



**18<sup>th</sup> November 2021**

**PENSION MORTGAGE RULES SUMMARY**

- 1) Members can assign up to 60% of their accrued benefits for purposes of issuing a guarantee/collateral to an institution for the following reasons.
  - a) Acquire immovable property on which a house has been erected;
  - b) Erect a house on immovable property in respect of which the member has or the member and his spouse have obtained ownership or have the right to ownership through occupation;
  - c) Add, alter or carry out repairs to a house which is owned by either the member or the member's spouse;
  - d) Secure financing or waiver, as the case may be for deposits, stamp duty, valuation fees and legal fees (but excluding arrangement and commitment fees) and any other transaction costs required in the course of acquisition of the immovable property on which the house has been erected.
  
- 2) Requirements for assigning accrued benefits.
  - a) Member does not have another outstanding mortgage facility secured by the Scheme
  - b) Assignment is for fresh and not on-going mortgages.
  - c) Apply to the trustees in writing giving particulars of the institution to which the assignment is to be made;

- d) Attach to the application form, copies of the documents relating to the mortgage facility which the member seeks to secure;
  - e) Attach copies of the Sale Agreement, and other documents relating to the sale (in the case of mortgage financing a purchase);
  - f) Provide a copy of the title or other documents confirming ownership;
  - g) Provide a copy of the letter of offer to grant a facility addressed to the member from the institution;
  - h) In respect to a facility for purposes of erection, alterations or improvements, a member shall also provide the approved plans;
  - i) Execute a Deed of Assignment of Benefits in respect to the portion being assigned in favor of the Scheme and pay the requisite stamp duty that shall be assessed on the Deed.;
  - j) Provide an indemnity to the trustees and the Scheme, indemnifying them against any costs that may be incurred to defend any litigation or otherwise deal with a dispute regarding a facility
  - k) Provide such other information as the trustees may require enabling them to consider the application;
  - l) Adequate insurance arrangements have been made in respect of the loan and the property for which the loan is or to be advanced.
- 3) In case of default of the loan guaranteed by scheme funds, the primary collateral is the house (if the property is in an urban area) or the guaranteed scheme funds (if the property is in a rural area).

***Attachment: Application form***