

Ministry of Public
Administration Provincial
Councils & Home Affairs,
Independence Square,
Colombo 07.

31st January 1992.

To All 1: Secretaries to Ministries,
Chief Secretaries of Provincial Councils,
Secretaries to Governors of Provinces,
Heads of Departments and
Govt. Agents.

Loan for Construction / Completion of a House
Chapter XXIV - Establishments Code

It is been decided by the Government to extend the facility of granting salary loans to Public Officers to construct a house or to complete the building of a house.

02. As this is completely a new scheme, amendments and additions effected to the Establishments Code may be carefully followed.

03. Add the following line of words immediately below for the acquisition of a building site (Section 11) in Section 2.

“for construction / completion of a house (Section 11:16)”

04 Add the following words immediately after “Loan for the acquisition of a building site or house property”, in sub - section 3:17:8

“and loan for construction / completion of a house”

05 Add the following words immediately after “ (1) Loan for the (Section 11) in Section 5:

“and loan for construction/ completion of a house (Section 11:16)”

06 Add the following new sub sections immediately after sub section 11:15:11

“11:16 Loan for Construction/ Completion of a house

11:16:1 **Eligibility:** A permanent and pensionable officer with not less than 5 years' pensionable service, who has been confirmed in his appointment, and who does not own or whose spouse or dependant children do not own a house, and who has not obtained a house under the rent purchasing scheme of the Commissioner for National Housing either in his own, his spouse or dependant children's name's will be eligible for this loan, subject to the following sub-sections.

11:16:2 Building site in which the house will be constructed or completed shall be in accordance with sub-section 11:1:1

11:16:3 This loan will not be granted

(a) for redeeming any mortgage or debt incurred on the security of a House Property owned by the applicant for the loan, his spouse or dependant children.

(b) in respect of a house which has already been acquired by the applicant, his spouse or dependant.

(c) to an officer who has obtained a loan under the section 11 but not repaid the loan in full.

11:16:4 Where both spouses are public officers, only one of them may be granted a loan for this purpose and that only once.

11:17 **Amount:-** The amount of the loan will be limited to five years salary or to the amount in the estimate prepared by a competent authority mentioned in sub-section 11:20 whichever is less.

11:18 **Documents :-** Reports should be forwarded along with the application as mentioned in sub-sections 4:2:3, 11:3, 11:4, 11:4:1, 11:4:2, 11:5, 11:6, 11:7 and 11:7:1 of this chapter in respect of the land where the house would be built or the construction is to be completed."

11:19 **Other requisites :-**

11:19:1 **Power of Attorney:-** The power of Attorney should be executed in triplicate on Form General 265 before the loan is granted. Two copies of the Power of Attorney should be immediately forwarded by the Head of the Department for registration and return, to Registrar of Lands of the District in which the land is situated.

One of the copies sent for registration should be stamped to the value prescribed under the Stamp Duty Act No. 43 of 1982 and regulations made thereunder. The third copy of the power of attorney (referred to as the "duplicate") should be retained by the Head of the Department until the end of the month in which it was executed. Thereafter, the 'duplicate' of such instruments executed during each month, together with a list of them prepared in duplicate on the form shown in Appendix 28 should be forwarded to reach the Registrar of lands concerned on or before the 15th of the following month.

11:19:2:- The Head of the Department should ensure that the Powers of Attorney forwarded for registration are returned to him duly registered, without delay. Generally this process should be completed within six weeks of the date of payment of the loan. On receipt of the Power of Attorney after registration, it should be kept with the deed resulting to the land on which the construction or completion of the house was effected and the other relevant documents.

11:19:3:- Action should be taken in accordance with the provisions of sub-sections 11:10, 11:11, 11:12 and 11:12:1 in respect of the land where the house is to be built or construction is to be completed."

11:19:4:- Sureties should be as mentioned under sub-section 11:8 of this Chapter.

11:20:- Plans and estimates for the building should be obtained from a Chartered Architect and forward it along with the documents mentioned in sub sections 11:18 and 11:19 in the application form identified as Form General 262 (a).

11:21:- In case of completion of a building which a loan has been taken from any other institution for the part already built, a certificate from such institution should be forwarded to prove that the loan taken from such institution has been utilized for the purpose, and whether the power of Attorney is vested with such institution. In such instances a secondary mortgage should be executed for the loan granted for the completion of the building. The officer who has taken such a loan should inform the lending institutions concerned, through the loan granting authority that no sooner the recovery of the loan is completed, the loan granting cancelled and the cancellation has been registered with the respective Land Registry.

11:22 Release of the Loan:- Loan build the house or to complete a house should be released at the following stages:

- (i) After the first inspection of the building site - 50%
- (ii) After completion of 50% - second inspector - 45%
- (iii) After full completion according to the estimate - 5%

11:23 Inspection will be done by a Technical Officer not less than of grade II of the Middle Level Technical Service, and the certificate issued by such officer should be countersigned by the Assistant govt. Agent of the area.

11:24 Interest at the rate of 7.2% should be charged only on the instalments taken by the officer. Recovery or account of this loan is exempt, from the recovery limit stipulated in section 3 of this chapter.

11:25 All items of work in the estimate for which the loan was taken should be completed within 12 months from the date of granting of the first instalments.”

07. The forms to be used are as follows:-

1. Form General 262 (a) is attached to this Circular. This is the Loan Application Form.
2. Form General 263 - Agreement form as it is
3. Form General 264 - Surety Bond form as it is
4. Form General 265 - Irrecoverable Power of Attorney form.
The amended form is annexed hereto.

Tamil version of the forms (General 262(a) and General 265) will be sent in due course.

08. Payments for an inspection of a building by a Technical Officer is Rs. 150/- in addition to the travelling expenses approved by the Divisional Secretary/ Addl. Government Agent. Arrangements should be made so as to do an inspection in one visit only.

Sgd: R.Abeyratne
Secretary,
Ministry of Public Administration, Provincial
Councils & Home Affairs.

Application for a Loan for Building/Completion of a House

(To be sent to the Secretary to the Ministry in duplicate)

1. Full name of officer:
2. Designation, present class or grade:
3. Date of first appointment:
4. Date of birth and present age:
5. Is appointment permanent and pensionable ?
if so, from, what date:
6. Present annual consolidated salary
(exclusive of allowance)
7. Full particulars of the property where the
house is to be built:
(give extent, plan number, situation
and Division where registered)
8. Amount of the estimate:
(Copy of the estimate certified
should be attached)
9. Balances, if any, outstanding on account of loans
and advances obtained from the Republic
of Sri Lanka and loans from Lady Lochore
Loan Fund:
10. (a) under F.R.1132:
(b) from L.L.L.F.:
(c) under the credit councils Act No. 23 of 1975:
10. Amount now applied for:
11. Particulars of houses, if any, owned in whole or part
in the applicant's, his wife's or dependant children's name:
12. Any other relevant information:

My No:

To:

An application for Form General 262 (a) from Mr./Mrs./Miss.
.....for a loan for the building /completion of House is
forwarded herewith in duplicate.

- (1) Applicant is eligible for the grant of this loan in terms of the rules in chapter XXIV.
- (2) Cages 1. to 13 of the application have been verified by me and found to be correct.
- (3) Neither the officer nor his spouse nor dependant children own a house, nor have obtained a house under the Rent - Purchase Scheme from the Commissioner of National Housing.
- (4) The following documents are also forwarded herewith:
 - (i) Perfected agreement of Form General 263, together with a description of the land on the reverse of the Agreement.
 - (ii) Certificate on the Local Govt. Authority.
 - (iii) Estimate given by
 - (iv) Survey plan.
 - (v) Declaration of the officer.

.....
Head of Department

Date:

1. I hereby declare that the above statement made by me are correct:

That I or my spouse or any dependant children do not own a house and have not secured any house under the Rent Purchase scheme of the Commissioner of National Housing;

and

That I or my spouse have not obtained a loan for this purpose earlier.

That I have not signed as surety for a loan taken by any other public officer/I have signed as a surety for loans taken by the public officer mentioned below:

Name of Officer	Department	Balance Outstanding on the loan
.....
.....
.....

That I undertake to commence the work of the building within 30 days of the loans being paid to me;

That I have the means to means to meet the difference between the purchase price and the loan that would be granted.

.....
Applicant

Place:

Date:

This Power of Attorney being given for valuable consideration shall be irrevocable until such time as the said loan shall have been repaid.

And I hereby undertake from time to time and at all times to ratify and confirm whatsoever my said attorney shall lawfully do or cause to be done in or concerning the premises by virtue of this Power of Attorney.

In witness whereof I have hereunto set my hand at
this..... day of

.....
Signature

Witnesses:

1.
2.

IRREVOCABLE POWER OF ATTORNEY

To all to whom these presents shall come I,.....
.....of.....send greetings.

Whereas I have borrowed sum of Rupees
to enable me to build a house in the property and premises in the schedule hereto described.

And whereas it is proposed that I should repay the principal sum borrowed by me together with interest there on at per sent by instalments to be deducted from my salary/pay or emoluments received by me as an Officer in the government service of the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as the said Republic).

And whereas in the event of my ceasing to hold office under the said Republic for any cause whatsoever whilst the said loan or any part thereof shall remain unpaid I have been requested that I should execute an irrevocable Power of Attorney in favour of the Secretary of the relevant Ministry to enable him to sell the said property and to reimburse the said Republic such amount of the loan as shall then remain unpaid and pay what is left over to me or to my hires, executors or administrators to which I have agreed. Now therefore know ye and these presents witness that I, the said of in pursuance of the said request and in consideration of the said sum of Rupeesborrowed by me do hereby irrevocably nominate constitute and applicant of the present Secretary to the relevant Ministry and other, the person for the time being holding the said office as my Attorney to sell, transfer and convey the said property in the schedule hereto particularly described at such price and in such manner as shall appear to the said Attorney desirable or necessary.

Upon receipt of the said money as my act and deed to execute in favour of the owner thereof and his heirs, executors, administrators and assigns or otherwise as the said owner or his aforesaid shall direct all necessary or proper conveyances and assurances of the said property.

To do every other thing whatsoever which may be deemed necessary proper or expedient for fully and effectually vesting and transferring the said property and the rents, issues and profits thereof and all my estate right title and interest therein or thereto in and to the said owner his hires, executors, administrators and assigns as fully to all intents and purposes whatsoever as I myself might have to do if personally present and this Power of Attorney had not been made.

And I hereby direct and declare that all and every, the receipt releases, conveyances; instruments and assurances and acts, deeds, matters and things which shall be by him my said attorney given, made executed or done for the aforesaid purposes shall be as good, valid and effectual to all intents and purposes whatsoever as if the same had been signed, executed, delivered, given or made or done by me in my own proper person.