

National Housing Fund Act

1. Establishment of the National Housing Fund

- 1) There is hereby established a fund to be known as the National Housing Fund (in this Act referred to as 'the Fund').
- 2) All contributions and other monies required or prescribed by this Act shall be paid into the Fund.

2. Aims and objective of the Fund.

The aims and objectives of the Fund shall be to –

- a) facilitate the mobilization of the Fund for the provision of houses for Nigerians at affordable prices;
- b) ensure the constant supply of loans to Nigerians for the purpose of building, purchasing and improvement of residential houses;
- c) providing incentives for the capital market to invest in property development;
- d) encourage the development of specific programs that would ensure effective financing of housing development, in particular low cost housing for low income workers,
- e) Provide proper policy control over the allocation of resources and funds between the housing sector and other sectors of the Nigerian economy; and
- f) Provide long-term loans to mortgage institutions for on-lending to contributions to the Fund.

3. Resources of the Fund.

The resources of the Fund shall consist of the following, that is -

- a) contributions by Nigerians both in the public and private sectors.
- b) investment in the Fund by commercial and merchant banks;
- c) investment in the Fund by insurance companies registered under the Insurance Act;

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- d) financial contributions by the Federal Government for long-term housing loans.

4. Contribution by Nigerian workers.

- 1) A Nigerian worker earning an income of ₦3, 000 and above per annum in both the public and the private sectors of the economy shall contribute 2.5 percent of his basic monthly salary to the Fund.
- 2) An interest rate of 4 percent shall be payable on the contributions made under subsection (1) of this section.

5. Contributions by banks etc.

- 1) Every commercial or merchant bank shall invest in the Fund 10 percent of its loans and advances at an interest rate of 1 percent above the interest rate payable on current account by banks.
- 2) Every registered insurance company shall invest a minimum of 20 percent of its non life funds and 40 percent of its life funds in real property development of which not less than 50 percent shall be paid into the Fund through the Federal Mortgage Bank of Nigeria (in this Act referred as "the bank") at an interest rate not exceeding 4 percent.

- 3) Nothing contained in the Insurance Act or relating to investment of insurance companies in real property shall affect the provisions of this Act

[1991 No. 58.]

6. Contributions by the Federal Government.

- 1) The Federal Government shall make adequate financial contributions to the Fund for the purpose of granting of long term loans and advances for housing development in Nigeria.
- 2) The Federal Government may also make available such other sums either in naira or foreign currency to the Fund as it may deem necessary.

7. Management of the Fund, etc

- 1) The Fund shall be managed and administered by the bank.
- 2) The bank shall ensure that –
 - a) the proceeds from the Fund are utilized to finance the housing sector of the economy through wholesale mortgage lending to primary mortgage institutions;
 - b) the aims, objectives and functions of the Fund are effectively carried out by the bank and mortgage institutions.

8. Utilization of loan by mortgage institutions.

A mortgage institution registered under the Mortgage Institutions Act (in this Act referred to as “mortgage institution”) shall utilise proceeds from the Fund to finance mortgage lending in accordance with the provisions of this Act and the Mortgage Institutions Act.

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9. Deductions by employers from monthly salary workers.

- 1) An employer who has in his employment an employee earning a basic salary of ₦ 3,000 and above *per annum* shall deduct 2.5 percent of the monthly salary of that employee’s contribution to the Fund.
- 2) The amount deducted pursuant to subsection (1) of this section shall be remitted to the bank within one month of the making of the deduction.

10. Participation in the Fund by self-employed person.

A self employed person shall deduct from their monthly incomes the amount stipulated in section (4) (1) of this Act and within one month remit same to the bank.

11. Duty of the central bank of Nigeria to collect contribution from banks.

- 1) The Central Bank of Nigeria shall collect from commercial and merchant banks at the end of every year and not later than one month thereafter, the percentage of their contribution to the Fund as specified in section 5 (1) of this Act.
- 2) The Central Bank of Nigeria shall within two months of making collection under subsection (1) of this Act pay the money to the bank for investment in Fund.

12. Determination of amount due from insurance companies.

- 1) The Bank shall, at the end of every year after careful examination of the audited annual accounts of each insurance company, determine the amount due from the insurance company and shall issue a demand notice for the amount due from the insurance company for the purpose of investment in the Fund.
- 2) The insurance company shall on the receipt of a demand notice from the bank pay the amount within one month of the demand into the Fund.
- 3) Failure by any insurance company to pay the bank any amount due under subsection (2) of this section shall be regarded as a contravention of this Act and shall constitute one of the grounds for which the Commissioner for Insurance may cancel the registration of an insurance company in default.

13. Bank to pay the money received into the Fund.

All monies received by the bank under this Act shall be credited to the Fund immediately on receipt.

14. Beneficiaries under the fund.

- 1) A mortgage institution duly licensed under the Mortgage Institutions Act shall qualify for loans from the Fund, on such terms and conditions as the Minister may, from time to time, by regulations published in the Gazette specify.

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- 2) Any loan obtained by a mortgage institution under subsection (1) of this section shall be made available to the contributors wishing to build, purchase or renovate houses.
- 3) The Minister may by regulations published in the Gazette specify the manner in which and the conditions and the terms of repayment of any loan obtained pursuant to subsection (2) of this section.

15. Security for Fund facilities.

- 1) Any loan obtained from a mortgage institution shall be secured by the first mortgage.
- 2) Any loan granted by the bank to a mortgage institution shall be secured by a block of existing mortgages under cover of Sales and Administration agreement to be executed between the bank and mortgage institution.
- 3) The Sales and Administration Agreement referred to in subsection (2) of this section shall be registrable in the Land Registry along with the Deed of Assignment of mortgages to which the Agreement relates.

16. Interest rate.

- 1) The loans made by the bank shall be at interest rates slightly lower than the prevailing commercial rates in Nigeria.
- 2) The interest rate for each loan shall be fixed for the duration of the loan.
- 3) The bank shall charge the mortgage institution not more than one percentage point above its borrowing point.

- 4) Mortgage institutions shall be allowed a minimum of spread of four percentage point above the rate charged by the bank.

17. Refund to a contributor after retired from the office etc.

Any contributor who has not obtained a housing loan from the bank and has-

- a) attained the age of 60 years; or
- b) retired from his employment and becomes incapable of continuing the contribution to the Fund as specified in this Act.

18. Inspection

The bank shall have a right to access at all reasonable times to offices, books of account and documents relating to deductions made, in accordance with this Act by any employer or self-employed person and may make any examination and inquiry necessary to obtain information for the purposes of this Act.

19. Rendering of accounts.

- 1) The bank shall render a periodic account on the Fund to the Central Bank of Nigeria in such form as the Minister may direct.
- 2) The bank shall render annual returns to all contributors showing amongst other things, total contributions accrued interests and balance to date.
- 3) A mortgage institution which has obtained a loan from the bank shall render to bank quarterly returns in such form and manner as the minister may, from time to time, specify.

20. Offence and penalty for the failure by an employer to deduct or pay deductions.

- 1) An employer who -
 - a) fails to make deduction from the basic salaries of his employees as required by this Act; or
 - b) deduct any sum of money from the basic salaries of his employees for the purpose of the Fund and fails to remit the money so deducted to the bank is guilty of an offence under this Act.
- 2) A person guilty of an offence under subsection (1) of this section is liable on conviction, in case of-
 - a) a body corporate, to a fine of ₦ 50,000; and
 - b) an individual who is a staff in the employment of an employer and who is authorized to make deduction or payment to the bank, to a fine of ₦ 20,000 or imprisonment for a term of five years or to both such fine and imprisonment.
- 3) A self-employed person who fails to make deductions or deducts and fails to remit to the bank any money due to the Fund is guilty of an offence under this Act and liable on conviction of a fine of ₦ 5,000 or to imprisonment for a term of one year or to both fine and imprisonment.
- 4) A person who prevents or obstructs the deduction or remittance of the contribution due to the bank under this Act is guilty of an offence and is liable on conviction to a fine of ₦ 5,000 or to imprisonment for a term of one year or to both such fine and imprisonment.

- 5) The institution of proceedings or imposition of a penalty under this section shall not relieve any employer or self employed person from liability to pay to the bank the money deducted by him for the purpose of the Fund.

21. Offences of making false statement or misrepresentation, etc.

A person who for the purpose of evading payment of any deduction or contribution made by him or some other person or who for the purpose of obtaining any benefit for himself or some other person under the Fund knowingly makes -

- a) any false statement; or
- b) misrepresentation; or
- c) produces or furnishes any document or information which he knows to be false in any material particular is guilty of an offence under this Act and liable on conviction to a fine of ₦10,000 or to imprisonment for a term of three (3) years or to both of such fine and imprisonment.

22. Failure to produce document.

A person who fails to produce any document for inspection under this Act is guilty of an offence and liable on conviction in the case of -

- a) a body corporate, to a fine of ₦ 50, 000.
- b) an individual to a fine of ₦ 5,000 or imprisonment for a term of one year or to both such fine and imprisonment.

23. Exemption from payment of income tax.

The Fund and the refund of any contribution made under this Act shall be exempted from payment of income tax.

24. Jurisdiction.

The Federal High Court shall have jurisdiction to try all offences under this Act.

25. Regulations

The Minister may, on the recommendation of the bank, make such regulations as may be necessary for the implementation of this Act.

26. Interpretation

In this Act, unless the context otherwise requires –

“**bank**” means Federal Mortgage Bank of Nigeria

“**contributions**” means deductions made from the basic monthly salaries of workers in accordance with the provisions of the Act;

“**contributor**” means a worker from whose basic salary or income deductions are made and paid into the Fund in accordance with the provisions of the Act;

“**Minister**” means the Minister charged with the responsibility for housing;

“**mortgage institution**” means a mortgage institution licensed under the Mortgage Institution Act;

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“retail mortgage lending” means the system of lending money to contributors by mortgage institutions under the Act or under any regulations made thereunder;

“wholesale mortgage lending” means the system of lending money to mortgage institutions under this Act, or regulations made thereunder;

“worker” means an employee to whom salaries are paid and includes a self-employed person who derives income from his employment.

27. Short title

This Act may be cited as the National Housing Fund Act.