

GUIDE LINES

TO THE RULES GOVERNING HOUSING LOANS

The following are the guide lines set by the Committee of Management and the principles involved in the consideration of an application for a loan.

1. The loan is interest free in the hands of the member, but he will receive annual interest from the Society only on the difference between the amount in his account and the amount of the loan, i.e the monthly instalment will not include any interest element but only a minimum of 5% of the member's earnings, by way of repayment of capital.
2. The purchase/construction of a building block or house will be subject to inspection and monitoring by any two members of the Housing Loan Panel for the district in which the member is resident.
3. Loans to a maximum of 60% will be available for renovation of houses, entailing re-roofing, re-wiring, re-plastering, re-decorating, re-flooring. Loans will also be granted to a maximum of 75% for completion of construction, additions and extensions in floor area, supported by an approved building plan.
4. A second housing unit such as an annexe, flat etc is completely beyond the scope of the scheme.
5. If a member disposes of a house or building block, constructed or purchased with a loan from the Society, he will not be entitled to a second loan.
6. If a member has purchased or constructed a house with a loan from the Society or has inherited a house, he will be entitled to a loan to purchase or build a more suitable house, on condition that after owning the original house for a continuous period of **ten** years, he **disposes** of that house and settles any loan from the Society that may be outstanding at the time.
7. If a loan is granted to purchase a building block and later the loan is refunded a fresh loan-
 - 7.1 to purchase a house will not be considered whist the member still owns the earlier purchased building block,
 - 7.2 to construct a house on yet another property owned by him will be considered on the merits of the application.
8. If a member or his spouse or dependent child owns a house, he will not be entitled to a loan for another house. However, if the house owned by a dependent child was a gift which was not purchased or constructed with a loan from the Society, the case will be considered on its merits.
9. Loans for purchase of property from a member's spouse or child shall not be entertained.
10. Loans will not be granted for the purchase of agricultural land, but when the house to be purchased is situated on such land, the value of the house must be 60% or more of the total value of the property.
11. "House" in every context will be interpreted to include a flat, annexe or any other form of housing unit.
12. Holding an undivided share of a housing unit will not be reckoned to mean owning a housing unit.
13. Although loans for a second housing unit are not permitted, a second housing loan within available funds, for the completion of a housing unit will be considered, but only in cases where there are extenuating circumstances.
14. Loans will be considered for construction of a house even in an area where permits from the local authority are not required.
15. Loans for construction of beach-huts and beach-cottages which are temporary and semi-permanent will not be given.
16. Loans will be available-
 - 16.1 to amortize a bank over-draft or a temporary loan from a bank, already taken to purchase a property.
 - 16.2 to purchase housing units from approved housing developers and government housing schemes. The necessary documents are-title report, building plan, valuation or advertised purchase price and a letter confirming the allocation of a housing unit.

17. Purchasing of a Building Block or a Housing Unit:

- 17.1 The signing of the Deed will take place in the office of the Society viz: 32, Vajira Road, Colombo 5, by mutual arrangement with all parties concerned, on any working day, between 09.00 and 16.00 hours.
- 17.2 A "Not Negotiable" cheque drawn by the Society in favour of the member, to the value of the loan, will be endorsed by the member and paid to the vendor in the presence of the member's lawyer, at the office.
- 17.3 The member's lawyer will be required to lodge with the office, a certified copy of the protocol of the Deed of transfer, within 7 days of the signing thereof.
- 17.4 The member's lawyer will be required to issue an undertaking addressed to the Society, that he will deposit the ORIGINAL Title Deed with the Society within 7 days of receipt from the Land Registry.
- 17.5 In the case of purchase of a housing unit, the member will be required to take out in advance and deposit with the Society, at the time of signing the Deed the Fire Policy Contract insuring the house for the current market value or at least the replacement value of the building, against all risks viz: Fire and Lightning, Riot and Strike, Malicious Damage and Explosion.
- 17.6 Since the renewal of the Insurance Policy will be effected by the Society annually the member will be required to remit the full amount of the annual premium together with the housing loan instalment of the month following the payment.

18. Construction of a Housing Unit:

- 18.1 Loans for construction will be paid in three instalments:-
 - 18.1 1. At D P C level
 - 18.1 2. At Roof level
 - 18.1 3. On completion of the balance work
- 18.2 The release of funds will be made on the basis of progress reports received from a member or members of the Housing Loan Panel.
- 18.3 The final instalment will be released only on the fulfillment of the following:-
 - 18.3.1 Receipt of the original insurance policy contract insuring the housing unit for the current market value or at least the replacement value against all risks viz: Fire and Lightning Riot and Strike, Malicious Damage and Explosion.
 - 18.3.2 Receipt of the Certificate of Completion from the local authority confirming the completion of the construction.

19. Sale of Property:

- 19.1 The release of the Title Deeds deposited with the Society and the sale of the property need prior approval from the Housing Loan Sub Committee.
- 19.2 Consequent upon a sale the member will not be entitled to any further loan from the Society.
- 19.3 The sale transaction will take place within 30 days from the date of release of the Deeds.
- 19.4 The sale transaction will take place as mentioned in item 17.1.
- 19.5 The loan outstanding together with interest thereon to the date of settlement will be paid in full in cash or bank draft, during the sale transaction in the office.
- 19.6 The Deed will be re-deposited, should the sale of the property not take place within 30 days from the date of release.

SECRETARY