

# CONDITIONS FOR ESTATE DEVELOPMENT LOAN

## **TO QUALIFY FOR AN ESTATE DEVELOPER'S LOAN FROM THE BANK, AN ESTATE DEVELOPER HAS TO MEET THE FOLLOWING CONDITIONS:**

- Loan is for residential housing estate development only at an interest rate of 10%p.a (on annuity basis) and for a tenor not exceeding 24 months subject to revision.
- The bank finances infrastructural facilities up to 70% for private developers only, while housing Corporations and Government owned development projects are to provide 100% infrastructure.
- The proposed estate must have a good title that can be assigned, leased or sub-leased to individual allottees /purchasers of the units therein.
- Housing units under the proposed project must not be more than N15 million so that they can be affordable to NHF contributors. These units should be in line with type plans specified by FMBN.
- There must have been firm commitments from buyers/allottees of the housing units. An accredited Mortgage Loan Originator (e.g. PMB) is to be identified in order to facilitate introduction of the project to prospective buyers/allotters who must be contributors to NHF.
- A financial projection to suit the proposed financial arrangement on the project must be provided. The projection must include developer's equity participation on the project at the present rate of 10%.
- Estate Development Loans to be secured with the title document (i.e. C of O or R of O) for the property to be developed and an additional security for a value of the 1st tranche only.

## **DEVELOPERS WITH LEASE AGREEMENT ARE TO MEET THE FOLLOWING REQUIREMENTS:**

- That it shall be registerable as well as give the developer power to layout, partition, allocate, assign and sublet housing units including apartments, flats in block, detached and semi-detached bungalow, terraces etc. as well as service plots. This must be done in accordance with approved building plan/site layout.
- That the development lease should state that the individual' titles will be submitted directly to FMBN (or financier).
- That the developer will be able to pledge and mortgage the land/development to FMBN or any other financier thereon to raise funds to meet the obligation under the development lease agreement.
- The tenor of the lease should be for a minimum of 5 years with an assurance of renewal for a further term of 5 years or more.
- The financier or FMBN should have first charge over the land/development on it.

## **THE UNDERLISTED DOCUMENTS SHOULD BE SUBMITTED WITH THE LOAN APPLICATION PACKAGE:**

- Certificate of incorporation
- Photocopy of Article and Memorandum of association of the company with certified true copies of FORM C02 and C07.
- Detailed profile of the company
- Audited annual account with the signature, seal and certification stamp of the Auditors, for the previous three years.
- Photocopy of tax clearance certificate for three years.
- Photocopy of registered title document on the land for the proposed project.
- Approve building and layout plan by the relevant body/authority.
- Resolution of the state Executive council as well as a motion of the State House of Assembly approving the application for a loan from FMBN for State Housing Corporations.
- The company's board resolution to borrow signed by the Chairman and Company Secretary.

- Valuation report signed by a registered estate valuer on the proposed project.
- Price bill of quantities (BOQ), signed by a registered Quantity Surveyor.
- Feasibility and viability development report.
- Cash flow projection stating the current interest of 10% for the loan as well as proposed periodic repayment.
- Project work program/plan.
- Detailed budget cost and sources of fun for the estate infrastructures and amenities.
- Letter of marketing commitment form an accredited MLO (e.g. PMB).
- Evidence of registration with NHF and up-to-date remittance of employees' contributions to the fund
- Payment of non-refundable N20,000.00 (Twenty Thousand Naira only) for applications of amounts below N50 million and a multiple of N20,000.00 on every further N50 million.
- Payment of non-refundable search fee of N60,000.00
- Evidence of membership of Real Estates Development Association of Nigeria (REDAN) and up-to-date subscription.
- A viable facility management plan for the proposed estate and programme for its sustainability.
- The developer must be accredited by Risk Management Unit of the Bank with non-refundable fee of N 250, 000.00
- Any other relevant information that may facilitate quick consideration of the loan.