

Zuma gets home loan to pay up

'President has a history of tapping into his circle of cronies for funds'

PRESIDENT Jacob Zuma is "paying back the money" with a home loan he got from VBS Mutual Bank — a financial institution with three branches in Limpopo province and one in Johannesburg.

The Presidency issued a statement yesterday announcing that Zuma has transferred the amount of R7 814 155 to the SA Reserve Bank (SARB) — as ordered by the Constitutional Court at the end of March this year — in respect of his private homestead at Nkandla.

"The president raised the amount through a home loan obtained from VBS Mutual Bank on its standard terms — one of the few financial institutions, which offer home loans in respect of land owned by traditional authorities," the Presidency's statement said.

A VBS Mutual Bank employee said that the bank grants home loans to qualifying individuals, including traditional communities who own land. A home loan is granted to an individual, partnership, trust, closed corporation, private company or any prospective owner who wants to buy, improve or build his or her own fixed residential property.

To get an idea of the amount the president would need to pay back, a Property24 bond repayment calculator, assuming that the president would pay back the loan over a 20-year term at an interest rate of 10,5%, found that it will cost Zuma, who earns a monthly salary of R241 666,667, a total amount of R78 014,95 per month in mortgage payments over the repayment period.

Fincheck, an online financial and loan comparison website, said on its website VBS Mutual Bank does not stipulate a maximum or minimum age for ap-

proving loans and grants payment over as much as 30 years.

The usual conditions apply, such as that the mortgage bond amount applied for must not exceed the market value of the property, the applicant must have a proven source of income to service the required instalment repayment, and the instalment must not exceed 30% of the applicant's gross income.

According to its corporate website, VBS Bank is a wholly black-owned specialist corporate finance and retail bank regulated by the SARB. The bank was established in 1982 and initially operated as the Venda Building Society. Its SARB banking licence number is 1051, governed by the Mutual Banks Act. The bank received a permanent licence to operate in October 2000.

The Witness ascertained that VBS recently visited a number of municipalities and state-owned institutions in KwaZulu-Natal, as part of an initiative to "spread its wings".

Its 2016 financial statements showed the bank had cash and equivalents of R250 million, and showed a profit of

R4,9 million.

Democratic Alliance leader Mmusi Maimane said the R7,8 million was just the tip of the iceberg.

"It is important that the president provides proof to the National Assembly, which he is accountable to, that he personally paid the R7,8 million, and that the VBS Mutual Bank is not a front. The President has a history of tapping into his circle of cronies for funds," he said.

Congress of the People (Cope) spokesperson Dennis Bloem said: "We will only believe this when we see the proof of payment. Mr Zuma has said on many occasions that he will not pay back the money.

"Even if Mr Zuma paid this amount of money, it will never take away the fact that he has broken his oath of office and that he is no more an honourable president."

The EFF said it was only because of its own insistence over two years that the remedial actions of the public protector must be complied with that Zuma had paid.

— Fin24-Witness Reporters.

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