

AFFORDABLE HOUSING LOAN SCHEME REGULATION

Unofficial Translation

(Effective 20 August 2017)

Note: As Amended by First Amendment to the Affordable Housing Loan Scheme Regulation, effective 2nd August 2018

AFFORDABLE HOUSING LOAN SCHEME REGULATION

(REGULATION NO. 2017/R-69)

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| Introduction and citation | <ol style="list-style-type: none">1. (a) This Regulation is issued pursuant to Section 32 and 38 of the Maldives Monetary Authority Act 1981 (Law No 6/81).(b) This Regulation shall be cited as ‘Affordable Housing Loan Scheme Regulation’. |
| Scope of application | <ol style="list-style-type: none">2. This Regulation shall be applicable to all banks operating in Maldives, and finance companies determined by the MMA. |
| Affordable Housing Loan Scheme | <ol style="list-style-type: none">3. (a) All banks and finance companies shall implement an 'Affordable Housing Loan Scheme' in accordance with this Regulation.(b) The ‘Affordable Housing Loan Scheme’ stipulated in subsection (a) of this section shall remain in effect for 3 (three) years. |
| Quota of loan portfolio allocated for the Scheme | <ol style="list-style-type: none">4. (a) Unless otherwise determined by the MMA, a minimum share of 10% (ten percent) of the total loan portfolio of each member institution shall be loans given under this Scheme.(b) MMA shall inform all member institutions of the date or dates by which the loan quota stipulated in subsection (a) of this section should be attained. MMA may set different dates for different member institutions based on the volume of loans given for home purchase and construction in the institution’s loan portfolio. |
| Maximum annual rates chargeable on loans under the Scheme | <ol style="list-style-type: none">5. (a) Based on the share of equity or down payment invested by the borrower, member institutions shall not charge an annual interest rate or financing rate higher than the rates given below:<ol style="list-style-type: none">(1) If the equity or down payment is 20% or more, a maximum rate of 5.0%;(2) If the equity or down payment is between 10% and 20%, a maximum rate of 5.5%;(3) If the equity or down payment is between 5% and 10%, a maximum rate of 6.0%.(b) Loans under the Scheme for which the down payment or equity component is guaranteed by the Maldives Retirement Pension Scheme or by a fund set up by the MMA, shall be considered as having the down payment or equity component invested, and such |

loans shall be not be charged an interest rate or financing rate higher than the rates provided in subsection (a) of this section.

- (c) No member institution shall increase the interest rate or financing rate on any loan under the Scheme for the first 10 (ten) years of the loan's tenure. After the first 10 (ten) years member institutions may only increase the rates in accordance with the requirements and rates approved by MMA, and only if an increase is warranted based on changes in the market.

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| Tenure of loans | 6. Unless otherwise determined by the MMA, the tenure of loans under the Scheme shall not be less than 20 (twenty) years. However, the tenure may be reduced at the borrower's request. |
| Loan's Equity or Down Payment | 7. If the share of equity or down payment proposed by the applicant of the loan is an amount stipulated in (1), (2) or (3) of section 5(a), and the loan application satisfies the eligibility criteria for obtaining loans as maybe set by member institutions, then the member institutions shall grant the loan with such down payment or equity. However, member institutions may require more equity or down payment from the applicant if the member institutions can ascertain that the applicant is capable of providing more equity or down payment. |
| Mortgage | 8. Member institutions shall not condition or require the applicant of a loan to provide any additional security or mortgage other than the mortgage over the property being bought or constructed. |
| Eligibility criteria for loans under the Scheme | 9. The eligibility criteria for obtaining loans under the Scheme shall be determined by MMA, and informed to all member institutions of the Scheme. |
| Administrative penalties | 10. In any case where it is determined or where there is reason to believe that a member institution has violated the provisions of this Regulation, MMA may impose an administrative penalty of no more than 2,000 (two thousand) Rufiyaa on a daily basis until the violation has ceased or compliance is obtained. |
| Commencement | 11. This Regulation shall come into effect from the date of publication in the Government Gazette. |
| Definitions | 12. In this Regulation, unless otherwise specified:

"Bank" means a bank licensed under law no. 24/210 (Maldives Banking Act).

"MMA" means the Maldives Monetary Authority established under the Maldives Monetary Authority Act (Law no. 6/81).

"Finance companies" means all non-bank financial institutions licensed by MMA that provide loans or credit facilities. |

“Member institutions” means all institutions under section 2 of this Regulation for whom this Regulation is applicable.

“Scheme” means the Affordable Housing Scheme established under Section 3 of this Regulation.