



TWK Agri (Pty) Ltd Website – NCA (Debtors)

The National Credit Act, No. 34 of 2005 (“**the Act**”), also known as NCA, regulates credit providers to protect consumers of credit in the credit market.

TWK Agri (Pty) Ltd, Debtors Division, is a registered Credit Provider (NCRCP6849) and fully supports the National Credit Act.

WHAT THIS MEANS

The Act applies to credit agreements with all consumers entered into after 1 June 2007, and to entities whose asset value or annual turnover is below R1 million, for example:

- Close Corporations;
- Companies
- Partnerships; and
- Trusts.

HOW THE NCA AFFECTS YOU

The Act will affect you if you are applying for any of the following types of products from TWK Agri (Pty) Ltd:

- Production accounts;
- Forestry loans;
- Instalment sale agreements;
- Business development accounts;
- Revolving credit facility; or
- Term loans.

THE NCA EXPLAINED

Consumer rights:

- The Act provides for consumers of credit the right to access and challenge their credit record- and information held by credit bureaus. In addition, all consumer information held by credit bureaus are regulated.
- Consumers of credit further have the right to receive documents in plain and understandable language. Documents may also be requested in any one of two official languages in terms of the Language policy.

Marketing practices:

- The Act aims to stop misleading or false advertising around credit, credit products and facilities together with the cost of credit.
- Negative option marketing is prohibited. Marketing of credit at the consumer's home or workplace, without the consumer's consent, is also prohibited.
- No credit checks'; 'free credit'; and 'guaranteed loans' are prohibited phrases.
- Consumer's marketing choices must be obtained by a credit provider and kept as a record.

Pricing:

- Any new credit agreement must disclose the applicable interest rate, fees and additional charges and further subjects interest rates charged to a maximum interest rate in order to prohibit interest or other costs in excess of the prescribed rates.



- Add-on costs for insurance are further prohibited. All costs must be advised in advance and the consumer has the right to arrange insurance directly, and to choose his or her own insurance policies.

APPLYING FOR CREDIT UNDER THE NCA

- The credit provider must provide the consumer with a pre-agreement, containing the main features of the proposed agreement and a quotation of the costs. This pre-agreement is valid for 5 (five) days.
- The consumer will be required to provide certain information in order for the credit provider to assess his or her affordability. This may include a detailed statement of income and costs, a budget and details of other credit commitments.
- The Act requires the credit provider upon entering into, amending or terminating a credit agreement to report the transaction to a credit bureau.
- The Act further requires that a credit provider keep records for a prescribed time of all applications for credit, credit agreements and credit accounts.
- A consumer may pre-pay any amount owing at any time, and settle the account at any time without penalty, except in the case of mortgage bonds or agreements in excess of R250 000 which are subject to a termination charge.
- Marriages in community of property requires written consent of the spouse when a spouse applies for credit.

OVER-INDEBTEDNESS AND RECKLESS LENDING

- The Act aims to promote the responsible granting- and use of credit. To achieve this, when a consumer applies for credit, the credit provider must ensure that the consumer can afford the credit, failing which, the credit provider may recklessly grant credit.
- During this affordability assessment, the onus is on the consumer to fully and truthfully disclose all relevant information. The credit provider may request further information.

COMPLAINTS

- The National Credit Regulator will monitor credit providers and their compliance with the Act and regulations thereto.
- The National Consumer Tribunal is established to adjudicate in a wide variety of applications and to conduct hearings into complaints against credit providers.