



RESERVE BANK OF FIJI

HOUSING FACILITY GUIDELINES

**(For the use of Commercial Banks, Licensed Credit Institutions, Fiji
Development Bank and Housing Authority)**

Issued 01 August 2017

Financial Markets Group

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1. Introduction

The challenge of ‘housing affordability’ in Fiji is similar to many developing economies and can be characterised into two main challenges. Firstly, the supply of formal housing does not keep up with demand; this is across the economic spectrum of upmarket properties to middle range and housing for the lowest income households. Secondly, whatever supply of housing there is has a limited reach for a host of factors particularly affordability and related to this is financing and credit requirements.

Government plays the main role in addressing the housing affordability issue particularly in terms of supply however, the Reserve Bank recognises that this is an immense challenge and requires multi-faceted approaches and solutions. This has been the premise underpinning the Reserve Bank special facilities including this Housing Facility (hereinafter referred to as **the Facility**).

Subsequently in August 2012, the Reserve Bank established the Facility with Housing Authority to assist low income earners purchase their first home. The Reserve Bank is now increasing this facility to \$60 million and extending “**approved lenders**” to include Commercial banks; licensed credit institutions (LCI)¹ and the Fiji Development Bank (FDB).

Approved lenders may access advances under this Facility at 1 percent interest per annum and on lend this to eligible house owners at a maximum interest rate of 5 percent per annum for a maximum term of five (5) years.

To be eligible, applicants must meet the credit requirements with an approved lender, are purchasing or refinancing their first home and, earn \$50,000 or less at the time of lodgment of their loan applications.

This Facility is effective and available for use effective 01 August 2017.

2. Approved Lenders

The following institutions may access advances under this Facility:

- i. Housing Authority of Fiji
- ii. Licensed commercial banks
- iii. Licensed credit institutions
- iv. Fiji Development Bank

3. Eligibility

Funds under this Facility will be made available to approved lenders to on lend to borrowers meeting the following eligibility criteria:

¹ LCIs include Credit Corporation Fiji Limited, Merchant Finance & Investment Company Limited, BSP Finance (Fiji) Limited and Kontiki Finance Limited

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- i. Single applicants or joint applicants earning not more than \$50,000 per annum singly or jointly at the time of application;
- ii. Purchasing of a first home or property;
- iii. Refinancing of the first home or property from another approved lender;
- iv. Meeting all other standard housing loan credit requirements of the approved lender.

4. Loan Application

Preferably, applications for advances under this Facility must be submitted three (3) working days before the proposed drawdown date using a copy of the attached Housing Facility Application Form.

For ease of administration, the Reserve Bank may accept bulk lodgments and mutually agree on timing of repayments.

5. Loan Term

The maximum loan term under this Facility is six (6) months but may be rolled over for up to five (5) years on request.

6. Interest Rates

The Reserve Bank will charge approved lenders an interest rate of 1 percent per annum for all advances under this Facility. Interest on all loans is payable twice annually on 30 June and 31 December.

Approved lenders must advance these funds at a maximum spread of 4 percent per annum. Therefore the maximum interest rate that can be charged to homeowners will be 5 percent per annum.

The above rate is subject to periodic review. RBF reserves the right to make changes in line with movements in market interest rates.

7. Loan Disbursement

Upon approval, the advance will be credited to the approved lender's nominated account² with the Reserve Bank.

² Commercial bank's exchange settlement account, the FDB and HA call accounts, LCI's advance account .

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8. Repayment

All advances under this Facility are due and repayable on maturity. In instances where the Facility is rolled-over, only interest due must be paid twice³ annually on 30 June and 31 December.

Should a borrower effect settlement or refinanced within the agreed term, the approved lender is required to immediately reimburse the funds advanced under this Facility to the Reserve Bank.

9. Approved Lenders Responsibility

Granting of the loans is at the discretion of the approved lender. Eligible applicants are subject to their lending institution's credit requirements since the institution bears the credit risk without recourse to the RBF.

In the case of default, the approved lender's account with the Reserve Bank will be debited with the total outstanding amount loaned and the interest owing.

10. Exceptions and Clarifications

The Reserve Bank undertakes to exercise reasonableness and accord due consideration in case there is any doubt or queries arising from these guidelines. However, regrettably our decision, once taken, will be final.

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³ Section 38(d) of the Reserve Bank of Fiji Act (Cap 210) allows advances to RBF account holders for periods not exceeding 183 days.

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HOUSING FACILITY APPLICATION FORM

Application Details	
Name	
Address	
Location of Property	
Phone/ Mobile	
Fax/ Email	
Funding Details	
Total Funding Required (\$)	
Estimated Funding Duration	
Proposed Drawdown Date	
Declaration of the Applicant(s)	
I/ We hereby certify that the information provided is true and correct to the best of my knowledge.	
Name:.....	Signature:.....
Title:.....	Date:.....
Name:.....	Signature:.....
Title:.....	Date:.....
<i>Names and Signature(s) of applicant(s).</i>	
Lending Institution Verification	
Institution Name	
Branch	
Assessing Officer	
Declaration of the Lender	
I hereby certify the above applicant (s) has fully satisfied all the conditions outlined under the Housing Facility.	
Name of Assessing Officer	
Signature	
Date	
<p>Note:</p> <p>1. Loans under the Housing Facility are only offered to first home owners that earns up to \$50,000 per annum.</p> <p>2. In the event that the lender is unable to pay the RBF on the specified date, the RBF will debit the respective lending institution's ESA/Call/Advance account for the total outstanding advance, including interest accrued.</p> <p>3. Completed forms to be submitted to Manager Domestic Markets, Tower 2, Reserve Bank of Fiji.</p>	