

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 moneys required or prescribed by this Act Shall be paid into the fund.

2. Aims and objective of the fund.

The aim and objective of the fund shall be –

- a) Facilitate the mobilization of the fund for the provision of houses for Nigerians at affordable prices.
- b) Ensure the constant supply of loan to Nigerians for the purpose of building, purchasing and improving of residential houses.
- c) Providing incentive 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 fund between the housing sector and other sectors of the Nigerian economy and
- f) Provide long term loan 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 the public and private sectors.
- b) Investment in fund by commercial and merchant banks;
- c) Investment in the fund by insurance companies registered under the insurance act;
(Cap 117)
- d) Financial contributions by the Federal Government for long-term loans.

4. Contribution by Nigerian workers.

- a) A Nigerian worker that earns N3,000 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.
- b) An interest rate of 4 percent shall be payable on the contributions made subsection (1) of this section.

5. Contributions by banks e t c.

1) Every commercial or merchant bank shall invest in the fund 10 percent of its loan and advances at an interest rate of 1 percent above the interest 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 fund in real property development of which not less than 50 percent shall be paid into the fund through the 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 provision of this act

(1991 no 58.)

6. Contributions by the Federal Government.

I. The Federal Government shall make adequate financial contribution to the fund for the purpose of granting of long term loans and advance for housing development in Nigeria.

II. The Federal Government may also make such other sums either in naira or foreign currency to the fund as it may deem necessary.

7. Management of the fund e t c

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 institution;

b) the aim ,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 that is registered under the mortgage institutions act (in this act referred as “mortgage institution”) shall utilize proceed from the fund to finance mortgage lending in accordance with the provision of this Act and the mortgage institution act.

(Cap. M 19.)

9. Deductions by employers from monthly salary workers.

- (1) An employer who has in his employment an employee earning a basic salary of N3.00 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 (1) of this act and within one month 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 commercial and merchant banks the end of every year and not later than month thereafter, the percentage of their contribution the fund as specified in section 5 (1) of this Act.
- (2) The central bank of Nigeria shall within two month 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 account 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 ground by which the commissioner for insurance may cancel the registration of insurance company in default.

13. Bank to pay the money receive 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 fun.

- (1) A mortgage institution duly licensed under the mortgage institutions Act shall qualified for loan from the fund, on such term and conditions as the minister may, from time to time, by regulations published in the gazette specify.

(Cap M 19.)

- (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 specified 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 obtain 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 sale and administration agreement to be executed between the bank and mortgage institution.
- (3) The sale and administration agreement referred to in subsection (2) of this section shall be registered in the land registry along with the deed of assignment of mortgages to which the agreement relate.

16. Interest rate.

- (1) The loan made by bank shall be 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 percent point above its borrowing point.
- (4) Mortgage institution shall be allow a minimum of spread of four percent point above the rate charged be the bank.

17. Refund to a contributor after retired from the office e t c.

Any contributor who has not obtained a house 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 time to office, books of account and documents relating to deduction made in accordance with this Act by any employer or information for the purpose of this Act.

19. Rendering of accounts.

- (1) the bank shall render a periodic account on the found to the Central Bank of Nigeria in such form as the minister may direct.

- (2) The bank shall render annual return to all contributors showing 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 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 salary of his employees as required by this Act; or
 - (b) deduct any sum of money from basic salary of his employees for the purpose of the fund and fail 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 fine of N50,000; and
 - (b) an individual who is a staff in the employment of an employer and who is authorized to make the imprisonment for a term of five years or to both such fine and imprisonment.
- (3) Self – employed people who fail to make deduction or deducts and fail 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 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 of fine of N5000 or to imprisonment for a term of one year or to both such fine and imprisonment.
- (5) The institutions of proceeding 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 deducted by him for the purpose of the fund.

21. Offence of making a false statements or misrepresentation, etc.

A person who for the purpose of evading payment of obtaining any benefit for himself or some other under person under the fund knowingly makes _

- (a) Any false statement; or _
- (b) Misrepresentation ; or _

- (c) Produce 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 for the conviction to a fine of N10, 000 or to 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 fine of N50, 000.

(b) an individual to a fine of N 50,000 or imprisonment for the 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.

23. Jurisdiction.

The Federal high court shall have jurisdiction to try all offence under this Act.

