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FINANCE & BANKING ALERT

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NATIONAL CREDIT ACT, NO 34 OF 2005 (NCA): IMPLEMENTATION AND ENFORCEMENT OF THE AFFORDABILITY ASSESSMENT REGULATIONS

The National Credit Regulations including Affordability Assessment Regulations (AAR) became effective on 13 March 2015. Thereafter the regulations were suspended on 21 August 2015 for a period of six calendar months from 13 March 2015.

NATIONAL CREDIT ACT, NO 34 OF 2005 (NCA): IMPLEMENTATION AND ENFORCEMENT OF THE AFFORDABILITY ASSESSMENT REGULATIONS

The AAR now places an obligation on credit providers to inquire whether consumers are able to afford the credit to be extended, based on the availability of a consumer's discretionary income.

Credit providers should ensure compliance with the AAR, if the credit agreements provided to their consumers fall within the purview of the AAR.



The National Credit Regulations including Affordability Assessment Regulations (AAR) became effective on 13 March 2015. Thereafter the regulations were suspended on 21 August 2015 for a period of six calendar months from 13 March 2015.

Accordingly, the AAR has again come into effect as from 13 September 2015 and is applicable to all current, prospective and joint consumers, all credit providers and all credit agreements to which the NCA applies, with a few exceptions. In this regard, the AAR now places an obligation on credit providers to inquire whether consumers are able to afford the credit to be extended, based on the availability of a consumer's discretionary income. Credit providers should ensure compliance with the AAR, if the credit agreements provided to their consumers fall within the purview

of the AAR. If this is not done, the credit agreement could be declared reckless with the result that the consumer's rights and obligations under that agreement could be set aside or the force and effect of that agreement could be suspended.

Izak Lessing and Chloe Brockman

2014
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2013
 1st in M&A Deal Flow, 1st in M&A Deal Value, 1st in Unlisted Deals - Deal Flow.

2012
 1st in M&A Deal Flow, 1st in General Corporate Finance Deal Flow, 1st in General Corporate Finance Deal Value, 1st in Unlisted Deals - Deal Flow.

2011
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DealMakers

2013

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OUR TEAM

For more information about our Finance and Banking practice and services, please contact:



Deon Wilken
National Practice Head
Director
T +27 (0)11 562 1096
E deon.wilken@cdhlegal.com



Biddy Faber
Director
T +27 (0)11 562 1439
E biddy.faber@cdhlegal.com



Stephen Gie
Director
T +27 (0)21 405 6051
E stephen.gie@cdhlegal.com



Temba Kali
Director
T +27 (0)11 562 1482
E temba.kali@cdhlegal.com



Adnaan Kariem
Director
T +27 (0)21 405 6102
E adnaan.kariem@cdhlegal.com



Jacqueline King
Director
T +27 (0)11 562 1554
E jacqueline.king@cdhlegal.com



Izak Lessing
Director
T +27 (0)21 405 6013
E izak.lessing@cdhlegal.com



Mashudu Mphafudi
Director
T +27 (0)11 562 1093
E mashudu.mphafudi@cdhlegal.com



Jackie Pennington
Director
T +27 (0)11 562 1131
E jackie.pennington@cdhlegal.com



Preshan Singh Dhulam
Director
T +27 (0)11 562 1192
E preshan.singh@cdhlegal.com



Hunter Thyne
Director
T +27 (0)11 562 1383
E hunter.thyne@cdhlegal.com

Muhammed Ahmed Bobat
Senior Associate
T +27 (0)11 562 1341
E muhammed.bobat@cdhlegal.com

Pride Jani
Senior Associate
T +27 (0)21 405 6103
E pride.jani@cdhlegal.com

Dayne Muller
Senior Associate
T +27 (0)11 562 1281
E dayne.muller@cdhlegal.com

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JOHANNESBURG

1 Protea Place, Sandton, Johannesburg, 2196. Private Bag X40, Benmore, 2010, South Africa. Dx 154 Randburg and Dx 42 Johannesburg.
T +27 (0)11 562 1000 F +27 (0)11 562 1111 E jhb@cdhlegal.com

CAPE TOWN

11 Buitengracht Street, Cape Town, 8001. PO Box 695, Cape Town, 8000, South Africa. Dx 5 Cape Town.
T +27 (0)21 481 6300 F +27 (0)21 481 6388 E ctn@cdhlegal.com

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