



New Hope: Guarantee Scheme 2021

1. Aim of the scheme

This scheme is intended to provide an effective remedy to individuals or couples who are currently impeded from accessing the property market despite their purported bankability in terms of ordinary lending practices adopted by the local commercial banks. Despite their supposed bankability, persons are facing barriers created by the local customary requirement of procuring a valid life insurance protection policy in all circumstances. These impediments are deemed unsurmountable by the persons who have suffered from life-threatening illnesses or medical conditions in their past of who currently suffer from a number of disabilities.

Following agreements with commercial banks offering home loan financing, the Housing Authority is offering a limited revolving guarantee to participating financial institutions offering home loans to individuals who are unable to access life insurance protection.

Together with the Commission for the Rights of Persons with Disabilities (CRPD) the Authority will administer this scheme granting access to these facilities to prospective applicants who fulfil the criteria of "Impaired Lives" under this scheme.

The Bank, subject to all bank's criteria being satisfied, will be granting applicants a maximum guaranteed loan up to €250,000 to purchase a property, however the Bank shall have full discretion to provide loans in excess of €250,000 if other guarantees are sought and provided by the beneficiary in terms of the Bank's applicable policies. .

2. Definition of terms.

Throughout the Notice unless the context otherwise requires:

- (a) "Advert" means Advert which appears in the Government Gazette of 7th September 2021;
- (b) "applicant" means a person who applies under this scheme and when application is made by two applicants jointly, shall include all applicants in solidum;
- (c) "the Authority" means the Housing Authority established by Article 3 of the Housing Authority Act, (Cap 261);
- (d) the word 'bank' and 'financial institutions' have the same definition given to it in the Act of Commercial Banking (Act No XV of 1994);
- (e) the word 'beneficiary' means every person who benefits under this Advert.

In this scheme, the singular shall import the plural and the masculine shall import the feminine.

3. Conditions of the Scheme

- (a) The Housing Authority, in a form of a Revolving Limited Guarantee will act both as a debt guarantor as well as a form of equity guarantee. The Guarantee shall be providing an alternative form of security to persons effected by the above scenario. The guarantee shall be backed by a ring-fenced 'guarantee amount' held within the National Development and Social Fund ("NDSF") and administered by the investment managers of the NDSF to service the scheme.
- (b) The Housing Authority will guarantee up to a maximum of two hundred and fifty thousand Euro (€250,000) for the purchase of the beneficiary's primary residential property.
- (c) Applicant shall also be screened by the Commission for the Rights of Persons with Disabilities (CRPD) to verify that their medical conditions effectively impeded them from fully participating in the property market. The Authority shall receive and process the application from an administrative viewpoint and shall liaise with the CRPD to obtain its consent and the subsequent registration of the applicant in its official registers (if applicable), and eventually with the participating banks throughout the loan sanctioning process.
- (d) The applicants will be obliged to finance from their personal assets, at least ten percent (10%) of the price of the property which will be acquired by means of this scheme and shall also be obliged to finance the remaining property value amount through a home loan facility issued by a participating bank, which shall follow the ordinary sanctioning and approval process of the participating bank at the terms and conditions that the Bank may impose from time to time.
- (e) The applicants will be required to pay an annual participation fee which shall be analogous to the life insurance premium ordinarily levied by private insurance provider, the pricing of such fee shall be determined by the Authority in terms of the age of the applicant and the amount being covered and a quotation shall be provided to the applicant prior to the issuance of the letter of recommendation to the Bank.
- (f) Applications for the purchase of property exceeding the two hundred thousand Euro (€250,000) in value shall only be accepted if the Bank accedes to such a request following its independent evaluation of the alternative security provided for this 'excess' segment of the facility.
- (g) If the applicants die before they would have repaid the full loan the successors-in-title or the surviving life partner will give given (3) three options as shown below as well as the Housing Authority will make good for the payments on the applicant's loan for a maximum period of three months from his death so that his heir will have sufficient time to settle things after the applicant's death and to make the best choice under the circumstances. The options are as follows:-
 - i. alienate the property and settle the outstanding facility amount with the Bank through the proceeds of the sale of the property and other monies (when and if necessary); OR
 - ii. negotiate a re-mortgaging agreement with the Bank and provide the full monthly repayment fee instead of the deceased Customer. In such event, the successor/s in title shall be bound to take over the full liabilities of the deceased applicant under this Scheme subject to a successful onboarding of such successor/s or surviving life partner by the Bank; OR
 - iii. enter into an equity sharing arrangement with the Authority, releasing himself/herself/themselves from the outstanding obligations arising from the facility

agreement with the Bank, and simultaneously assign their obligations vis-à-vis the outstanding facility with the Bank to the Authority, which shall thereafter acquire the undivided share of the immovable property which reflects the portion of the outstanding facility amount, after settling all outstanding dues owed to the Bank by virtue of the facility agreement.

- (h) If the successors-in-title of the applicants fail to purchase the remaining portion in terms of paragraph (g) (iii) above within the twenty (20) year period from the date of contract and also fail to enter into an agreement with the Housing Authority so that the amount due is paid by means of instalments after the lapse of the twenty (20) years, the successors-in-title of the applicants will be obliged to pay an annual or monthly amount of money established by the Housing Authority in its absolute discretion, to cover compensation for occupation of undivided share not purchased by them. The Housing Authority reserves the right to impose additional obligations on the undivided share of the property not purchased by the applicants.
- (i) In the event, that after the lapse of the twenty years from the date of the deed of purchase the successors-in-title of the applicants will not be in a financial position to purchase the Housing Authority's share, the children or the heirs of the successors-in-title of the applicants (with the written consent of their parents in the event that they will be still alive) will be given the opportunity to do so and this in the absolute discretion of the Housing Authority. Alternatively, an agreement could be made between the Housing Authority in its absolute discretion, and the successors-in-title of the applicants, according to conditions laid down by the Housing Authority, so that the amount due will be paid by means of instalments within established periods. In this eventuality, the value of the share of the Housing Authority after twenty (20) years, shall be increased to reflect the rate of inflation of the last twenty (20) years.
- (j) If successors-in-title of the applicants, fail to purchase the undivided share of the Authority in terms of the two preceding paragraphs (h) and (i) despite agreements entered into between the co-owning parties in terms of these paragraphs, the Housing Authority shall retain the right to purchase the undivided share held by the successors-in-title of the applicants and become the sole owner of the property. In such cases, the successors-in-title of the applicants shall not be in a position to refuse the Housing Authority's offer if it matches the valuation of their undivided share as stipulated in the applicable agreement/s made between the parties to the community of property.
- (k) The property, which is to be purchased by the applicant, should be built in accordance with building regulations and planning permits, be in a finished and habitable state, or in shell form as long as the purchase price and the amount of the necessary finishing do not exceed the maximum thresholds accepted by the Bank.
- (l) The property which qualifies under this scheme should be used and occupied by the applicants exclusively as their primary ordinary residence.
- (m) In case of finished properties, applicants must occupy the property purchased, within six (6) months from the date of the deed of purchase whilst applicant purchasing properties in shell form, these should occupy the property within two (2) years from the date of the deed.
- (n) In the eventuality that the applicants wish to transfer to third parties the property before the loan is fully paid, they have to inform both the Housing Authority and the Bank that they have entered into a promise of sale at least two months before the final deed of sale. Any risks deriving from

the property or its whereabouts, on the property, from third party property or on third parties, should be the responsibility of the applicant with the exclusion of the Housing Authority.

- (o) The loan facility is only granted by the Bank if all the Bank's established conditions and criteria are satisfied. The decision of the Bank in this regards should be final.
- (p) The loan facility granted to applicants shall be for a term not exceeding forty (40) years provided that the loan facility is fully repaid together with interest thereon by the time the applicant, or the elder of the applicants in the case of the joint facilities, reaches the age of sixty five (65), which ever comes first.

4. Number of valid applications

The Housing Authority shall process at least the first hundred (120) applications that are valid and eligible on a first-come first-served basis. The application shall be deemed valid once the guarantee from the Housing Authority is issued in favour of the Bank on the date of execution of the deed of purchase. The Housing Authority shall appear on the deed of purchase as guarantor and shall be notified about the date and location of the signing of the deed by the Bank and/or the applicant at least fourteen (14) days from the date of the signing.

In cases where the Housing Authority feels that the residence that is about to be purchased is grossly over-valuated, it reserves the right to send an architect from the Housing Authority in order to make a valuation of the property. The Housing Authority reserves the right to refuse any application on the basis of wrongful or deceitful valuation.

5. Who can apply

The following categories of persons, who on the date of the first publication of this advert in the Government Gazette, can apply under this scheme:-

- (a) persons aged 18 years or over. In case of two persons applying jointly, both applicants must be over 18;
- (b) persons who have been refused by two (2) local life insurance providers;
- (c) persons who have had their insurance application deferred for twelve months (12);
- (d) have been quoted premia which are equivalent or exceeding 250% of the average premium quoted for their age group.

6. Method of application

- (a) A person who qualifies under this Scheme shall submit an application on the prescribed form and shall deliver same at the Authority during the prescribed times.
- (b) The prescribed forms can be collected from the offices of the Housing Authority 22 Pietro Floriani Street Floriana, Malta and from the Housing Authority branch 25 Enrico Mizzi Street, Victoria, Gozo or from the Housing Authority website.

7. Validity of the application.

To be valid the application must satisfy the following requirements:-

- (a) the application must be made on the prescribed form and must be duly and completely filled;
- (b) the applicant must satisfy the requirements imposed by the CRPD which shall ascertain that his medical condition impede him or her from fully participating in the property market;
- (c) the application must be signed by all applicants;
- (d) the application must be presented personally by the applicant, together with all necessary documents;
- (e) the application made by a married / two persons who have entered into a Civil Union but separated person or made by a person whose civil status has been changed after the marriage/Civil Union must be accompanied by an authenticated deed of separation or by a Decree of the Competent Court.

8. Qualifications to apply

On the date of publication of this Advert in the Government Gazette, the applicants should in all circumstances satisfy the following criteria:-

- (a) applicants are Maltese Citizens and citizens of the EU. EU Citizens must be acquiring their first residence and must satisfy the criteria issued by any Authority and/or by the Office of the Prime Minister. In the case of married couples / two persons who have entered into a Civil Union and who are not legally separated, one of the couple must be Maltese Citizen;
- (b) single applicants, and in case of two applicants applying jointly, married couples / two persons who have entered into a Civil Union, at least one of the applicants should be gainfully employed on full time basis, for at least one year from date of publication of the scheme.
- (c) applicants have been permanently residing in Malta for at least a year in the previous eighteen months;
- (d) do not have immovable unbuilt property either in whole or in part ownership, either on their own or in partnership, on absolute ownership on perpetual emphyteusis and on which a building permit for habitation purposes has been issued or could have been issued by the Planning Authority;
- (e) do not have in full ownership or in part ownership, either alone or together with others, premises suitable for habitation purposes or on perpetual emphyteusis or on temporary emphyteusis of more than 40 years duration from the date of original constitution of the emphyteutical grant of the said temporary emphyteusis;
- (f) do not possess holdings or shares in any commercial body which after the date of the first publication of this Advert in the Government Gazette has immovable property or as mentioned in the two preceding subparagraphs;

However an applicant will not be disqualified for the simple reason that he/she possesses property as detailed in paragraphs above, if in the absolute discretion of the Housing Authority, the occupied premises are not adequate for accommodation of the applicant/s and his family, or because of legal, technical or logistic problems cannot be used for habitation or disposed off in a relatively short period so as to ascertain its value.

The Chairman of the Authority may consider as unacceptable, any declaration of income of the applicants if, in his absolute discretion, he decides that this is incorrect or untrue.

9. Disqualification

Persons shall not qualify to make an application under this scheme if:-

- (a) the applicant is in possession of a valid life insurance policy;
- (b) the applicant owns an adequate residential unit in terms of paragraph 8 (e) to 8 (g);
- (c) The applicant is also in the process of applying for the Equity Sharing Scheme operated by the Housing Authority.

10. Information

The Authority may require the applicants to sign and confirm any declaration in any form even under oath it may consider necessary for the carrying out of this Scheme.

The Housing Authority, in its absolute discretion shall have the right to gather information regarding the assets and income of the applicants. To this effect, the applicants authorise the Housing Authority to obtain all information from banks/entities with regards to investments of the same applicants. This is done to establish whether the applicants would be in a position to finance a loan under this scheme.

11. Penalty for false information

If at any time, it results that applicants have made a false declaration or given incorrect information/documents for the purposes of any application, without prejudice to any penalty for which they may have become liable under any other law, applicants shall be liable to the payment to the Authority, of a fine which the Authority deems fit . They will also be disqualified for a period of five (5) years from benefiting from any scheme made with the approval of the Minister responsible for Housing, and shall forfeit the right to any benefit under this Scheme.

Incorrect or false declaration/documents may also lead the applicant to the commencement of criminal procedures against him.

12. Administrative charges and abandoned applications

- (a) Each application for assistance under this Scheme shall be lodged to the Authority and that application shall not be accepted unless accompanied by the sum of twenty Euros (€20) as an administrative charge and together with all the necessary documents. Additionally, the applicant shall pay a charge to cover expenses on researches to be carried out by the Housing Authority on the applicant on his/her behalf.

- (b) Where any applicant under this Scheme stops the processing of the application, the application shall be deemed to have been abandoned and any expenses and deposits incurred by the applicants in connection with their application, shall not be recoverable by the applicants whether or not their application is successful. These deposits are not refundable for any reason.

13. Right of refusal

Notwithstanding anything contained in the foregoing provisions of this Scheme, the Authority shall have the right to refuse any application.

14. Duration of scheme

This Scheme shall remain in force for a period of three (3) year from the date of its publication in the Government Gazette or until one hundred and twenty (120) valid applications are processed (whichever comes first). In this eventuality, the Housing Authority reserves the right to publish a notice in the Government Gazette indicating the withdrawal of the scheme.

15. Interpretation

In case the Maltese text differs from the English text, the Maltese text will prevail.

16. Amendment of scheme

The Authority shall have the right to make any amendments to this Scheme by publication of the said amendments in the Government Gazette. Such amendments may be made applicable retroactively. No amendments shall subject the Authority to an action for damages or any other legal action. The conditions of this scheme should form an integral part of the deed and in case were the conditions of this scheme are different from the conditions indicated in the deed, the conditions which are most favourable to the Authority are to be applied.