



# HOMEOWNERSHIP OPPORTUNITIES & INFORMATION ON REFUND OF CONTRIBUTIONS UNDER THE NATIONAL HOUSING FUND (NHF) SCHEME

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ORGANISED BY THE BUREAU OF PUBLIC SERVICE REFORMS  
(BPSR)

FEDERAL MINISTRY OF FINANCE AUDITORIUM      6 SEPTEMBER 2018

# PREAMBLE

- It is an honour to speak at this occasion. I use this opportunity to commend the Bureau of Public Service Reforms (BPRS) for the innovations and initiatives being executed in the Federal public service which has been building efficient and effective service delivery for Nigerians over the years.
- The Federal Mortgage Bank of Nigeria (FMBN) is ready to partner and collaborate with the Bureau in improving public service efficiency and more particularly, improving the welfare of the public servants who are critical stakeholders in the development of our dear country.



# PREAMBLE

- The topic chosen initially for this talk is quite instructive. However, we are not only going to dwell on the challenges faced by civil servants but more on the opportunities available to be exploited for homeownership under the scheme. As it is going to be seen through the presentation, every new initiative and product development we have embarked on as a mortgage institution are focused on resolving emerging challenges faced by not only civil servants but generality of Nigerians in accessing the NHF loan



# INTRODUCTION TO THE NHF SCHEME

- FMBN has responsibility for the collection, management and administration of the National Housing Fund (NHF) into which all Nigerian workers are required to contribute 2.5% of their monthly income.
- Participation in the NHF Scheme has two main benefits:
  1. **Contributor is eligible to access any of the loans under the NHF scheme at an affordable single-digit rate of 6% and on conducive loan terms;**
  2. **All contributions into the Fund are mandatory savings refunded to the contributor with savings interest**



# INTRODUCTION TO THE NHF SCHEME

- Sources of funding for the NHF include:
  - Contributions of 2.5% of the monthly income of all Nigerian workers earning the sum of ₦3,000 per annum and above;
  - Investments by commercial banks and insurance in the NHF; and
  - Financial contributions/Grants by the Federal Government.



# SUMMARY OF THE CHALLENGES FACED BY CIVIL SERVANTS IN ACCESSING THE NHF LOAN

- Difficulties in Accessing Title Documents (EDL is designed to address this for advantage of global title/Advocacy for Land Reforms in collaboration with the CBN, NMRC, MBAN, REDAN & other Stakeholders)
- Affordability/Low Earning Capacity of civil servants.
- Requirement for Personal Stake (Now zero for loans below N5m)
- Loan Processing Delays Experienced by Civil Servants mainly from Primary Mortgage Banks (PMBs).
- Delays from Processing of Applications by FMBN.

## NHF LOANS & PRODUCTS

Loans available to public servants under the NHF Scheme are as follows:

# HOMEOWNERSHIP OPPORTUNITIES

## □ NHF Mortgage Loan –

- Granted to qualified contributors through Primary Mortgage Banks (PMBs) to finance the construction or purchase of residential accommodation.
- It attracts a fixed interest rate of 6% and is repayable over a maximum period of 30 years
- Sections 8 and 14 of the NHF Act stipulates that NHF mortgage loans are to be advanced only through PMBs





# HOMEOWNERSHIP OPPORTUNITIES

## □ FMBN Home Renovation Loan (FHRL) –

- is operated in collaboration with state governments and their agencies, private sector employers and the Federal Government Staff Housing Loan Board (FGSHLB)
- It is a maximum loan of N1 million with 5 year tenor for the purpose of renovating or improving existing residential houses
- Loan security is employer's undertaken to remit loan repayments and 2 guarantors provided by applicant



# HOMEOWNERSHIP OPPORTUNITIES

## ❑ FMBN Rent-To-Own product –

- Under this product, a beneficiary can move into a house as a rent-paying tenant and ultimately become the homeowner of the property after an agreed rental period
- This product provides easier access to homeownership
- The beneficiary does not need to put down equity or take up costs that would be required in a mortgage transaction.
- It however attracts a 9% interest built into the rent payable.
- Product is to be launched before year-end 2018



# HOMEOWNERSHIP OPPORTUNITIES

## □ Housing Cooperative Loans –

- these are loans granted to cooperative societies whose members are contributors to the NHF.
- Comprises of
  - Construction loans for estate development and
  - Mortgage loans for cooperative members to purchase houses
- It is particularly aimed at integrating the non-salaried informal sector which constitutes more than 85% of the Nigerian working population into the NHF Scheme.



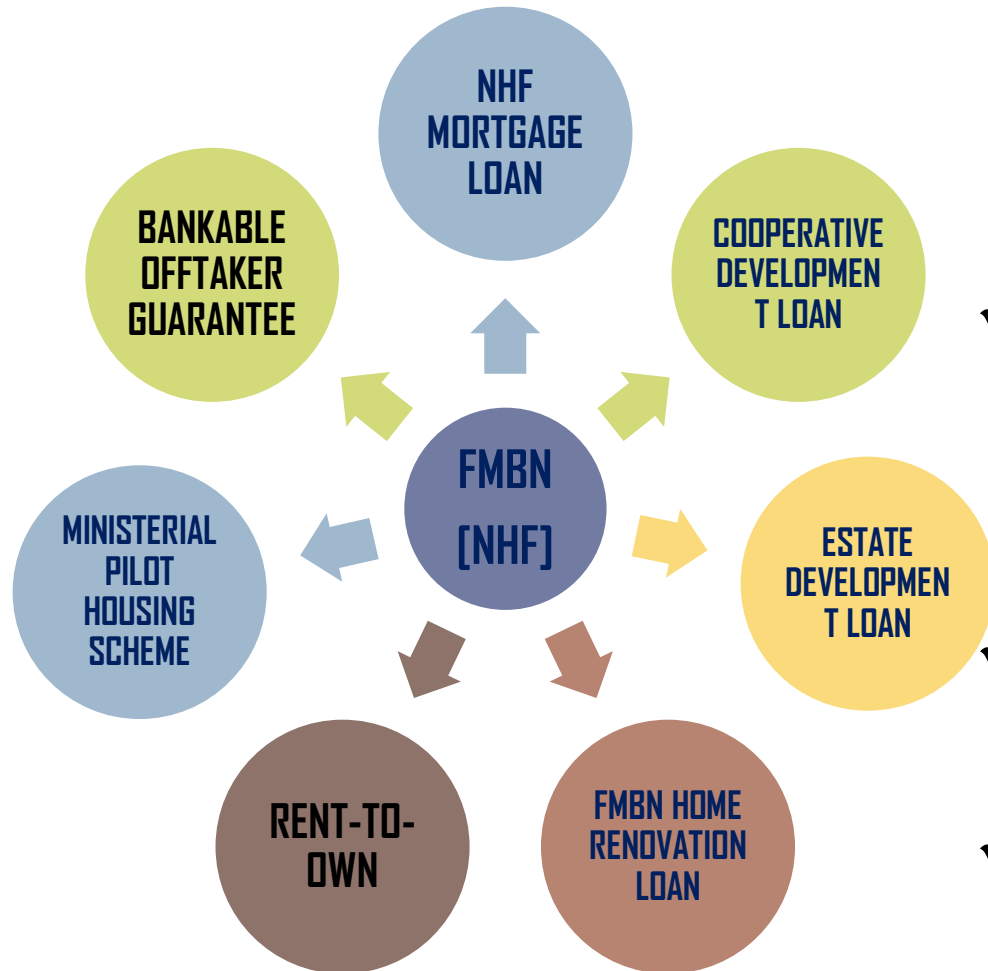
# HOMEOWNERSHIP OPPORTUNITIES

## □ Note that-

- Contributors become eligible for loans and advances under the Scheme after just 6 months of continuous contributions.
- A contributor cannot enjoy more than one loan at a time
  - Thus, beneficiaries of the home renovation loan will be unable to access a mortgage loan unless it is fully paid off.
- It should also be noted that an NHF mortgage loan can only be enjoyed once in a lifetime by a contributor.

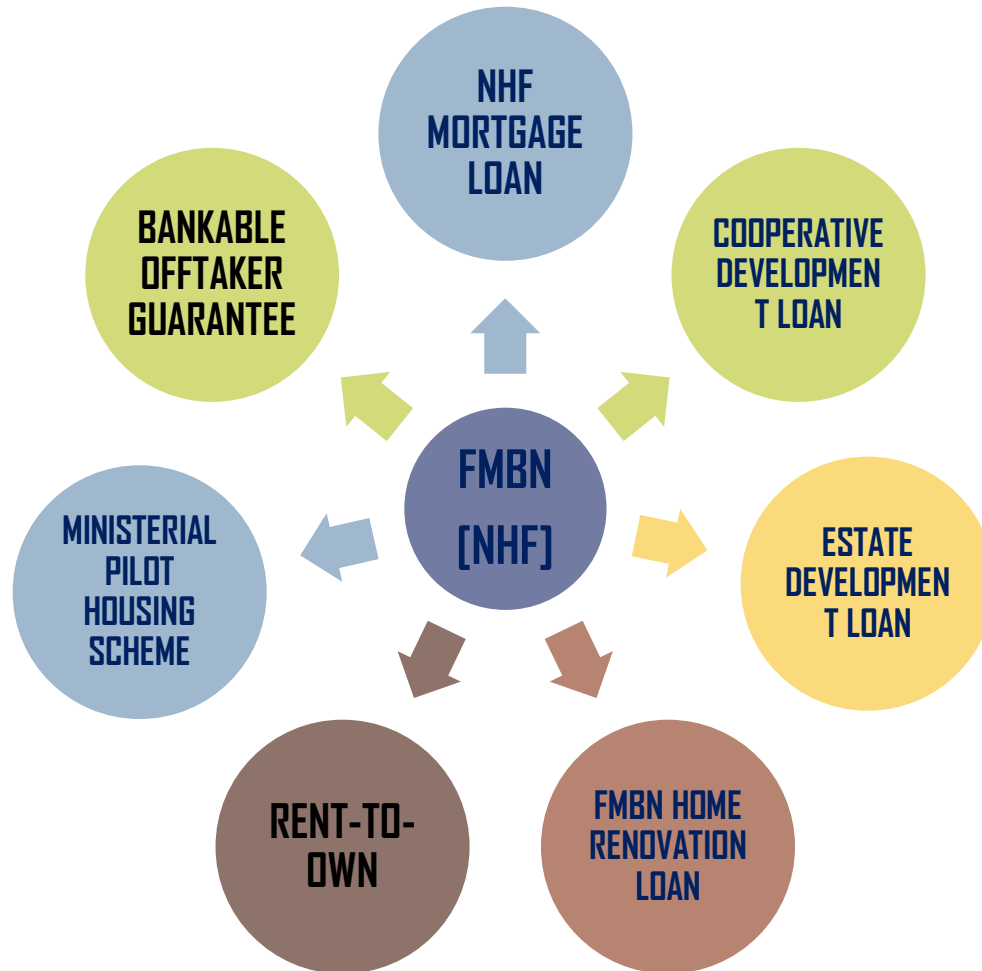


# FMBN PRODUCTS AND SERVICES



- ✓ FMBN loan portfolio addresses
  - ✓ Mortgage financing
  - ✓ Construction financing
  - ✓ Housing micro-loans
- ✓ Wide range of loan purposes for individuals
  - ✓ Purchase, construction, renovation and rent
- ✓ Most affordable interest rate of 6%
- ✓ Maximum mortgage loan amount of ₦15m

# FMBN PRODUCTS AND SERVICES



- ✓ Reduced equity contribution for mortgages
  - Under ₦5m – zero equity!
  - Over ₦5m – just 10%
- ✓ Convenient loan repayment terms
  - ✓ From monthly income
- ✓ No additional collateral required for mortgaged property
- ✓ NHF contributions refundable with interest!

# FMBN's PARTNERSHIPS & COLLABORATIONS

- ▶ **FEDERAL INTEGRATED STAFF HOUSING (FISH) PROGRAMME**
  - ▶ FMBN is collaborating with the Office of the Head of the Civil Service of the Federation
  - ▶ to provide mortgages to federal public servants
  - ▶ Assisting partner-developers access construction funding



# FMBN's PARTNERSHIPS & COLLABORATIONS

- ▶ **MINISTERIAL PILOT HOUSING SCHEME (MPHS)**
  - ▶ This is a public-private partnership (PPP) housing programme coordinated by the Federal Ministry of Power, Works & Housing with private estate developers
  - ▶ It has delivered about 3,000 housing units in 32 mass housing projects nationwide





# FMBN's PARTNERSHIPS & COLLABORATIONS

- ▶ **WORKERS' HOUSING SCHEME**
  - ▶ This is in partnership with labour centres
    - ▶ Nigeria Labour Congress (NLC)
    - ▶ Trade Union Congress (TUC) and
    - ▶ Nigeria Employers' Consultative Association (NECA)
  - ▶ to deliver affordable houses to Nigerian workers in a scheme to be formally launched within the 4<sup>th</sup> Quarter of 2018.



# FMBN's PARTNERSHIPS & COLLABORATIONS

- ▶ **Disbursement of Home Renovation Loan to Federal Public Servants**
  - ▶ This is through the Federal Government Staff Housing Loans Board (FGSHLB)
  - ▶ Covers public servants in all MDAs
  - ▶ So far, advanced home renovation loans worth N1.7 billion to 2,017 federal public servants



# STRENGTHENING THE FMBN: OUR BILLS BEFORE THE NATIONAL ASSEMBLY

- ▶ The Bill to Amend the FMBN ACT: this seeks to change the ownership structure, recapitalise the Bank and make space for labour representation on the Board.
- ▶ The Bill to Amend the NHF ACT: seeks to make the scheme more robust, provide stiffer penalties for non-compliance and create a sustainable development levy to deepen the funding capacity of the Fund.



# NHF REFUND OF CONTRIBUTIONS

- Conditions
- Requirements
- Processes

## CONDITIONS FOR NHF REFUND

- ▶ **Retirement**
  - ▶ Attainment of the age of 60 years
  - ▶ After 35 years in service
- ▶ **Incapacity to continue contributions to the NHF Scheme**
  - ▶ Due to ill-health
- ▶ **Death**
  - ▶ Application will be made by next-of-kin

## NHF REFUND DOCUMENTATION REQUIREMENTS

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1. Applicant's Letter of Application for NHF Refund
2. NHF Refund Form
  - ▶ Duly completed, signed and stamped by the organization
3. Original NHF Passbook
  - ▶ Updated, signed and stamped by the organization
4. Employer's Applications For NHF Refund on Applicant's behalf
  - ▶ i.e. Employer's introduction letter
5. Bank details form
6. Employer's letter of confirmation that applicant is no longer on the payroll

## Additional Documentation in case of retirement

1. Copy of retirement letter
2. Letter of first appointment or copy of official gazette publication
  - ▶ in case of 35yrs in service
3. Birth certificate/declaration of age
4. Bank account details (10-digit NUBAN) – attach one of the following to confirm account number:
  - ▶ Photocopy of bank statement (page showing name & NUBAN number)
  - ▶ Photocopy of cheque leaflet (showing NUBAN number)
  - ▶ Banker's confirmation of account details
5. Confirmation that the account is not dormant (mandatory)

## NHF REFUND PROCESS

1. Meet MDA Desk Officer to obtain forms
  - ▶ NHF Refund Application form + bank details form
2. Complete forms & attach required documents
  - ▶ Personal Application letter
  - ▶ Birth Certificate/Age declaration
3. If no passbook, pay ₦100 for passbook replacement
4. Submit all documents to MDA Desk Officer
5. MDA Desk Officer liaises with MDA Finance Dept to update records of contributions in NHF passbook
  - ▶ If NHF registration records are duplicated, MDA Desk Officer will request FMBN to merge account records
6. **NHF REFUND PROCESS TAKES MAX OF 3 MONTHS!**



# FMBN's HOUSING FINANCE SCORECARD

- **22,653** registered organisations
- **4,699,503** registered contributors
  - **1,110** cooperative societies and
  - **21,853** cooperative members
- Total of **₦185 billion** credit disbursement
- Construction of **26,002** housing units financed
- **18,476** NHF mortgage loans granted to NHF contributors
- **13,993** housing micro-loans of about **₦11.5 billion** disbursed
- **13,750** mortgages of **₦32 billion** refinanced under Mortgage-Backed Bond Programme on sale of non-essential residential houses in FCT (FG Monetisation policy)
- Over **₦21.4 billion** refunded (paid back) to **216,650** retirees



# CONCLUSION

- More detailed information available through:
  - Bank's website [www.fmbn.gov.ng](http://www.fmbn.gov.ng)
  - Enquiries at FMBN field offices located in each state capital of the country
  - Via NHF Desk Officers of each MDA
- Appreciation to the BPSR under the leadership of the Ag. Director General, Mr. D. I. Arabi, for the invitation to speak on loan opportunities and details of NHF refund.
- I re-assure you of FMBN's willingness to continue to partner with you on improving service delivery as well as improving the welfare of federal public servants nationwide.
- Thank you for listening



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- ▶ **Interested Participants can access a copy of this Presentation @ [www.bpsr.gov.ng](http://www.bpsr.gov.ng)**



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*...everyone deserves a home*

