

Reg No.: [2016/R-50  
[1 August 2016]

**Regulation on collateralization of accumulated Savings in the Pension Fund for  
Home Purchase Financing  
[A Translation]**

**Chapter 1  
Introduction**

Title and Introduction	1.	(a)	This regulation is prescribed for the purpose of specifying the policies, procedures and administrative arrangements in relation to collateralization of funds in the Retirement Savings Account (hereinafter RSA) of a member of the Maldives Retirement Pension Scheme (hereinafter MRPS).
		(b)	This regulation is prescribed for determining the procedure for collateralization of funds in members RSA under the member's name, in accordance with Law No. 8/2009 (The Maldives Pension Act) and this regulation, for the purpose of down payment for facilitating purchase of completed housing units offered publicly offered.
		(c)	The title of this regulation shall be "Regulation on collateralization of accumulated savings in the Pension Fund for home purchase financing."

Power of prescribing regulation	2.		This regulation is prescribed and published under Section 6 (i) and section 27 (a) of Law No. 8/2009 (Maldives Pension Act).
Jurisdiction	3.		This regulation shall be enforced upon all members of the MRPS and all service providers entering agreements with Pension Office in accordance with this regulation.
<p><b>Chapter 2</b></p> <p><b>Members qualifying the criteria for collateralization</b></p>			
Members qualifying the criteria for collateralization	4.		Members of the MRPS intending to purchase housing units for dwelling purpose in accordance with Law No 8/2009 (Maldives Pension Act) and this regulation shall be deemed as a member qualifying the criteria for the purpose, where the member meets the following criteria.
		(a)	Shall be a member of the MRPS and having funds in the RSA of the member, in accordance with a procedures as determined by the Pension Office.
		(b)	Shall not be a person receiving retirement benefit from the MRPS.
		(c)	Shall be a person who has been granted a loan facility for the purpose of housing purchase as determined in the pension act and notified to pension office by the financial institution licensed by Maldives Monetary Authority

		(d)	Shall be a member declaring consent to collateralize funds in the RSA for down payment of a home finance loan.
		(e)	Shall be a Maldivian citizen and not reached 60 (Sixty) years of age in the calendar year.
		(f)	Shall be a person who is capable of full settlement of the loan prior to reaching 65 (Sixty Five) years of age.
allowable loans for collateralization	5.	(a)	A loan allowable under this scheme shall be a loan for transactions for which the the collateralization criteria is met and issued by financial institutions that has entered an agreement for the purpose of administering this scheme with the Pension Office and accepts collateralized funds as down payment.
<p><b>Chapter 3</b></p> <p><b>Transactions qualifying for collateralization</b></p>			
Qualifying transactions	6.		A transaction shall be deemed as a qualified transaction for the purpose of collateralization of pension funds for home purchase financing, where the transaction meets the following conditions.
		(a)	homes which shall be completed and publicly offered and which will be handed over to the member on completion.

		(b)	housing units intended is for dwelling purpose.
<p><b>Chapter four</b></p> <p><b>Amount of funds that can be collateralized</b></p>			
Amount of funds that can be collateralized	7.	(a)	Members of the MRPS intending to purchase housing for dwelling purpose, shall be entitled to collateralize funds in the RSA account of the member, in accordance with the amounts prescribed in the Schedule of this regulation.
		(b)	Where the down payment amount for the loan for home purchase financing for the purpose of this regulation is less than the amount calculated in accordance with the Schedule of this regulation, the amount collateralized shall be equivalent to the amount of the down payment. And not the amount calculated in accordance with the Schedule.
		(c)	Under this scheme, funds shall only be collateralized from the RSA account with housing development financing institutions licensed by Maldives Monetary Authority having a pre-existing service level agreement with the Pension Office.
<p><b>Chapter 5</b></p> <p><b>Administrative Arrangements</b></p>			

Administrative arrangements	8.	Prescribed below are administrative arrangements that need to be met by members of the MRPS intending to collateralize funds in the RSA account of that member to purchase a home for dwelling purpose.
		(a) Persons intending to purchase housing units permitted under this regulation shall complete and submit to the lending institutions, loan application forms issued by the lending institutions to obtain the loan required for this purpose.
		(b) On request by a member intending to obtain a loan by collateralizing funds, Pension Office shall provide in writing to the member the amount of funds that is available to be collateralized to obtain the loan.
		(c) The Pension Office shall release to the loan issuer, the collateralized amount of members who have obtained a loan in accordance with subsection (a) of this section. Pension Office shall monitor all matters relating to the collateralized funds in accordance with the agreement made between the loan issuer and Pension Office.
		(d) Pension Office shall make arrangements to ensure that the details of the amount including accrued income if any of funds collateralized by a member who has been approved a loan in accordance with subsection (b) of this section are clearly shown in the RSA of the member.
<b>Chapter 6</b>		

<b>Procedure for dealing with collateralized funds</b>			
Procedure for dealing with collateralized funds	9.	Funds collateralized under this regulation shall be dealt with in the manner prescribed below.	
		(a)	If funds are collateralized from the RSA in accordance with this regulation, Pension Office shall maintain separate records of the amount collateralized from the RSA.
		(b)	Procedure to be followed in the event of a default of the loan and the sale of housing unit is as prescribed below.
		1.	On default of a loan obtained through this scheme, the housing unit kept as security for the loan shall be sold first to recover the loan amount.
		2.	Where the sale of the housing unit on default of the loan is insufficient to recover the loan amount, the balance amount to settle the loan shall be released from the collateralized amount to the loan issuer. If the amount calculated in this manner is the equivalent to the sum total of the collateralized amount, the maximum amount that shall be released to the loan issuer shall be the full-collateralized amount.
		3.	Balance of funds remaining after releasing the amount required to be paid to the loan issuer on the occurrence of the circumstance prescribed in

			section 9 (b) 1 of this regulation shall be deposited to the RSA of the member.
		C	4. Collateralized funds of a member of the MRPS shall be withheld and will not be available as pension benefits or for any other purpose, until the loan has been settled in full.
<p><b>Chapter 7</b> <b>Miscellaneous</b></p>			
Miscellaneous	10.	(a)	Where two or more members obtain a loan to purchase housing units, the two or more members may collateralize by pooling the funds in their respective RSA's. Under this circumstance, each of these members shall be a member who has been accepted as meeting the criteria of a co-applicant by the loan issuer.
		(b)	In the circumstance prescribed in subsection (a) if this section, the loan issuer shall inform the Pension Office that the members meet the criteria of co-applicants.
	11.		Funds in the RSA of a member may be collateralized under this regulation once.
	12.		A member intending to collateralize funds in the Pension Fund for purchasing a housing unit for dwelling purpose shall be deemed a member with financial capacity if the member has been accepted for eligibility for loan by a housing development

		financing institution licensed by the Maldives Monetary Authority, which has a pre-existing service provider agreement with the Pension Office for the purpose of administering this scheme.
	13.	Unless otherwise prescribed in this regulation, all terms and phrases used in this regulation shall have the meaning prescribed for the terms and phrases in law no 8/2009 (Maldives Pension Act).
	14.	This regulation shall come into effect on publication in the government gazette.
	15.	Maldives Pension Administration Office shall have the power to amend this regulation.
	16.	Unless otherwise prescribed in this regulation, the following terms shall have the meanings prescribed herein.
	(a)	“RSA” shall mean an account maintained separately, reflecting all contributions made by and/ or on behalf of a member of the Maldives Retirement Pension Scheme under Law No 8/2009 (Maldives Pension Act), and return on investments from the funds, and permitted expenses.
	(b)	“MRPS “Maldives Retirement Pension shall mean a payment to Participants from the Retirement Savings Account in the form of an Annuity under this Act, or a life time pension to Participants through another form of payment mechanism under this Act.



		(c)	“Retirement Benefit” shall mean pension paid under the Maldives Retirement Pension Scheme on retirement from employment in accordance with Law No 8/2009 (Maldives Pension Act).
		(d)	“Housing units” shall mean completed row house, flats and housing units publicly offered.
		(e)	“Public Offer/Open Market” shall mean a transparent mechanism open widely to the public, to facilitate purchase of housing units to interested parties and where sellers of the housing units are clearly identifiable. This includes housing schemes run by the government as well as the private sector.
		(f)	“Pension Office” shall mean the Maldives Pension Administration Office established under Law No 8/2009 (Maldives Pension Act).

**Schedule**

**Amount of funds that may be collateralized**

<b>Age group</b>	<b>Percentage by which funds in the RSA may be collateralized</b>
16 to 35 years of age	100%

36 to 49 years of age	80%
50 to 60 years of age	50%