



GUYANA.

BILL NO. 32 OF 1970.

HOUSING DEVELOPMENT BILL, 1970.

Arrangement of Sections.

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A BILL

Intituled

AN ACT to provide for the establishment of a Housing Fund and the effectuation of mortgage guarantees by the Government for the purposes of housing development and other matters incidental thereto.

A.D. 1970 Enacted by the Parliament of Guyana :—

PART I

PRELIMINARY

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| Short title | 1. | This Act may be cited as the Housing Development Act, 1970. |
| Interpre-
tation. | 2. | In this Act —
“approved mortgage” means a body corporate for the time being approved by the Minister for the purpose of effecting mortgages which may be guaranteed as provided by this Act;
“borrower charges” means such prescribed charges, advanced by an approved mortgagee in accordance with normal mortgage practices to safeguard the interests of the mortgagee or the Government or both;
“mortgage guarantee” means a mortgage in respect of which there subsists a guarantee executed pursuant to section 8;
“insurance fund” means the Mortgage Insurance Fund established pursuant to section 11;
“service charge” means the service charge made or approved by the Minister for administering a mortgage guarantee;
“the Central Authority” has the same meaning as in the Housing Ordinance;
“the Fund” means the Housing Fund constituted under section 3. |
| Cap. 182. | | |

PART II

HOUSING FUND

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| Establishment
of Housing
Fund. | 3. | There is hereby established a fund to be known as the Housing Fund which shall be available for the purposes set out in |
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on 5 and to which at the commencement of this Act there shall be transferred by the Central Authority or on its behalf all sums standing paid to its credit, or hereafter accruing to it, pursuant to the sale or lease by the Government of lands or buildings or arising under mortgages executed in favour of the Central Authority in respect of such lands or lease.

The Fund shall consist of —

Composition
of Fund.

- (a) sums transferred thereto pursuant to section 3;
- (b) sums appropriated thereto from the Consolidated Fund;
- (c) sums received by the Government from time to time as loans or grants for the purpose of housing in Guyana;
- (d) sums accruing by way of interest on moneys of the Fund deposited pursuant to section 6;
- (e) sums arising from the sale or rental of lands or buildings under the administration of the Ministry responsible for housing;
- (f) such other sums as may from time to time accrue to the Fund.

5. The purposes to which the sums standing to the credit of the Fund may be applied, are —

Application
of Fund.

- (a) expenditure in relation to the capital costs of constructing dwelling houses, the property of the Government;
- (b) expenditure in relation to the acquisition and development of lands or buildings for the purposes of housing;
- (c) the discharge of liabilities relating to insurance, rates, taxes and other liens in respect of lands or buildings to be used for housing, or which were so used, by the Government and are subject to mortgages in favour thereof;
- (d) the repayment of loans raised by the Government for the purposes of housing, together with other charges incidental thereto;
- (e) subject to section 1.1(d), the redemption of any debentures issued under this Act;
- (f) such other purposes relating to housing as may be authorised by affirmative resolution.

6. The Fund, or any part thereof, may be deposited with the Guyana National Co-operative Bank and any part of the Fund which is not required for early disbursement may be invested in such securities as the Minister responsible for finance may specify.

Custody and
investment
of Fund.

Audit and
report of
Fund's
transactions.

7. (1) The Minister shall cause to be kept annual accounts of the transactions of the Fund for the preceding financial year and, such accounts shall, within four months of the end of that year, be submitted for auditing to the Director of Audit.

(2) A report on the transactions of the Fund during the preceding financial year together with a statement of the accounts as audited in accordance with subsection (1) shall within six months of the end of that year, be laid by the Minister before the National Assembly.

PART III

MORTGAGE GUARANTEE

Mortgage
Guarantee.

8. (1) Where the payment of a loan for the purchase of a house (whether or not in addition to the land whereon it stands) or for the construction thereof is secured by a mortgage on that house and land (if any) and the mortgage contains a condition that, unless the Minister otherwise permits, the mortgagor shall reside in the house during the subsistence of that mortgage, the Minister, or any public officer duly authorised by him, may, subject to this Part and the regulations, enter into a written guarantee on behalf of the Government with the parties to the mortgage in accordance with subsection (2).

(2) The guarantee referred to in subsection (1) shall provide that in the event of the mortgagee foreclosing the mortgage and having the property sold, the mortgagee shall, if the net amount realised by the mortgage upon the sale is less than that owing under the mortgage, recover under the guarantee —

- (a) a sum equal to the difference between two-thirds of the value of the mortgaged property and ninety per cent of that value, or such other sum the aggregate of which and the amount realised would not exceed the principal amount outstanding under the mortgage at the time of sale, whichever is the lesser sum;
- (b) borrower charges made before and after the date of the exercise of the power of foreclosure;
- (c) interest at the mortgage interest rate on each sum specified in paragraphs (a) and (b) —
 - (i) for the period for which interest thereon was due or accrued and unpaid at the date of sale, or
 - (ii) for a period of one year, whichever is the shorter period; and
- (d) such fee in respect of administration expenses during the default period, as may be prescribed.

(3) In calculating the amount payable under the guarantee pursuant to this section, amounts received for the credit of the mortgage account shall be credited at the date of the receipt thereof in such manner as may be prescribed.

(4) No payment shall be made by the Minister under the guarantee unless the Minister is satisfied that the mortgagee has taken such steps in respect of the mortgage account as were in accordance with normal mortgage practice.

(5) Notwithstanding anything to the contrary in this Part, the proceeds of the sale of the mortgaged property in respect of which a guarantee was given under this section shall be applied in accordance with the provisions of section 31 of the Deeds Registry Ordinance. Cap. 32.

(6) This section applied to —

- (a) a newly constructed house, the cost of construction of which, in the opinion of the Minister, having regard to normal building costs prevailing at the time of its construction, would not exceed fifteen thousand dollars, inclusive of the cost of the land; and
- (b) any other house the purchase price of which is not more than fifteen thousand dollars, inclusive of the cost of the land.

9. (1) The mortgagee under a mortgage guarantee shall pay to the Minister in respect of the guarantee an insurance fee at a rate not exceeding one per cent of the principal sum then covered by the guarantee, such rate being that prescribed at the date of the execution hereof. Insurance fee.

(2) The insurance fee shall be payable at such time or times as may be specified in the guarantee.

10. (1) It shall be an implied term of every guarantee that — Purchase of mortgaged property.

- (a) where property, the subject of a mortgage guarantee, is to be put up for sale pursuant to a foreclosure, the Minister may acquire the property by purchase and thereafter deal with it as the property of the Government; and
- (b) unless otherwise prescribed, the Minister may, with the concurrence of the Minister responsible for finance, satisfy any sum due to a mortgagee, pursuant to paragraph (a), with Government debentures.

(2) Debentures issued under this Act shall, if not redeemed as otherwise provided in this Act, be charged upon the Consolidated Fund

- (a) bear interest at the rate payable under the mortgage guarantee;
- (b) be redeemable not later than the date specified in the mortgage guarantee for the repayment of the sum covered by the guarantee;
- (c) be transferrable only by instruments of transfer registered in a book kept for the purpose by the Minister wherein particulars relating to the value of the debenture, the date of issue and transfer (if any),

and the name and address of each holder shall be recorded.

Mortgage
Insurance
Fund.

11. Notwithstanding anything to the contrary in this Act or in any other law —

- (a) the Minister shall establish a fund to be known as the "Mortgage Insurance Fund" the assets of which shall comprise —
 - (i) all insurance fees received under section 9;
 - (ii) property acquired by the Minister under section 10;
 - (iii) investments made and any sums arising, pursuant to paragraphs (b) and (c) respectively;
- (b) moneys standing to the credit of the insurance fund may be invested in such manner as the Minister responsible for finance may specify;
- (c) moneys standing to the credit of the insurance fund may be held on deposit with Guyana National Co-operative Bank;
- (d) all payments required to be made by the Minister pursuant to a mortgage guarantee or in acquiring property pursuant to section 10 shall first be the liability of the insurance fund.

Regulations.

12. (1) The Minister may make regulations for carrying out the provisions of this Act and without prejudice to the generality of the foregoing may make regulations:—

- (a) with respect to applications for, the conditions of, and circumstances permitting, mortgage guarantees;
- (b) for the manner and payment of sums due under mortgage guarantees;
- (c) the manner and form for the issuing of debentures and the payment of interest in respect thereof;
- (d) prescribing anything which is required to be prescribed.

(2) Regulations made under subsection (1) shall be subject to negative resolution.

EXPLANATORY MEMORANDUM

To alleviate the housing needs of Guyana it is considered expedient to channel the funds available to the Government for the purpose into a particular fund (to be known as the Housing Fund) as provided by the provisions of Part II of the Bill.

The provisions of Part III of the Bill seek to make larger mortgages available to prospective mortgagors who are builders of owner occupied houses by enabling the Government to guarantee a mortgagee that portion of the mortgage which but for the guarantee would not be normally available to a mortgagor.

D. A. SINGH,

Minister of Housing and Reconstruction.

(Bill No. 32/1970)

(HR: 129/12)