Only applicable if 3.5 has not been obtained otherwise of high importance	1					1			1	33%	1	33%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	12	71%	4	24%	1	6%								

		Residential		Residential				Residential				Residential												Credit Compliance								Monitoring and Control				Monitoring and Control								TOTAL							
		eneral Manager		Regional Manager				Consultants				# of responses 3												Manager				# of responses 1				Manager				# of responses 1								# of responses 17							
	Pre-disbursement Condition	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	MED	LOW	COMMENTS	HIGH	%	MED	%	LOW	%	HIGH	%	MED	%	LOW	%	HIGH	%	MED	%	LOW	%
5.3	Approval of the building plans is a formality and will not be unduly delayed	1	Only applicable if 3.5 has not been obtained otherwise of high importance	1				1				2	67%	0	0%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	7	41%	7	41%	3	18%				
5.4	Prior to the pouring of concrete, that the foundations are correctly positioned, do not encroach on any other property/building line and are adequate		Could cause complications later		1			1				2	67%	0	0%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	14	82%	2	12%	1	6%				
6	**PRE-SALES**																																															
6.1	A schedule of selling prices approved by the Bank, net of Vat, estate agent's commission and transfer fees for release purposes	1	Hopefully the conditions state that the proceeds of sales are ceded to the bank so this becomes purely an administrative function and need not be a condition of the loan		1					1		0	0%	1	33%	2	67%	1				1	100%	0	0%	0	0%	1			Repayment of the development loan is reliant on the sale of units/stands. Determines market demand	1	100%	0	0%	0	0%	8	47%	5	29%	4	24%				
6.2	Proof has been provided to us to our satisfaction that pre-sales have been entered into		Wording should be that pre sales have been achieved not just simply entered into	1				1				3	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	5	29%	1	6%				
7	**HOUSING CONSUMERS PROTECTION MEASURES ACT (RESIDENTIAL DEVELOPMENTS INCLUDING SECTIONAL TITLE)**																																														
7.1	Proof that the proposed development has been approved by the NHBRC and the Department of Geo-Science, where applicable				1			1				0	0%	3	100%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	8	47%	6	35%	3	18%				
7.2	Proof to our satisfaction that the contractor is registered, and the development/units are enrolled, with the NHBRC under the Housing Consumers Protection Measures Act, No 95 of 1998, and the prescribed fees have been paid			1				1				1	33%	2	67%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	9	53%	6	35%	2	12%				
8	**CERTIFICATE TO COMMENCE CONSTRUCTION**																																														
8.1	Certificate to Commence Construction in terms of Section 7(6) of the National Buildings Regulations Act, No 103 of 1997		But is this not included in 3.5?	1				1				2	67%	1	33%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	12	71%	5	29%	0	0%				
9	**GEOTECHNICAL REPORT**																																														
9.1	An acceptable geo-technical report		Included in township establishment		1			1				2	67%	1	33%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	4	24%	2	12%				
9.2	A certificate from a structural engineer or other suitably qualified professional that the ground conditions are stable and that the foundations and structural design are suitable for development		If a prof engineer designs the structures this should be enough		1			1				1	33%	2	67%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	12	71%	4	24%	1	6%				
10	**DEMOGRAPHICS STUDY**																																														
10.1	An acceptable demographic study	1	Not important if we have a presale requirement			1				1		0	0%	0	0%	3	100%		1			0	0%	1	100%	0	0%		1		This is normally required prior to approval of the loan	0	0%	1	100%	0	0%	3	18%	9	53%	5	29%				
11	**PROFESSIONALS**																																														
11.1	Record of the members of the professional team		For contractual purposes this is important		1					1		1	33%	1	33%	1	33%		1			0	0%	1	100%	0	0%		1			1	100%	0	0%	0	0%	5	29%	10	59%	2	12%				
11.2	The final appointment of the members of the professional team, including any joint ventures arrangement with any other contractor, shall be subject to the Bank's approval upon such conditions as it may deem fit in order to satisfy itself that each professional consultant is suitably qualified, experienced and indemnified	1	Formality once 11.1 is in place		1					1		0	0%	1	33%	2	67%		1			0	0%	1	100%	0	0%		1			1	100%	0	0%	0	0%	5	29%	9	53%	3	18%				
11.3	Proof of professional qualifications and experience to the Bank's satisfaction	1	Formality once 11.1 is in place		1					1		0	0%	2	67%	1	33%		1			0	0%	1	100%	0	0%		1			1	100%	0	0%	0	0%	7	41%	8	47%	2	12%				
11.4	A copy of the relevant professional indemnity insurance policy			1				1				3	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	15	88%	2	12%	0	0%				
11.5	A copy of the relevant agreement or letter of appointment				1					1		0	0%	2	67%	1	33%		1			0	0%	1	100%	0	0%		1			1	100%	0	0%	0	0%	5	29%	10	59%	2	12%				
11.6	Approval by the Bank of the professional team shall further be subject to each professional consultant acknowledging receipt of the Bank's notification that it will act as financier, that the Bank will rely on the professional consultant's payment certificates, recommendations, or other documentation, and that such professional consultant is deemed to owe a duty of care to the Bank in the exercise of all duties in terms of his/it's appointment		I think this is a very important condition		1					1		1	33%	2	67%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	10	59%	6	35%	1	6%				
11.7	Should any professional consultant fail or refuse to acknowledge receipt of the notification referred to in 11.6 above, the Bank reserves the right to call for a cession in security of all of your/the developer's/subcontractor's rights in and to any agreements/contracts vis-à-vis such professional consultant, provided that such rights have in the opinion of the Bank not been limited to an acceptable extent, and that cession of such rights is not prohibited in terms of the relevant agreement/contract		Links to above		1					1		1	33%	2	67%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	8	47%	8	47%	1	6%				
11.8	Based on the assessment of the abovementioned information and documents, the Bank reserves the right to impose such further conditions as it may deem fit			1				1				1	33%	2	67%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	9	53%	7	41%	1	6%				
12	**BUILDING CONTRACT, DRAWINGS, ETC.**																																														
12.1	The contractor, construction contract, development costs, site development plan, architectural drawings, specification and schedule of finishes together with any change or cancellation thereof, must be approved by the Bank in writing and, where required, by the competent authorities	1	If a competent prof team exists there is little to be gained with this condition	1				1				2	67%	0	0%	1	33%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	5	29%	1	6%				
13	**CERTIFICATES**																																														
13.1	The Town Council, that the rates and taxes & water and electricity in respect of the property are paid up to date or from the Body Corporate of a Sectional Title Scheme or any other applicable governing body that levies and rates and taxes are not in arrears				1					1		1	33%	2	67%	0	0%	1				1	100%	0	0%	0	0%		1		This normally applies when the development is complete and units/stands transferred	0	0%	0	0%	1	100%	10	59%	5	29%	2	12%				
13.2	A certificate as required in terms of regulations of the Occupational Health and Safety Act, No 85 of 1993 in respect of electrical installations as well as confirmation that the Safety Standards contained in the Construction Regulations to this Act have been complied with				1					1		1	33%	2	67%	0	0%	1				1	100%	0	0%	0	0%	1				1	100%	0	0%	0	0%	11	65%	5	29%	1	6%				
45												57	42%	51	38%	27	20%					32	71%	13	29%	0	0%					43	96%	1	2%	1	2%	465	61%	238	31%	62	8%				