

Law No.: [7/2016]

28 April 2016

Third Amendment Act to Law No 8/2009 (Maldives Pension Act) <i>[A Translation]</i>			
Making the following amendments to Law No 8/2009 (Maldives Pension Act).			
1. Incorporating the following subsection below section 6 (i) of the referred Act			
	6.	(j)	Administering a home financing collateralization scheme aimed at members of the Maldives Retirement Pension Scheme in accordance with this Act and making agreements with relevant parties for the purpose of administering the scheme. And prescribing regulation to govern such agreements and the manner in which the scheme is to be operated.
2. Incorporating a chapter and sections as follows below section 24 of the referred Act.			
Collateralization of Accumulated savings in the Pension Fund			
Collateralization of down payment for housing schemes	25.	(a)	Accumulated savings under a persons name in the pension fund may be collateralized as down payment in accordance with this Act, and a regulation formulated under this act for the purpose of purchasing housing units sold completed and publicly offered.
		(b)	Unless otherwise prescribed by this Act or any other law, collateralized funds shall be deemed set-aside for

			the benefit of the lender or the party accepting the collateral in the event of default.
		(c)	The Pension Office shall maintain a separate record of the funds collateralized under this Act.
Main conditions and procedures for collateralization	26.	(a)	Accumulated savings from the pension fund may only be collateralized in accordance with this Act for home purchase loans made through a bank, housing development and financing companies or any other similar financial institution.
		(b)	Funds collateralized under this Act shall be funds required solely for the purpose of down payment of the loan. Other than funds required for down payment of a loan, collateralized funds from the pension fund shall not be used to pay for loan interests or any other expenses.
Collateralization procedure	27.	(a)	Regulation on collateralization of pension funds shall be prescribed and published by the Pension Office Board within 03 (Three) months from the date of commencement of the Third Amendment Act to law No 8/2009 (Maldives Pension Act).
		(b)	The Pension Board shall in the regulation prescribed under subsection (a) of this section, specify manner in which the financial capacity of the person be determined for purchasing the house, procedures for retirement of a person who has collateralized funds and all other relevant procedures to be followed.

Determination of the collateralizable amount	28.	(a)	Collateral guarantee provided under this Act shall be an amount equivalent to the down payment amount and shall not in any circumstance exceed that amount. Pension Office Board shall ensure that all relevant documents guarantee this provision.
		(b)	Funds collateralized from the pension fund shall not be expensed (used), unless in a circumstance as stated pursuant to a collateral agreement.
3. Adding the following definition to section 25 of the referred Act.			
	25.		“Collateralization” shall mean, funds maintained in the pension fund in the retirement savings account of the person taking the loan, at the time a loan is taken for the purpose of housing purchase, for repossession during enforcement of the rights of the lender on default of the loan.
4. Re-numbering the sections of the referred Act following the amendments proposed by this Act.			
5. Amending all reference made to specific sections or a part of a section, in accordance with amendments made by this Act.			
6. This Act shall come into force on date of publication in the gazette, following approval and ratification.			