

GOVERNMENT NOTICE No. 78

TRINIDAD AND TOBAGO

THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION ORDINANCE,
CH. 37. No. 5

RULES

MADE BY THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION UNDER
SECTION 198 OF THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION
ORDINANCE

THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION
MORTGAGE GUARANTEE RULES, 1974

1. These Rules may be cited as the Trinidad and Tobago Electricity
Commission Mortgage Guarantee Rules, 1974.

2. In these Rules:—
"the Commission" means the Trinidad and Tobago Electricity
Commission established under the Trinidad and Tobago Elec-
tricity Commission Ordinance;

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"the Ordinance" means the Trinidad and Tobago Electricity Com-
mission Ordinance.

3. Subject to the provisions of section 198(1) and (2) of the Ordinance,
there is hereby established a scheme whereby the Commission may guarantee
the repayment of mortgage loans made to its employees.

Establish-
ment of
scheme

4. Guarantees under the scheme shall be given if all the conditions set
out hereunder are met:—

Conditions
of
guarantee

(a) the employee seeking the guarantee is not less than 21 years old
and at the time of applying for the guarantee has been in the
full time permanent employment of the Commission for a period
of not less than three years;

(b) the property to be mortgaged is situated in a residential area
and comprises freehold land or land held under a lease the
unexpired term of which is not less than forty years and build-
ings which, in the opinion of the Commission, are properly
constructed and which are not more than twenty years old;

(c) the amount of the proposed mortgage loan, is in the opinion of
the Commission, not in excess of either:—

(i) 90 per cent of the value or the purchase price of the
property to be mortgaged, whichever is the less, or

(ii) the amount which would normally be advanced by a
mortgagee on that property; and

(d) the amount to be secured by the proposed mortgage is not in
excess of two and one-half times the gross basic annual
salary of the employee and the monthly instalment payable
thereunder will not exceed 25 per cent of the monthly basic
salary of the employee after deduction of income tax.

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Commission may exercise discretion

5. Notwithstanding the provisions of Rule 4, the Commission may in its discretion guarantee a mortgage loan:—

- (a) on a property, the buildings whereof are more than twenty years old at the date of the application, upon proof being furnished that the buildings are in a good condition and state of repair; or
- (b) on a property, where the land is held under a lease the unexpired term of which is less than forty years.

Husband and wife both employees

6. Where a husband and wife are both employees of the Commission and they make a joint application for a guarantee in respect of property being acquired or owned jointly by them, the Commission may take into account the combined income of the husband and wife for the purposes of paragraph (d) of Rule 4.

Applications

7. Applications for guarantees shall be in such form and shall contain such information and documentation as the Commission may from time to time require. The Commission may in its absolute discretion accept or reject an application by an employee who or whose spouse already owns a property suitable for occupation by that employee and his family. The decision of the Commission in respect of all applications under these Rules shall be final.

Guaranteed mortgage to be first charge on property secured

8. A guaranteed mortgage shall be a first charge on the mortgaged property and unless another method of repayment is approved in writing by the Commission shall be repayable by equal monthly instalments representing principal and interest combined payable over a period being not less than ten nor more than twenty-five years but in no event shall the period of a guaranteed mortgage extend beyond the normal retirement date of the employee within the meaning of that term in the Trinidad and Tobago Electricity Commission Pension Plan.

Provisions of guaranteed mortgage

9. A guaranteed mortgage shall provide *inter alia*:—

- (a) that the mortgaged property shall not be used otherwise than for occupation by the employee and his family as a private dwelling house;
- (b) that the buildings on the mortgaged property shall be kept insured in their full insurable value with an insurance office designated by the Commission against loss or damage by fire howsoever caused, lightning, thunderbolt, explosion, riot, strike, civil commotion, wind-storm, hurricane, earthquake, flood, impact by vehicles or aircraft or articles dropped therefrom, and bursting or overflowing of pipes and apparatus and the relevant policies of insurance shall have the interest of the mortgagee and of the Commission endorsed thereon and the mortgage clause attached thereto;
- (c) that the proceeds of sale of any mortgaged property shall be applied in accordance with the provisions of section 43 of the Conveyancing and Law of Property Ordinance, and shall contain such other covenants and provisions as are usual in the case of mortgages of freehold and leasehold properties in Trinidad and Tobago and as the Commission may from time to time require.

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10. A contract of guarantee entered into by the Commission under the Provisions of contract of guarantee Rules shall provide *inter alia*:—

(a) that all payments made by an employee to a mortgagee on account of a guaranteed mortgage shall be appropriated in the first place in reducing the liability of the Commission under the guaranteed mortgage until the sum guaranteed by the Commission as aforesaid shall have been wholly paid and satisfied and the liability of the Commission thereunder shall be thereby or in some other way discharged;

(b) that the aggregate amount of all liabilities incurred or to be incurred by the Commission under the guarantee shall in no event exceed thirty per cent of the principal money originally advanced by the mortgagee under the guaranteed mortgage after deducting therefrom the total of the sums by which the liability of the Commission shall have been reduced in accordance with paragraph (a);

(c) that should a mortgagee exercise the power of sale conferred upon him by law or by a guaranteed mortgage or institute legal proceedings with a view to a sale of the mortgaged property, and the net amount realised upon any such sale is less than that owing under the mortgage the mortgagee shall be entitled to receive from the Mortgage Guarantee Fund established under Rule 17 an amount equal to the difference between the net amount realised by the sale and the amount then remaining owing in respect of the guaranteed mortgage subject always to the limit of liability provided for by paragraph (b);

(d) that the liability of the Commission thereunder shall cease and the Commission shall forthwith be discharged therefrom if an employee who has entered into a guaranteed mortgage shall thereafter cease to be an employee and shall fail to pay the additional guarantee fee provided for by Rule 16.

11. The employee shall be responsible for and shall pay all charges, Employee costs and expenses incurred by him and the Commission for the purposes of to pay all charges or incidental to the application of such employee under the Rules and the entry by the Commission into the relevant contract of guarantee.

12. The employee shall at his own cost and expense effect and maintain Decreasing Term Insurance a Decreasing Term Insurance Policy on the life of the employee to the satisfaction of the Commission in respect of the guaranteed mortgage and will Insurance Policy and will duly assign the aforesaid Policy of Insurance to the Commission.

13. The Commission shall deduct from the employee's salary or from Deductions from salary and other moneys any other moneys payable by the Commission to the employee (and in the case of a husband and wife who are joint owners of mortgaged property from the salary or any other moneys payable by the Commission to either or both of them) such sums as may from time to time during the continuance of a guaranteed mortgage be required to pay the instalments due under the mortgage and any amounts payable for insurance premium guarantee fees and other costs and expenses in respect thereof.

14. Where any property which is the subject of a guaranteed mortgage Sale of mortgaged property is put up for sale by the mortgagee whether in exercise of the power of sale mortgaged property or as a result of court proceedings the Commission may acquire the mortgaged property by purchase and may thereafter deal with it as owner.

Guarantee fee 15. The Commission may in its absolute discretion require an employee to pay a guarantee fee not exceeding one half of one per cent of the total sum to be guaranteed by the Commission under a guaranteed mortgage and being not less than twenty-five dollars in any event and any such guarantee fee shall be paid by the employee on demand and prior to the execution of the contract of guarantee by the Commission.

Additional guarantee fee 16. If an employee who has entered into a guaranteed mortgage shall at any time during the continuance thereof cease to be an employee, such employee shall pay to the Commission an additional guarantee fee equal to 15 per cent (or such lower rate as may be decided by the Commission) of the sum then remaining guaranteed by the Commission and such additional guarantee fee shall become forthwith due and payable upon demand in writing made by the Commission to the employee.

Guarantee fund 17. For giving effect to the Scheme established by these Rules there is hereby established a Mortgage Guarantee Fund hereinafter referred to as "the Fund" consisting of:—

- (a) guarantee fees received by the Commission under Rules 15 and 16;
- (b) such sums as may from time to time with the approval of the Governor-General be transferred to the Fund from the Pension and Provident Funds of the Commission pursuant to the relevant provision of the Ordinance;
- (c) investments made pursuant to Rule 15; and
- (d) land or property acquired by the Commission pursuant to Rule 14.

Investment of guarantee fund 18. The Fund or any part or parts thereof may be invested by the Commission in such securities and on such terms and conditions as the Commission may think fit.

Accounts 19. The Commission shall keep or cause to be kept proper records and accounts relating to the Scheme and the Fund, and shall provide for their efficient administration and for these purposes may appoint such of its members, officers and servants and confer upon them such powers as the Commission shall think fit. Administration and management costs shall be borne by the Fund.

Money in fund to be deposited with bank 20. Money standing to the credit of the Fund may be held on deposit with any Bank in Trinidad and Tobago.

Payments to be made out of fund 21. All payments made by the Commission in respect of the Scheme shall be made out of the Fund.

Made by the Commission this 9th day of April, 1974.

L. ALAN REECE
Chairman

Approved by the Governor-General this 30th day of April, 1974.

K. BOSWELL INNIS
Secretary to the Cabinet