

# **THE ESTATES STAFFS' PROVIDENT SOCIETY**

## **HOUSING LOAN GUIDELINES**

The relevant Rules and Regulations governing the Housing Loan Scheme are:

- Rule 15 (2) (i) – (v)
- Rule 17.1 – 14
- Rule 32
- Rule 33 (i) and (ii)

The following broad guidelines and principles have been adopted by the Committee, for strict adherence in the consideration of applications for housing loans.

### **1 Loans:**

Loans will be given for the following purposes.

- 1.1 To purchase a house – a sum not exceeding 75% of the applicant's balance.
- 1.2 To purchase a site for a house – a sum not exceeding 75% of the applicant's balance.
- 1.3 To erect a house on land which belongs to a member or owned jointly by the member and his/her spouse – a sum not exceeding 75% of the applicant's balance.
- 1.4 To meet expenses in rebuilding or effecting extensions or alterations and/or additions to a house situate on land owned by a member or owned jointly by the member and his/her spouse – a sum not exceeding 40% of the applicant's balance.
- 1.5 To redeem a mortgage of immovable property which a member may have given as security for a loan to a recognised lending institute such as a Bank, for all or any of the purposes set out in 1.1 to 1.3 above, a sum not exceeding 40% of the applicant's balance.

### **2. Documentations:**

- 2.1 For 1.1 and 1.2 – Title Report, Pedigree Chart, Valuation Report, Sales Agreement, Site Plan, Non Vesting Certificate from the relevant authority and certified salary sheet.
- 2.2 For 1.3 and 1.4 – Original Title Deed, Title Report, Pedigree Chart Bill of Quantities, Building Plans approved by the relevant authority, Building Certificate and certified Salary Sheet. However, if the property is outside the Municipality/Local Authority area where approval is not required, a letter from the local authority indicating that approval is not required together with a sketch plan of the building can be accepted.
- 2.3 For 1.5 – Letter of confirmation from the lending institution, certified copy of the Title Deed and certified salary sheet.

- All the above documents should be in English as far as possible.

### **3. Minimum Loan**

The minimum loan shall be Rs.1,500/-.

### **4. Undertaking:**

- 4.1 In respect of all the above, a written undertaking has to be given that the original Title Deeds will be deposited in the custody of the Society and that the loan will be used exclusively for the specified purpose.
- 4.2 In the case of purchase of a house or a building site, the member must agree to the execution of the Legal Transaction in the Society's office in Colombo or must obtain a letter of undertaking from a CESU Panel Member agreeing to witness the Legal Transaction in his/her own area.
- 4.3 In the case of purchase of a house or a building site, the member's Attorney will be required to issue an undertaking addressed to the Society that he will deposit with the Society-
  - 4.3.1 a certified copy of the protocol of the Title Deed within seven days of the transaction and
  - 4.3.2 the ORIGINAL Title Deed within seven days of receipt from the Land Registry.
- 4.4 The member will undertake a repayment programme whereby the capital and interest on the loan will be repaid in monthly instalments together with the normal contributions to the Society, without any form of interruption. The normal capital repayment which is 5% of monthly earnings, can be increased as the member wishes, once a year. Also if desired by the member, the loan can be fully repaid within a period of 5, 10, 15 or 20 years. The rate of interest on housing loans is 8% per annum.

5. **Conditions:**

- 5.1 A second housing unit e.g. an annex, flat etc. is completely beyond the scope of the scheme.
- 5.2 If a member or his spouse or dependant child owns a house, the member shall not be entitled to a loan for another house.
- 5.3 If a member disposes of a house or building block constructed or purchased with a loan from the Society, he shall not be entitled to a second loan.
- 5.4 a member shall not sell, mortgage, gift or do anything whatsoever to affect the ownership of the property, for the duration of the loan.
- 5.5 Loans for payment of an advance to the National Housing Development Authority for a housing unit, though not normally permitted, will be considered on the merits of individual cases.
- 5.6 Purchase of 'an excess house' from the Department of National Housing will be permitted only on the merits of individual cases.
- 5.7 Applicants must produce documentary evidence to show how any difference between the estimated cost and the amount of the Loan, will be met e.g. Bank statements, Fixed Deposit Certificates etc.
- 5.8 Loans for construction of semi-permanent and temporary structures shall not be permitted.
- 5.9 Loans shall not be granted in respect of expenses connected with repairs and/or renovations to housing property.
- 5.10 Loans for purchase of property from member's spouse shall not be entertained.
- 5.11 Applications for loans for purchase of agricultural property such as paddy fields or tea plantations shall not be entertained.
- 5.12 Applications for loans for settlement of debts incurred in the construction of a house already completed, shall not be entertained.
- 5.13 Applications for loans for purchase of building blocks, the extent of which exceeds 120 perches, shall not be entertained.

6. **Payment:**

- 6.1 Loans for construction of Housing Units will be paid in three instalments.
  - 6.1.1 at DPC Level.
  - 6.1.2 at Roof Level.
  - 6.1.3 On the completion of balance work.
- 6.2 The release of funds will be made on the basis of certificates from officials of the CESU Panel.
- 6.3 The cost of traveling and subsistence and any other incidental expenses in connection with the inspection of the site and /or construction work by an official of the panel of The Ceylon Estates Staffs; Union, whether or not the loan is approved, shall be borne entirely by the member up to a maximum of Rs. 500/- per visit.
- 6.4 Postage charges in a sum of Rs.500/- will have to be re-imbursed to the Society by the member, prior to releasing the loan.

7. **General:**

- 7.1 The approval or rejection of any loan application is absolutely vested in the Committee.
- 7.2 Approval of the Committee is sought by the medium of a circular which would required a period of at least 3 – 4 weeks from the date of advice to the member that his/her loan application has submitted to the Committee.
- 7.3 Translation of documents are done outside the office, and hence the office will not have any control over the time taken for such translations.
- 7.4 Prospective applicants should therefore take into consideration the time factor involved in processing of applications, translation of documents and circulation, before entering into any agreements with vendors/building contractors and should allow sufficient time between the date of handing over applications and the release of funds.

8. **Ruling:**

The decision of the Committee shall be binding in all matters that are not dealt with in the above and the same shall be final and conclusive.