



Draft business planning guideline for Rural Housing
Loan Fund Intermediaries

Points to consider in the compilation of a business plan.

1. The legal status of the organisation
 - a. The legal form
 - b. The registration number (not required if a non-incorporated community based organisation in which case a Constitution is required)
 - c. Compliance with other regulatory bodies governing the type of legal formation.
2. The Governance of the organisation
 - a. The Board of directors and their experience
 - b. The management team and their experience
 - c. The number of members in the organisation.
3. The Organisations product offering
 - a. What has been the organisations been doing?
 - b. Is there a performance track record?
 - c. Financials of the past performance
4. The organisation's demonstration of an understanding of Housing microfinance and RHLF's mandate
 - a. Incremental housing finance market analysis: High-level profile of borrowers targeted. Geographic focus where RHLF funds will be lent. Any evidence of potential demand for the housing finance product? How many people will benefit from the funds received from RHLF? Will these funds be solely for on-lending to members of the co-op or to the public at large?
 - b. If the organisation intends to lend to the public at large is the organisation registered with the National Credit Regulator¹?
 - c. How will the organisation ensure that the RHLF funds are used solely for the purpose of RHLF's mandate?
5. How much money is the organisation requiring from RHLF?
 - a. This should be determined by the envisaged beneficiaries to be targeted, over the period the loan must be repaid.
 - b. Monthly projections of drawdown and disbursements to the market.
 - c. The rate of interest charged by RHLF to the organisation (interest charged to borrowers is linked to RHLF pricing in terms of RHLF's Pricing Policy)
 - d. The organisation's ability to service the loan from RHLF.
6. Does the organisation currently have any funder(s) or funder(s) in line?
 - a. The purpose of the funding
 - b. How much funding has the organisation received and at what interest rate.
7. The organisations marketing of the RHLF's product.

¹ Companies are exempt from the NCR if they have less than 100 credit agreements and have less than R500,000.00 in outstanding credit.

- a. The organisation must have a strategy and action plan of how it will reach the targeted borrowers.
 - b. The organisation must demonstrate a clear strategy and action plan of ensuring that the funds received by beneficiaries are used solely for the purpose as intended by RHLF. i.e. incremental loans for the improvement of homes in the rural areas, peri-urban areas and small towns.
8. The organisation's collections of monies disbursed.
 - a. The organisation must demonstrate a clear plan of how to collect the monies disbursed.
 - b. The organisation must have a clear strategy of how it will manage delinquent accounts and ensure regular payment.
 9. The organisation must have a method of reporting monthly to RHLF about the performance of the funds.
 10. The organisation should have a credit policy in place (otherwise, it is required before funds are drawn from RHLF).
 11. The organisation must have a provisioning policy in place.

If the organisation addresses the above-mentioned points, the organisation will have produced an adequate business plan which could be used as the basis of the proposal for presentation to the RHLF Credit and Development Committee.

Note: RHLF team is willing and able to assist organisations that have no capacity to draw required policies before RHLF funds are accessed.

Annexures

e.g Certificate of incorporation, NCR certificate where applicable

Tax clearance certificates if applicable.

Constitution if non-incorporated community based organisation (CBO)