

GUIDELINES
FOR
PRIMARY MORTGAGE INSTITUTIONS

OTHER FINANCIAL INSTITUTIONS DEPARTMENT
CENTRAL BANK OF NIGERIA
LAGOS

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REVISED GUIDELINES FOR PRIMARY MORTGAGE INSTITUTIONS

1. INTRODUCTION

- ii. These revised guidelines are issued by the Central Bank of Nigeria [hereinafter referred to as “the CBN” or “the Bank”] in exercise of the powers conferred on it by the Central Bank of Nigeria Decree 24 of 1991 (as amended) [hereinafter referred to as “the CBN Decree”] and the Banks and Other Financial Institutions Decree No. 25 of 1991 (as amended) [hereinafter referred to as “the BOFID”].
- iii. A Primary Mortgage Institution [PMI] shall be construed as any company that is licensed to carry out mortgage business in Nigeria.
- iv. Mortgage business shall include the following:
 - a. granting of loans or advances to any person for the building, improvement or extension of a dwelling/commercial house;
 - b. granting loans and advances to any person for the purchase or construction of a dwelling/commercial house;
 - c. Acceptance of savings and deposits from the public and payment of interest thereon;
 - d. management of pension funds/schemes;
 - e. offering of technical advisory services for the purchase or construction of a dwelling house;
 - f. performing estate management duties;
 - g. offering of project consultancy services for estate development;
 - h. engaging in estate development through loan syndication, subject to the restriction imposed by the shareholders’ funds unimpaired by losses;
 - i. engaging in property trading including land acquisition and disposal;
 - j. Engaging in other activities which the Bank may approve from time to time.

2. APPLICATION FOR LICENCE

Any person seeking a licence for the operation of a primary mortgage business in Nigeria shall apply in writing to the Governor of the Central Bank of Nigeria. The application shall be accompanied with the following:

- a. a non-refundable application fee of ₦50,000.00 [Fifty thousand Naira only] or any other amount that may be determined by the Bank from time to time in bank draft payable to the Central Bank of Nigeria.
- b. Two [2] copies of detailed feasibility report containing information that will include:
 - i. the objectives and aims of the proposed mortgage institution;
 - ii. the need for the services of the mortgage institution;
 - iii. the branch expansion programme [if any] within the first 5 years;
 - iv. the proposed training programme for staff and management succession plan;
 - iv. a five year financial projection for the operation of the primary mortgage institution indicating expected growth and profitability;
 - v. details of the assumptions which form the basis of the financial projection;
 - vi. the organizational structure of the mortgage institution indicating the functions and responsibilities of the top management team;
 - vii. the composition of the Board of Directors and the curriculum vitae of each member including other directorships held [if any];
 - viii. the conclusions based on the assumptions made in the feasibility report.
- c. two [2] copies of the draft Memorandum and Articles of Association;
- d. a letter of intent to subscribe to the share of the proposed mortgage institution signed by each subscriber;
- e. two [2] copies of the list of proposed shareholders in tabular form showing their business and residential addresses and the names and addresses of their bankers;
- f. no proposed primary mortgage institution shall incorporate/register its name with the Corporate Affairs Commission until an approval in principle has been obtained from the CBN, a copy of which

shall be presented to the Corporate Affairs Commission;

- g. if satisfied with the promoters' submissions, the Bank may call upon the promoters to:
 - i. deposit the prescribed minimum capital in bank draft, payable to the CBN; and
 - ii. submit evidence of payment by each proposed shareholder;
- h. thereafter, the Governor may grant a licence to a primary mortgage institution;
- i. the Bank may at any time vary or review any condition of a licence or impose additional conditions;
- j. where a licence is granted subject to conditions, the primary mortgage institution shall comply with those conditions to the satisfaction of the CBN within such period as the CBN may deem appropriate in the circumstances. Any PMI that fails to comply with such conditions shall be guilty of an offence under BOFID 1991 [as amended].

3. FINANCIAL REQUIREMENTS

The financial requirements which may be varied as the CBN considers necessary are as follows:

- a. Minimum paid-up share capital - _100 million
- b. Non-refundable application fee - _50,000
- c. Non-refundable licensing fee - _100,000
- d. Change of name fee - _10,000

4. MANAGEMENT REQUIREMENTS

- a. The number of directors on the board of a primary mortgage institution shall be a minimum of three [3] and a maximum of seven [7].
- b. The following minimum qualifications and experience are mandatory for officers who may occupy the key/top management positions in a PMI.
 - i. Managing Director/Chief Executive - a recognised University Degree or Professional qualification with at least 10 years post qualification experience in relevant field.
 - ii. Departmental Head - a recognised University Degree or Professional qualification with at least 5 years post qualification experience in relevant field.

- iii. Support staff - shall be qualified and of proven ability.
- iv. Any person with any other qualifications or experience that may be considered adequate by the CBN can hold any of positions [i], [ii] and [iii] within the institution.
- v. Every PMI shall be required to obtain approval of CBN for its organisational structure and top management team.

5. CONDITIONS PRECEDENT TO THE COMMENCEMENT OF OPERATIONS

- i. The promoters of a PMI shall submit the following documents to the CBN before such company is permitted to commence operations.
 - a. Certified True Copy of the shareholders' register in which the equity interest of each shareholder is properly reflected [together with the original for sighting].
 - b. A copy of the share certificate issued to each shareholder.
 - c. Three [3] certified true copies of Form C02 [Return of Allotments] filed with the Corporate Affairs Commission.
 - d. Three [3] certified true copies of form C07 [Particulars of directors] and written confirmation that the Board of Directors approved by the CBN has been installed.
 - e. Three [3] certified true copies of the Memorandum and Articles of Association filed with the Corporate Affairs Commission.
 - f. The opening statement of affairs audited by an approved firm of accountants practicing in Nigeria.
 - g. Three [3] certified true copies of the certificate of incorporation of the company [together with the original for sighting purposes only].
 - h. Two [2] copies of letters of offer and acceptance of employment by management staff and a written confirmation that the management team approved by the CBN had been installed.
- ii. The PMI shall inform the CBN of the location and address of its Head Office.
- iii. The PMI shall be informed in writing by the CBN that it may commence business after physical inspection of its premises.

- iv The PMI shall inform the CBN in writing of the date of commencement of business.

6. SOURCES OF FUNDS

The sources of funds of a PMI shall consist of the following:

- i. Equity paid-up share capital and reserves.
- ii. Debenture/other loans.
- iii. Funds from NHF.
- iv. Deposits.

7. RENDITION OF RETURNS

In compliance with the provisions of sections 58[2] [b] of BOFID the following returns are to be submitted to the Bank by every primary mortgage institution:

- A. Approved Annual Operational Budget.

B. Monthly:

- i. statement of assets and liabilities;
- ii. report on interest rates;
- iii. schedule of other liabilities [should include breakdown of other liabilities];
- iv. breakdown of other liabilities;
- v. schedule of other assets;
- vi. breakdown of other assets;
- vii. schedule of placements with banks in Nigeria;
- viii. schedule of takings from banks;
- ix. schedule of takings from other financial institutions;
- x. schedule of commercial papers;
- xi. schedule of money at call with banks;
- xii. schedule of money at call from banks;
- xiii. schedule of placement with other financial institutions;
- xiv. schedule of money at call with other financial institutions;
- xv. schedule of money at call from other financial institutions;
- xvi. schedule of loans and advances to banks in Nigeria;
- xvii. schedule of loans and advances from banks in Nigeria;
- xviii. schedule of loans and advances to other financial institutions in Nigeria;

- xix. schedule of loans and advances from other financial institutions in Nigeria;
- xx. schedule of Bankers Acceptances;
- xxi. schedule of other creditors;
- xxii. schedule of current account balances with banks in Nigeria;
- xxiii. schedule of current account balances due to banks in Nigeria;
- xxiv. schedule of credit approvals and disbursement by sub-sector;
- xxv. report on undrawn commitments;
- xxvi. funds sources and interest costs;
- xxvii. report on deposit ownership;
- xxviii. report on lending above statutory limit;
- xxix. report on dismissed/terminated staff;
- xxx. returns on fraud and forgeries.

C. Quarterly:

- a. Management accounts;
- b. Schedule of non-interest income;
- c. Schedule of non-performing credit;
- d. Schedule of non-performing other assets;
- e. Schedule of off-balance sheet engagements [contingent liabilities];
- f. Report on credit to directors and officers of the mortgage institutions;
- g. Report on equity investment and debenture;
- h. Report on top users of funds.

D. Annually:

Audited Financial Statements.

E. Deadline for Submission of Returns:

Every primary mortgage institution shall submit the required returns to the Bank within the period specified as follows:

- a. Approved annual operational budget - not later than 28 days before or after the beginning of the financial year of such primary mortgage institution.
- b. Monthly - not later than fourteen [14] days after the end of each month.
- c. Quarterly - not later than fourteen [14] days after the end of each quarter.
- d. Annually - not later than four [4] months after the end of each accounting year.

8. **PUBLICATION OF AUDITED ACCOUNTS**

- a.i. Every primary mortgage institution shall submit its audited financial statements and the abridged version of the accounts to the Director of Other Financial Institutions Department for approval before publication not later than four [4] months after the end of the company's financial year.
- ii After approval, the primary mortgage company shall publish the accounts in at least one national daily newspaper.
- iii. Every published account shall disclose in detail the penalties paid as a result of contravention of the BOFID and any policy guidelines in force during the year in question and the auditors' report shall reflect such contravention.
- iv A copy of the newspaper in which the approved account is published shall be forwarded to the Central Bank of Nigeria.
- v. Any company that fails to comply with any of the above requirements shall be liable to a fine not exceeding ₦10,000.00 for each day during which the offence continues.
- b.[i] Every audited financial statements must bear te auditors' signatures, seal and certification stamp.
- ii The financial statements must be accompanied with:
 - a. the abridged version of the accounts; and
 - a. the domestic report [management letter] from the approved auditor of the PMI.
- iii. **Audit Opinion on Going-Concern:**

Every audited financial statement of a primary mortgage institution shall contain opinion on the ability of such an institution to continue into the foreseeable future as required by the International Auditing Guidelines No. 23 on going concern.
- iv Any auditor that fails to comply with the requirement of this section shall have its appointment determined by the Bank.

9.[1] **PENALTIES FOR LATE OR FALSE/INACCURATE RETURNS OR OTHER INFORMATION**

- i. Lateness in the submission of return/furnishing any required information, shall attract a fine of

_5,000 per day.

- ii. Persistent failure/refusal to render the required returns in the prescribed form for a period of six [6] months shall be a ground for the revocation of operating licence of a primary mortgage institution.
- iii. Where the Bank considers it necessary, it may appoint a firm of qualified accountants to prepare proper books of accounts or render accurate returns as the case may be for a primary mortgage institution and the cost of preparing the accounts or rendering the returns shall be borne by the primary mortgage institution.
- iv. If any director or officer of a primary mortgage institution fails to take all reasonable steps to ensure that proper books of accounts are kept with respect to all transactions by the company at its Head Office and/or at its branches, the Governor may impose on him a fine not exceeding _50,000.00. If any default in this respect is caused by the wilful act of any director or officer of the primary mortgage institution, the Governor may impose on him a fine not exceeding _250,000.00 or cause the removal of such director or officer of the primary mortgage institution in order to protect the integrity and reliability of the financial system.
- v. Such director or officer of the institution so removed on the ground of lack of transparency and/or unethical practices shall be blacklisted from holding any position either as director or officer in any bank, primary mortgage institution or other financial institution under the supervisory purview of the Central bank of Nigeria.
- vi. Any other directorship held in any bank, primary mortgage institution or any other financial institution before the action in [v] shall accordingly cease forthwith.
- vii. In addition, the Central Bank of Nigeria may impose on the primary mortgage institution such other penalties as are deemed appropriate.

9.[2]

- a. Where a PMI or its director or officer supplies information which he knows to be false or supplies the information recklessly as to its truth or falsity or fails to supply information as required by the Bank or Bank Examiner as the case may be, such PMI or its officer or director shall be guilty of an offence under this section.
- b. For false supply of information or failure to supply the required information appropriate sanctions shall be imposed as follows:

- i. In the case of an institution, a fine of not less than _100,000 or more than _500,000 shall be imposed.
- ii. In the case of a person, a fine of not less than _50,000 or more than _200,000 including other disciplinary action the Bank may deem necessary in the circumstance.

10. PRUDENTIAL REQUIREMENTS

Every primary mortgage institution shall comply with the following prudential requirements:

- a. **Cash Reserve Ratio [CRR]:**A minimum cash reserve ratio of two percent [2%] of deposit liabilities.
- b. **Liquidity Ratio:** A minimum ratio of twenty percent [20%] on specified liquid assets against deposit liabilities. Specified liquid assets shall include treasury bills, fund placements, money at call and short-term investments with not more than 90 days maturity.
- c. **Capital Adequacy Ratio [CAR]:** A minimum capital adequacy ratio of ten percent [10%] against risk assets.
- d. **Mortgage Assets to Total Assets Ratio:**A minimum of thirty percent [30%] of mortgage assets to total assets.
- e. **Mortgage Assets to Loanable Funds Ratio:** A minimum of 60% of loanable funds should be used in the creation of mortgage assets. For the avoidable of doubt, loanable funds shall be construed as the amount of total deposit liabilities of a primary mortgage institution.
- f. **Fixed Assets/Long-term Investments and Branch Expansion:** No primary mortgage institution shall be allowed to finance any of the following other than from the shareholders' funds unimpaired by losses:
 - i. acquisition of fixed assets;
 - ii. equity investments and investment in long-term debentures;
 - iii. branch expansion:
In consideration of request for any or a combination of the above options, reference shall be made to the aggregate value of the listed items against the shareholders' funds unimpaired by losses.

- iv for the avoidance of doubt, the eligible shareholders' funds shall be derived only from the most recent audited financial statement approved by the Bank.
- g. **Maximum equity Investment Holding Ratio:** No primary mortgage institution shall invest more than twenty-five percent [25%] of its shareholders' funds unimpaired by losses in the equity share of any venture or undertakings without the prior approval of the Bank.
- h. **Capital Funds to Net Credit Ratio:** Every primary mortgage institution shall maintain at all times a minimum ratio of 1:10 between its shareholders' funds unimpaired by losses and net credits.
- i. **Minimum Exposure to a Single Borrower [Single Obligor Limit]:** No primary mortgage institution shall grant credit which in aggregate value is more than fifty percent [50%] of its shareholders' funds unimpaired by losses to a single borrower whether individual, group or corporate entities. For avoidance of doubt, the credit as applicable to this section shall include any advance, loan, financial guarantee, credit facility or any other liability; and for the purpose of this section, all advances, loans or credit facilities extended to any person shall be aggregated in the determination of the specified limit and shall include all credits extended to any subsidiaries or associates of a body corporate.
- j. Every director and manager of a primary mortgage institution who during his or her tenure fails to ensure compliance with the prudential requirements for a period of not less than six months without sufficient evidence of efforts being made towards the rectification of the deficiency shall have his appointment determined by the Bank including blacklisting from holding any position in any financial institution under the supervisory purview of the CBN. In the case of a director of a primary mortgage institution who is also on the Board of any other financial institution under the supervisory purview of the Bank, the committal of the foregoing contravention is a ground also for the determination of his continued membership of the Board of such other financial institution.
- k. The bank shall however, inform in writing the Board of every primary mortgage institution of the observed prudential deficiency and shall request it to forward its action plan.
- l. Any contravention or non-compliance with any of the prudential ratios shall be a ground for the revocation of the licence to operate a primary mortgage business.

11. MAINTENANCE OF STATUTORY RESERVES

Every primary mortgage institution shall maintain a reserve fund and shall out of its net profit after

taxation and before any dividend is declared, transfer to the statutory reserves:

- a. where the reserve fund is less than the paid-up share capital, a minimum of 20% of the net profits; or
- b. where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 10% of net profit;
- c. no transfer to the reserve fund shall be made until all identifiable losses have been made good.

12. APPOINTMENTS OF DIRECTORS AND MANAGEMENT STAFF

Every appointment of a director or management staff by any primary mortgage institution shall be with the prior written approval of the Bank.

For this purpose:

- a. In the case of director[s] the following documents shall be submitted to the Bank:
 - i. a copy of the resolution of an Annual General Meeting [AGM] or an Extra-Ordinary General Meeting [EGM] in the case of a reconstitution of the Board of directors of a PMI;
 - ii. a copy of the resolution of the Board of directors of such primary mortgage institution in case of filling a vacancy or more due to retirement, resignation or death;
 - iii. a copy of a detailed curriculum vitae of the proposed director which shall contain career history to date and any other directorship appointments;
 - iv. after obtaining the approval of the Bank, the primary mortgage institution shall forward the following documents:
 - a certified true copy of form C07 [particulars of directors] reflecting the change in Board composition;
 - a duly completed director's code of conduct form obtained from the Bank.

- b. In the case of a management staff, the primary mortgage institution shall submit the following documents to the Bank:
- a copy of the operating organisational structure approved by the Bank;
 - a copy of the Board resolution signed by a director and the Company Secretary in support of the appointment;
 - a copy of the detailed curriculum vitae of the appointee showing educational attainments and career history.
- c. Any primary mortgage institution that contravenes the requirement of this section shall be subject to appropriate sanction by the Bank.

13. APPOINTMENTS OF AUDITORS

- i. Every primary mortgage institution shall appoint a person approved by the Bank as “the approved auditor”.
- ii. The duties of the approved auditor shall include the issuance of a report to the shareholders on the financial statements of a mortgage institution and such report shall contain statements as to the matters and such other information that may be prescribed from time to time by the Bank.
- iii. The report of the approved auditor shall be read together with the report of the directors at the annual general meeting of the shareholders of the mortgage institution.
- iv. The approved auditor shall be an auditor who satisfies the following requirements:
- a member of a recognised professional accountancy body in Nigeria;
 - approved by the Central Bank of Nigeria;
 - resident in Nigeria;
 - carrying on in Nigeria a professional practice as an accountant and/or auditor.
- v. No person shall be appointed as the auditor of a primary mortgage institution if:
- a. he has any interest in that institution otherwise than as a depositor
 - b. he is a director, officer or agent of such institution
 - c. it is a firm in which a director of the primary mortgage institution has any interest as partner or director

- d. he is indebted to the primary mortgage institution.
- vi. Any auditor who, after appointment, is subsequently affected by section V [a-d] shall immediately cease to continue as an auditor of the primary mortgage institution.
- vii. If an approved auditor in the course of his duties as an auditor of a primary mortgage institution is satisfied that:
 - a. there has been a contravention of BOFID 1991 as amended or that an offence under any other law, guidelines, circulars, etc. has been committed by the primary mortgage institution or any of its officers; or
 - a. losses have been incurred by the primary mortgage institution which substantially reduce its capital funds; or
 - a. any irregularity which jeopardises the interest of depositors or creditors of the mortgage institution or any other irregularity has occurred; or
 - a. he is unable to confirm that the claims of depositors or creditors are covered by the assets of the mortgage institution, he shall immediately report the matter to the Central Bank of Nigeria.
- viii. The approved auditor shall also forward to the CBN two [2] copies of a domestic report on the activities of the mortgage institution not later than four [4] months after the end of the financial year of such mortgage institution.
- ix. The approved auditor shall have the right of access at all times to all books, accounts and vouchers of the mortgage institution and shall be entitled to require from the directors, managers and officers of the mortgage institution all information and explanations that he considers necessary for the performance of his audit.
- x. If any mortgage institution fails to appoint or fill a vacancy for an approved auditor, the CBN shall appoint a suitable person for that purpose and shall fix the remuneration to be paid by the mortgage institution to such auditor.
- xi. The appointment of an approved auditor shall not be determined without a prior written approval of CBN.
- xii. Any approved auditor who acts in contravention of the foregoing requirements or fails deliberately or negligently to comply with the requirements of this section shall be liable to a fine of a maximum of ₦250,000 or a determination of his status as an approved auditor to all financial institutions under the supervisory purview of the CBN.

14. ADVERTISEMENTS

Every primary mortgage institution shall comply with the guidelines on advertisements issued by the Central Bank of Nigeria.

15. BRANCH EXPANSION/CLOSURE

a. No mortgage institution shall open or close a branch without the prior approval in writing of the Bank.

b. Every application for the opening of a new branch shall be accompanied with the following documents:

i. a copy of Board resolution in support of the proposed branch

ii. a detailed feasibility report on the proposed branch showing:

* the rationale for the proposed branch

* the initial capital outlay for the proposed branch

* projected income and expenditures for a 3-year period

* the proposed organisational structure of the proposed branch

* the staffing requirements

* the assumption for the financial projection in the report.

c. The primary mortgage institution seeking approval for the opening of a new branch must have a track record of good financial performance, regularity in the rendition of all required returns, compliance with laws, rules and regulations.

d. Every application for the closure of a branch shall be accompanied with the following:

i. a copy of Board resolution authorising the closure

ii. reasons for the closure with relevant evidence

iii. arrangement put in place to settle the customers of the affected branch.

16. ACCESS TO THE NATIONAL HOUSING FUNDS FACILITY [NHFF]

i. No primary mortgage institution shall be allowed to apply for the NHFF without obtaining from the Bank a written approval/clearance of its capacity to be considered for such facilities.

- ii. In appraising requests from the primary mortgage institutions, the Bank shall take into consideration the following factors:
 - * compliance with the minimum paid-up share capital and capital adequacy ratio;
 - * asset quality;
 - * management competence/stability;
 - * the integrity of the directors of the primary mortgage institution;
 - * earnings trends;
 - * liquidity; and
 - * compliance with laws, rules and regulations.
- iii. The written approval/clearance from the Bank shall accompany every application by a cleared primary mortgage institution to the Federal Mortgage Bank of Nigeria [FMBN].
- iv. Every primary mortgage institution shall utilise wholly and exclusively all funds obtained from the NHF for mortgage lending or the creation of mortgage assets.
- v. Aggregate funds obtained from the NHF shall be shown separately in the balance sheet of every primary mortgage institution.
- vi. Any audited financial statements of any primary mortgage institution that fails to show separately the aggregate funds obtained from the NHF in the balance sheet of such an institution shall not be considered for approval by the Bank.
- vii. Any primary mortgage institution that contravenes the requirement of this section shall be liable to a maximum fine of ₦100,000 in addition to such other sanctions the Bank may deem appropriate in the circumstance.

17. CHANGE IN THE OWNERSHIP STRUCTURE

Except with the prior consent of the Bank, no primary mortgage institution shall enter into an agreement or arrangement.

- a. which results in a change in the control or ownership of the PMI
- b. for sale, disposal or transfer of the whole or any part of the business of the PMI
- c. for the amalgamation or merger of the PMI with any other person
- d. for the reconstruction of the PMI
- e. to employ a management agent or to transfer its business to any such agent.

18. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Every primary mortgage institution shall comply with the requirements of the monetary policy guidelines, the provisions of Banks and Other Financial Institutions Decree, 1991 [as amended], all rules and regulations, as well as circulars issued by the Bank on mortgage activities from time to time.

19. PROHIBITIONS

A primary mortgage institution shall not:

- i. grant any loan, advance or credit facility for the building, improvement or extension of a dwelling house unless adequate security has been taken on an existing property or the property in respect of which the loan or advance is being granted;
- ii. grant to any person any loan, advance or credit facility or give any financial guarantee or incur any other liability on behalf of such person so that the total loan, advance, credit facility or guarantee is at any time more than fifty percent [50%] of the sum of the shareholders' funds unimpaired by losses;
- iii. grant any loan, advance or credit facility on the security of its own shares;
- iv. engage in any commercial, agricultural, industrial or any other undertaking without the prior approval of the Bank;
- v. pay dividend on its shares until all its preliminary expenses, organisational expenses, shares selling commission, amount of losses incurred and other capitalised expenses not represented by tangible assets have been completely written off and adequate provisions made on actual and contingent losses on risk assets;
- vi. employ or continue the employment of any person who is or has at any time been adjudged bankrupt or has suspended payment to or has compounded with his creditors or who is or has been convicted by a court for an offence involving fraud, dishonesty or professional misconduct;
- vii. appoint as a director without the consent of the Bank any person who is a director of:
 - a. any other PMI

- b. a licensed bank
 - c. other financial institution/specialised banks under the supervisory purview of the Bank
- viii. permit to be outstanding without the prior approval in writing of the Bank, unsecured advances, loans or credit facilities of an aggregate amount in excess of ₦100,000 to:
- a. any of its directors whether such advances, loans or credit facilities are obtained by the directors jointly or severally;
 - b. any firm, partnership or private company in which the PMI or any one or more of its directors is/are interested either directly or as a guarantor;
 - c. any public or private company in which the PMI or any one or more of its directors jointly or severally maintains shareholding of not less than five percent either directly or indirectly.
- ix. engage in any business other than those for which it was licensed.

20. CONDITIONS FOR REVOCATION OF LICENCE

The ground for the revocation of a licence granted to a primary mortgage institution may include any of the following:

- i. submission of false information/data during and after the processing of the application for licence;
- ii. failure to comply with the minimum capital requirements;
- iii. persistent failure to comply with any guidelines or directives of the CBN or provisions of BOFID for a period of six [6] months;
- iv. engaging in activities prejudicial to the Nigerian economy;
- v. having insufficient assets to meet its liabilities;
- vi. persistent failure to meet matured obligations to customers;
- vii. engaging in functions/activities outside the scope of the licence;

- viii. any other act[s] which in the opinion of the CBN constitute[s] a violation of any of the provisions of these guidelines, the BOFID 1991 as amended, circulars and other regulations by the CBN.

21. GENERAL

- i. Any director who is involved in the management of a licensed primary mortgage institution shall cease to hold office if:
- a. he is declared bankrupt by a competent court;
 - b. he is convicted of any offence involving fraud or dishonesty;
 - c. he is of unsound mind.
- ii. No person who had been a director or directly involved in the management of a failed licenced primary mortgage institution, finance company, discount house, a bank or any other financial institutions shall ;without the written authority of the Governor of Central Bank of Nigeria act or continue to act as a director or be indirectly involved in the management of any licenced primary mortgage institution.
- iii. Every primary mortgage institution is hereby informed of the maintenance by the Bank of a black book for directors, officers and employees of any financial institution who had committed acts relating to fraud, dishonesty and financial malpractices against their institutions. All primary mortgage institutions are therefore, enjoined to submit the names of such officers for the purpose of updating the black book.
- iv. The penalties for any breach of the provisions of these guidelines which are not expressly specified against the appropriate section of these guidelines or other regulations of the CBN shall be as set out in the relevant provisions of the CBN Decree and BOFID.

**CENTRAL BANK OF NIGERIA
LAGOS**