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CIRCULAR TO ALL BANKS AND OTHER FINANCIAL INSTITUTIONS

REGULATORY AND SUPERVISORY FRAMEWORK FOR THE OPERATIONS OF A MORTGAGE REFINANCE COMPANY (MRC) – APPROVAL TO REFINANCE NON-MEMBER BANKS

The extant Regulatory and Supervisory Framework for the Operations of a Mortgage Refinance Company provides in Section 7.3.1.5 that a mortgage refinance company (MRC) shall not, without the prior approval of the CBN, extend total outstanding credit to any single borrower which is equal to or more than twenty times the value of the borrower's shares with the MRC or 25 percent of its shareholders' funds unimpaired by losses. This provision negatively impacts the mortgages sub-sector as it constrains MRCs from refinancing the mortgages of non-shareholder banks.

Consequently, the restriction on non-member mortgage lenders from refinancing their mortgages with MRCs has been removed. MRCs are hereby permitted to refinance the qualifying mortgages of mortgage lenders that do not hold its equity, subject to compliance with all other relevant provisions specified in the Framework. Accordingly, the provisions of Section 7.3.1.5 is hereby revised as follows: "The MRC shall not, without prior approval of the CBN, extend total outstanding credit to any single borrower which is equal to or more than 25 per cent of its shareholders fund unimpaired by losses."

The above amendment takes immediate effect.

IBRAHIM S. TUKUR

For: DIRECTOR FINANCIAL POLICY AND REGULATION DEPARTMENT