

PUBLIC NOTICES

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THE SIERRA LEONE HOUSING CORPORATION ACT, 1982

(No. 5 of 1982)

HOME SAVINGS AND LOANS SCHEME RULES, 1986

Short title.

In exercise of the powers conferred upon him by sub-section (2) of section 44 of the Sierra Leone Housing Corporation Act, 1982 (Act No. 5 of 1982) the Minister of Lands, Housing and Environment hereby makes the following Rules:—

1. These Rules shall come into force on the 1st day of July, 1986. Commencement.

2. In these Rules, unless a contrary intention appears— Interpretation.

“Act” means the Sierra Leone Housing Corporation Act, 1982 (Act No. 5 of 1982)

“approved securities” means Government securities or securities approved by the Bank of Sierra Leone;

“Board of Directors” means the Board of Directors referred to in section 4 of the Act;

“Corporation” means the Sierra Leone Housing Corporation established under the Act;

“customer” means a person who has opened a savings or time deposit account and has been granted a loan by the Corporation;

“scheme” means the Home Savings and Loan Scheme established under paragraph (j) of section 12 of the Act as amended by the Sierra Leone Housing Corporation (Amendment) Act, 1986 (Act No. 3 of 1986).

3. (1) The Corporation shall establish and operate the scheme and receive funds from the general public on savings and time deposits. Corporation to establish scheme.

(2) The Board of Directors shall stipulate the limits of any capital raised by the Corporation by borrowing for the purposes of

the scheme and that limit shall be set with due regard to the total liabilities of the scheme and the need for financial prudence.

(3) The funds raised in sub-rules (1) and (2) of this rule shall be employed for making loans to customers for the purchase, construction or improvement of their homes.

Who may open account.

4. Accounts can be opened and operated by individuals, two or more persons jointly, business and social organisations including co-operatives and anyone considered by the Manager of the scheme to be a fit and proper person to operate an account.

Minimum amount to open an account.

5. The minimum amount with which to open a savings account shall be ten leones and for a time deposit account one hundred leones and the minimum amount in any savings account at any one time shall be ten leones and the maximum deposit that can be accepted from any depositor shall be as stipulated by the Board of Directors.

Passbook etc.

6. Every account holder shall be issued with a certificate of deposit or a passbook showing the amounts deposited or withdrawn, the dates of such deposit or withdrawal and every such entry shall be attested by the signature of an authorised officer of the Corporation.

Notice of withdrawal from time deposit account.

7. The Corporation shall stipulate the period of notice to be given before an account holder may withdraw funds from a time deposit account.

Rates of interest and maximum number of withdrawals.

8. The Board of Directors shall fix the rates of interest payable on deposits and savings accounts and the maximum number of withdrawals permitted on each type of savings account within a specified period.

Payment of fee re accounts closed within one year.

9. A savings account holder who closes his account within one year after opening it shall pay to the Corporation a fee of ten leones.

Exemption from Income Tax of Interest on deposit accounts.

10. Interest paid or payable on savings or time deposit accounts shall be exempt from income tax and surtax where applicable up to an amount of Le6,000 in the case of a savings account and Le10,000 in case of a time deposit account.

Current account etc. prohibited.

11. The Corporation shall not operate current accounts or engage in the discounting of bills of exchange.

12. Application for a loan shall be made on forms prescribed by the Corporation and all such applications shall be accompanied by authentic documents indicating the income of the applicant, his age, family circumstances and such other information as may be required by the Corporation.

Loan application.

13. Applicants for loans shall include individuals and housing cooperatives and in the case of housing cooperatives the Board of Directors shall lay down rules regulating the relationship between the housing cooperative and the Corporation.

Applicants for loans.

14. Loans may be granted only for the purchase, renovation or extension of a residential dwelling and such loans may be repayable by equal monthly instalments over a period not exceeding 25 years from the date of entry by the applicant into the loan agreement.

Purpose for which loans may be made.

15. The amount of each monthly instalment shall not exceed thirty per centum of the total monthly income of the borrower and in determining the total monthly income of the borrower regard may be had to the earning capacity of his or her spouse.

Amount of loan repayment instalments.

16. The maximum amount that may be granted as a loan shall be as laid down by the Board of Directors from time to time.

Maximum loan.

17. Where the amount that may be granted as a loan under rule 16 is more than eighty per centum of the estimated value of the dwelling house, the loan to be granted shall not exceed the lower figure.

Size of loan where property is valued less than maximum loan.

18. Loans shall be granted only on the security of a first mortgage on the property which is the subject of the loan.

Security for loan.

19. The Corporation may charge interest on loans made to borrowers at rates to be laid down from time to time by its Board of Directors and such rates of interests shall exceed by not less than one and a half per centum, the average rate of interest payable on all deposits and loans made to the Corporation under rule 3 of these Rules.

Rates of interest on loans.

20. In addition to the interest chargeable on loans the Corporation may charge loan fees and other fees to cover the expenses it may incur in the processing of a loan application and the execution of a loan agreement.

Loan fees and other fees.

21. The Corporation shall insure for the full value against fire and such other risks as it may deem fit, every property mortgaged to it as security for a loan, and shall collect the premium in respect of such policy of insurance from the mortgagor/borrower.

Corporation to insure property.

Liquidity ratio.

22. The Corporation shall maintain in cash and or assets that are readily convertible into cash, ten percentum of the total amount of money received as deposits from members of the public.

Loans Committee.

23. The Board of Directors shall appoint a loans committee from among its members and top management whose function shall be to consider all loan applications and recommend to the full Board those which fulfil the criteria of eligibility prescribed under these Rules and could be approved.

Exemption from income tax of interest chargeable on loans

24. The interest chargeable on loans made by the Corporation to its customers, shall be treated for the purposes of determining the assessable income of such customers under the Income Tax Act (Cap. 273), as an allowable deduction.

Creation of a general reserve fund.

25. (1) The Board of Directors shall cause to be created and maintained a general reserve fund and the Board shall lay down the percentage of the excess of income over expenditure as shown in the audited accounts of the scheme at the end of each accounting period that should be credited to the general reserve fund.

(2) The funds in the general reserve fund shall be used in accordance with the directives of the Board of Directors to meet contingencies.

Deposit requirement.

26. (1) The Corporation shall endeavour to use its funds for the provision of loans to its customers but any moneys held by the Corporation in respect of the scheme under rule 22 of these Rules in so far as such moneys are not immediately required for the purposes of the scheme shall be deposited with the Bank of Siera Leone.

(2) Any such moneys required to be deposited by sub-rule (1) of this rule with the Bank of Sierra Leone may be so deposited wholly in cash or wholly in approved securities or partly in cash and partly in approved securities so long as the total of the cash deposited or the face value of the approved securities so deposited or both is not less than the total amount required to be deposited under sub-rule (1) of this rule.

(3) The Corporation may, at any time, withdraw moneys deposited under sub-rules (1) and (2) of this rule, when the financial needs of the scheme so require.

(4) The Corporation may, at any time replace any cash deposited by it under this rule with the Bank of Sierra Leone with approved securities and may also replace any approved securities so deposited either with cash or other approved securities or partly

with cash and partly with approved securities so long as the cash and the face value of the approved securities replaced do not in each case exceed the cash and the face value of the approved securities by which they are replaced.

27. (1) The Corporation shall submit every six months to the Minister responsible for Housing a report on the operations of the scheme and such report shall contain details of the total amount deposited with the scheme, the number of loans granted, the purposes for which the loans were granted and any other information that the Minister may require. Reports to be submitted.

(2) The Corporation shall also furnish reports or any information to the Ministry of Finance, and the Bank of Sierra Leone as may be required.

28. The corporation shall keep separate accounts of the operations of the scheme and the funds in the account shall not for any particular purpose form part of the funds of the Corporation in respect of the operations of the Corporation under the provisions of this Act other than its operations in respect of the scheme. Separate accounts for scheme.

29. The Corporation shall publish annually the audited balance sheet and profit and loss accounts showing the assets and liabilities of the scheme. Publication of audited balance sheet.

30. (1) The Corporation shall allow the inspectors of the Bank of Sierra Leone to examine the books relating to the scheme in order to ensure compliance with the directives of the Bank and to determine the financial condition of the scheme. Inspection by Bank of Sierra Leone.

(2) The Corporation shall make available to such inspectors of the Bank of Sierra Leone all books, documents and other relevant information whether written or oral as may be necessary for the purpose of the inspection being conducted by the said inspectors.

MADE this 29th day of May, 1986.

A. B. KAMARA,
*Minister of Lands, Housing and
Environment.*