

N.R.C.D. 319
PUBLIC SERVANTS (HOUSING LOANS) SCHEME ACT, 1975

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N.R.C.D. 319
PUBLIC SERVANTS (HOUSING LOANS SCHEME) ACT, 1975(1)

AN ACT to establish a scheme for the granting of loans to public servants and to provide for related matters.

The Scheme

1. Establishment of Loans Scheme

There is hereby established a Public Servant's Housing Loans Scheme.

2. Application of Scheme

(1) The Scheme applies in the first instance only to public officers whose salaries are paid directly by the Controller and Account-General.

(2) The Minister may, by executive instrument, and with the prior approval of the President, extend the Scheme to any other employees in any other part of the Public Services and may by that instrument make the modifications to this Act, in its application to those employees that are necessary having regard to the circumstances of that part of the Public Services.

(3) Subject to this Act, a public servant who has completed the period of probation is eligible to apply in the prescribed manner by Regulations made under section 25, to the Board established under section 6 for a loan for the purpose specified in section 5.

(4) The Scheme applies only to citizens.

3. Scheme does not apply to public officers with own scheme

The Scheme does not apply to employees in a part of the Public Services which to the satisfaction of the Minister has an equivalent Scheme.

4. Amount of loan and interest

(1) The Board shall determine the amount of loan to be granted under the Scheme which shall be a sum of money not exceeding ten times the gross annual salary of the applicant.2(2)

(2) Interest on a loan shall be charged at the rate of two and a half percent per annum on the reducing balance of the loan.

5. Purpose of loan

An applicant who obtains a loan under the Scheme shall apply it for the purpose of acquiring residential property for the applicant's own use.

The Board

6. The Board

There is hereby established a Public Servants Housing Loans Scheme Board.

7. Membership of the Board

(1) The Board consists of

- (a) the chairman,
- (b) the executive secretary appointed under section 11,
- (c) one representative each of
 - (i) the Office of the President,
 - (ii) the Ministry responsible for Housing,
 - (iii) the Ministry responsible for Finance (Budget Division),
- (d) the Controller and Accountant-General,
- (e) one representative each of
 - (i) the Ministry of Lands who is a valuer,
 - (ii) the Legal Service, and
 - (iii) the Architectural and Engineering Services Corporation.

(2) The members of the Board, other than the executive secretary, shall be appointed by the President in accordance with article 70 of the Constitution.

8. Functions of the Board

(1) The functions of the Board are,

- (a) to examine applications for loans submitted under section 2,
- (b) to grant and recover loans in accordance with this Act, and
- (c) to enter into contracts and any other things necessary for or incidental or conducive to the purposes of this Act.

(2) The Board may, for the purposes of this Act, sue or be sued as if it were a legal person.

9. Board to regulate its own affairs

(1) The Board may, subject to this Act, in the performance of its functions, regulate its own affairs.

(2) The Board may, for the performance of its functions, appoint committees consisting of persons, whether members of the Board or not, to perform the functions assigned to them by the Board.

(3) The Board may co-opt a person to act as an adviser at any of its meetings but a person so co-opted is not entitled to vote at the meeting on a matter for decision by the Board.

10. Tenure of office of members of the Board

(1) A member of the Board, other than the executive secretary, shall hold office for a period of three

years and is not be eligible for re-appointment.

(2) A member of the Board, other than the executive secretary, may, at any time, by notice in writing addressed to the Minister resign from office, and the President may for a good cause terminate the appointment of a member.

Administration

11. Executive secretary and staff

(1) The Board shall have an executive secretary, who shall be appointed by the President in accordance with article 195 of the Constitution on the terms and conditions determined by the President.

(2) The executive secretary is the chief executive of the Board and is responsible for the day-to-day management and administration of the activities of the Board subject to the directions given by the Board.

(3) Where the executive secretary is prevented by absence from the Republic or illness or a sufficient cause from performing functions under this Act, the Board may appoint any other officer of the Board to act for the executive secretary for the duration of the incapacity.

(4) The President shall provide the Board with the services of any other public servants needed by the Board for the efficient performance of its functions.

12. Remuneration

(1) A member appointed to the Board as well as a person co-opted to the Board under subsection (3) of section 9 may be paid the allowances determined by the President.

(2) There may also be paid to members appointed to serve on a committee under subsection (2) of section 9 the allowances determined by the President.

13. Expenses of the Board and Loans Fund

(1) The expenses of the Board in the performance of its functions under this Act shall be paid out of grants made to the Board by the Government.

(2) There shall be a Loans Fund for the operation of the Scheme which shall consist of moneys received by the Board from the Government or any other source for the purposes of the Scheme.

(3) The sums of money received by the Board under subsection (2) shall be lodged with the Bank for Housing and Construction as the Board's bankers.

(4) Money shall not be withdrawn from the Bank, except by cheque signed by the executive secretary or any other person acting in that capacity under subsection (3) of section 11, and countersigned by two other members of the Board.

14. Loan agreement

(1) A loan shall not be granted under this Act unless the Board enters into a loan agreement with the borrower.

(2) The borrower undertakes, in addition to any other terms which the Board considers prudent, to covenant with the Board in the agreement referred to in subsection (1)

(a) to keep in good repair the property used as security for the loan;

- (b) not to assign, sublet or otherwise part with the possession of the property or a part of it without the prior consent in writing of the Board;
- (c) to pay the ground rent, if the property is leasehold at the relevant times and to produce the receipts at the request of the Board;
- (d) to pay the property rates and taxes imposed by law in respect of the property as well as the outgoings specified by the Board in relation to the property.

15. Repayment of loan and interest

(1) Repayment of the loan and interest on it shall be by monthly deductions from the salary of the borrower by the Controller and Accountant-General and who shall pay the deductions to the Board which shall credit the amount to the loan account of the borrower.

(2) Where the borrower's salary is paid by a person, other than the Controller and Accountant-General, the monthly deductions referred to in subsection (1) shall be made from the borrower's salary by the borrower's employer and paid by the employer to the Board which shall credit the amount to the loan account of the borrower.

(3) Where there is a doubt as to the authority or person actually responsible for effecting monthly deductions from the salary of a borrower under subsection (2), the doubt shall be resolved by the Minister acting on the advice of the borrower.

(4) The monthly deductions in respect of both the principal loan and the interest shall not exceed

- (a) thirty percent of the borrower's basic monthly salary for the time being as determined by the Board, in the case of a person whose gross annual salary does not exceed four million five hundred thousand cedis; and
- (b) thirty-five percent of the borrower's basic monthly salary for the time being as determined by the Board in the case of a person whose gross annual salary exceeds four million five hundred thousand cedis.

(5) The period of repayment of the loan and interest shall not exceed thirty years.

(6) The borrower shall commence repayment of the loan and interest,

- (a) in the case of a loan for the purchase of an existing house, on the date of payment of the borrower's salary in the third month following the release of the loan;
- (b) in the case of a loan for the building of a new house, on the date of payment of the borrower's salary nine months from the date of first drawing on the loan or two months from the date of completion of the house, whichever is earlier.

(7) In the case of a loan to which paragraph (b) of subsection (6) applies, interest shall accrue on the part of the loan released for the purpose of building the house from the day of the release and the interest shall be paid at the times, in the instalments and in the manner determined by the Board.

(8) The Board may, if satisfied that there are exceptional circumstances which justify it doing so, postpone a date prescribed by subsections (6) and (7) for the commencement of the repayment of a loan and interest to a later date considered reasonable.³⁽³⁾

(9) Where the borrower fails or neglects to pay a sum of money due and payable under this Act, the Board may take legal proceedings to recover it or enforce the security for the loan given by the borrower.

16. Security for loan

Where a loan is granted under this Act, security for the loan shall be provided as follows:

- (a) the property shall be mortgaged to the Board;
- (b) the title deeds and mortgage deeds relating to the property, duly stamped and registered, shall be deposited with the Board;
- (c) a borrower who obtains a loan shall take out in respect of the loan or the property or both, the insurance policy or policies with an insurer and on the terms and conditions approved by the Board;
- (d) the Board shall, on the failure of a borrower to take the necessary insurance policies, take the policies for and on behalf of the borrower and debit the moneys paid to the loan account of the borrower and may be recovered by the Board under section 15 (9);
- (e) further premiums on the insurance policies may be paid by the Board and debited to the loan account of the borrower and may accordingly be recovered by the Board under section 15 (9).

17. Disbursement of loan

(1) Where the loan granted is intended for the acquisition of an existing residential property, the purchase price shall be paid by the Board directly to the vendor, on the basis of a certificate issued by a valuer approved by the Board.

(2) Where the loan granted is intended for the construction of a new residential property by a contractor, the property shall be construed by a contractor approved by the Board, to whom payment by instalments shall be made by the Board on the basis of a certificate issued by a valuer approved by the Board.

(3) Where the constructional works are to be supervised by the borrower, an initial disbursement not exceeding ten percent of the approved loan may be made directly to the borrower and subsequent disbursements may be made on the basis of a certificate of work done issued by a valuer approved by the Board.

(4) Where the construction of a residential property is to be done for the borrower by the Ghana Housing Corporation, now Company State Housing, the Tema Development Corporation or any other Government Institution, the Board may make special arrangements for the payment of the cost of the building to the corporation or institution for and on behalf of the borrower.

18. Borrower to meet cost of valuation

The cost of a valuation undertaken by a valuer approved by the Board in respect of a loan shall be born by the borrower and may be recovered under section 15 (9).

19. Effect of dismissal from the service

Where a borrower is dismissed from the public service, the borrower's outstanding loan at the date of the dismissal shall become due and payable immediately, unless the Board accepts a new arrangement for repayment of the loan, but the rate of interest shall be the current commercial rate prevailing at the date of the dismissal.

20. Resignation

Where a borrower resigns to take up an appointment outside the Public Services or becomes self-employed, the Board may demand immediate payment of the loan outstanding or accept an arrangement for repayment of the outstanding balance to continue at the current commercial rate of interest.

21. Transfers

Where a borrower transfers to an employment approved by the Government, repayment of the remaining balance of the loan shall continue on the same terms as before, subject to the directions given by the Minister on the advice of the Controller and Accountant-General as to the authority responsible for making deductions from the borrower's salary.

22. Retirement or death

Where a borrower retires or dies before the completion of the repayment of the loan, the Board may permit repayment to continue by the retired officer or in the case of death by the legal successor of the borrower on the same terms as before, subject to the modifications that the Minister may direct.

Miscellaneous

23. Accounts and audit

(1) The Board shall

- (a) keep proper accounts and other records in relation to the accounts;
- (b) prepare an annual statement of accounts in the form and containing the particulars directed by the Auditor General.

(2) The financial year of the Board shall be the same as that of the Government.

(3) The accounts of the Board shall be audited annually by the Auditor-General who shall forward a copy of the report on the accounts to the Minister.

24. Annual report

(1) The Board shall, as soon as possible after the expiration of each financial year, but within six months after the termination of that financial year, submit to the Minister an annual report dealing generally with the activities and operations of the Board within the year which shall include a copy of the audited accounts of the Board together with the Auditor-General's report on the accounts.

(2) A copy of the annual report of the Board shall be sent by the Board to the Minister responsible for Finance.

(3) The Board shall also submit to the Minister any other reports on its affairs requested by the Minister by writing.

25. Regulations

(1) The Minister may, by legislative instrument, make Regulations on the recommendations of the Board, for the purpose of giving full effect to this Act.

(2) Without prejudice to the generality of subsection (1), Regulations may be made for regulating the grant of loans under the Scheme, for effecting the extension of an existing residential property and also for paying off existing loans in respect of property already acquired.

26. Interpretation

In this Act, unless the context otherwise requires,

“**Board**” means the Public Servants Housing Loans Scheme Board established under section 6;

“**citizen**” means a citizen of the Republic;

“**Minister**” means the Minister responsible for Housing;

“**prescribed**” means prescribed by this Act or the Regulations;

“**Public Services**” means the Public Services provided for by article 190 of the Constitution;

“**Regulations**” means the Regulation made under section 25;

“**Scheme**” means the Public Servants Housing Loans Scheme established under section 1.

Endnotes

1 (Popup - Footnote)

1. The Act was issued as the Public Servants (Housing Loans Scheme) Decree, 1975 ([N.R.C.D. 319](#)), made on the 7th day of March, 1975 and notified in the *Gazette* on 14th March, 1975.

2 (Popup - Footnote)

2. Substituted by paragraph (i) of section 1 of the Public Servants (Housing Loans Scheme) (Amendment) Decree, 1978 (S.M.C.D. 201).

3 (Popup - Footnote)

3. Inserted by paragraph (ii) of section 1 of the Public Servants (Housing Loans Scheme) (Amendment) Decree, 1997 (S.M.C.D. 79) as [paragraph \(6\) \(a\)](#).