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Ruj Tuan :

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Tarikh : 23 August 2013

To: YB State Secretary
YA State Attorney-General
All Permanent Secretaries
Accountant-General
All Residents
All Heads of State Departments
General Manager, Borneo Housing Mortgage Finance Berhad
Kuching

YB Tan Sri/Datu/Tuan,

**STATE FINANCIAL SECRETARY'S OFFICE CIRCULAR NO.5/2013 -
GOVERNMENT OFFICERS' HOUSING LOAN SCHEME (AMENDMENTS) 2013**

The above mentioned subject refers.

2. This is to inform that the State Government has reviewed the Government Officers' Housing Loan Scheme as set out in the State Financial Secretary's Circular No. 4/2002 dated 12th September 2002. The full details of the amended scheme are given in **Appendix A** attached.

3. The Circular takes effect on 1st July 2013 and supersedes the State Financial Secretary's Circular No. 4/2002.

Thank you.

"BERSATU BERUSAHA BERBAKTI"

"AN HONOUR TO SERVE"

(DATO SRI AHMAD TARMIZI BIN HAJI SULAIMAN)
Setiausaha Kewangan Negeri
Sarawak

b.c.c.: Fail SFS/01742/8

GOVERNMENT OFFICER'S HOUSING LOAN SCHEME (AMENDMENTS) 2013

1. A Scheme to provide loans to Government Officers to enable them to acquire their own houses.

Eligibility

- 2.1 The following categories of officers are eligible for loans under this Scheme:-
 - (a) Officers on the permanent establishment who have reached the age of twenty one (21) years and have been confirmed in their first appointments;
 - (b) Contract Officers who are eligible for housing loans under the terms and conditions of their contracts of employment;
 - (c) Temporary Officers holding posts under the Establishment List (Printed Estimates) provided they have reached the age of 21 years and completed 3 years of continuous service unless otherwise stipulated in their terms and conditions of employment;
 - (d) Contract and temporary officers who are eligible for Government housing loan under the terms of their employment contract shall continue to be eligible for the Government Housing Loan upon their appointments to permanent established posts;
 - (e) Officers who were confirmed in their posts while serving in other branches of the Government including Federal Government, Local Government and Statutory Bodies are eligible to Government Housing Loan immediately upon their appointment to posts in the State Government service prior to their confirmation in the current posts.
- 2.2 If both husband and wife are in the State Public Service, the husband and wife either separately or jointly may apply for housing loans. In the case of husband and wife utilising their loan entitlements jointly, it shall be known as "Joint Loan".

Purpose of Loans

3. A loan under this Scheme may be granted for any of the following purposes:-
 - (a) to build a new house on titled land already owned by an officer;
 - (b) to purchase a new house (newly completed or under construction) on titled land and such loan may include renovation and/or extension costs subject to the terms and conditions at Attachment I;
 - (c) to purchase an existing house on titled land and such loan may include rehabilitation and/or extension costs subject to the terms and conditions at Attachment I;
 - (d) to purchase a parcel within a building under strata titles;
 - (e) for repairs or extension of a house/parcel already owned by an officer provided that the full entitlement has not been utilized subject to the terms and conditions at Attachment I;
 - (f) to settle outstanding balances of loans with financial institutions or other approved sources provided the property involved is owned by the officer;
 - (g) to purchase residential titled land in special cases with the approval of the State Secretary in consultation with the State Financial Secretary and State Attorney General; or
 - (h) to take over remaining loan balance from husband/wife, with financial institutions or other approved agencies subject to the terms and conditions at Attachment II.

Amount Of Loan

4. No loan shall exceed 100% of the valuation of the property to be purchased as assessed by the authorised valuer.
- 5.1 The maximum amount of loan for which each category of officers is eligible under this Scheme is at Attachment III.
- 5.2 An officer on the permanent establishment appointed to fill a 'tambahsentara' post of a higher grade is entitled for the maximum eligibility under such grade.

- 5.3 For the purchase of residential titled land as provided in paragraph 3(g) above, the amount of loan shall not exceed fifty per cent (50%) of the officer's maximum eligibility.

Period Of Repayment

- 6.1 The maximum period of repayment of any loan granted under this Scheme to officers on the permanent establishment shall be thirty (30) years commencing from the date of the first installment repayment of the first loan or before reaching the age of seventy (70) years, whichever is the earlier.
- 6.2 An Officer who contributes to Employees' Provident Fund (EPF) shall settle his/her loan together with interest within thirty (30) years or upon reaching the retirement age, whichever is the earlier, unless otherwise stipulated in his/her terms of employment.

Interest Rate

7. Interest at the rate of 3% per annum shall be charged on the loan. Such rate may be varied by Government from time to time as may be necessary but any application already approved before the effective date of change in the interest rate shall not be affected.

Repayment

- 8.1 A loan together with the interest thereon shall be repaid on an installment basis through monthly deductions from an officer's salary or pension. Officers on premature retirement shall make their monthly repayment to Borneo Housing Mortgage Finance Berhad or any other authorised management company ("the Company") upon leaving the service. The monthly repayments may be maintained at the same amount as its installment repayment throughout the period of the loan.
- 8.2 An officer under this Scheme who is on unpaid/half paid study leave may apply for suspension of repayment for a minimum of one (1) year and maximum of three (3) years subject to the terms and conditions at Attachment IV.

9. An officer under this Scheme may at any time settle the whole or part of the outstanding principal and interest. When the loan is fully settled, any charge to the State Financial Secretary or the Company against the property concerned shall be discharged accordingly.

Stamp Duty

10. Stamp duty and the fees payable, if any, on any charge, discharge of charge or documents required to be executed under this Scheme shall be borne by the officer.

Death

11. If an officer dies while in the service and if the loan is not adequately covered by insurance, the officer shall be deemed to have agreed to the appropriation of the necessary sum from any gratuity or any other money that may be due and payable to his/her estate from public funds upon his/her death to settle his/her outstanding loan. However, pending the settlement of insurance claim or payment of gratuity to the estate, the management fee in respect of the deceased's loan shall continue to be payable by Government subject to a maximum period of one year from the date of death of the officer.

Resignation Or Dismissal

12. In the event of resignation or dismissal of an officer from the service, the management fee payable by Government on his/her loan shall cease with effect from the date of his/her resignation or dismissal. The officer shall thereafter pay the full interest rate currently in force as any member of the public.

Sale of Property

- 13.1 An officer shall not, without the prior written approval of the State Financial Secretary, sell his/her property acquired under this Scheme within five (5) years from the date of the loan.
- 13.2 If the property is sold without such approval, the State Financial Secretary shall be entitled to demand interest at a rate not exceeding 10% per annum on the loan with effect from the date of the loan to the date of such sale.

- 13.3 An officer may sell his/her property acquired under this Scheme after five (5) years from the date of the loan subject to payment of all outstanding balance of the loan, and any fees or charges payable thereon shall be borne wholly by such officer.
14. Notwithstanding paragraph 13, the State Financial Secretary may permit an officer to sell, without any penalty, his/her property to any other officer eligible to participate in this Scheme provided that the officer purchasing complies with the provisions of this Scheme and takes over all the commitments of the officer selling under this Scheme and provided further that the amount of such commitments then outstanding does not exceed the maximum laid down in paragraph 4, 5 and 16 in relation to such officer purchasing.

Renting

15. Subject to paragraph 18, an officer may let his/her house at his/her own discretion.

Number Of Loans

- 16.1. An officer is eligible for a maximum of two loans (i.e. for two separate houses) only in his/her service. However, the maximum amount of the second loan shall be the difference between the officer's current entitlement and the amount of the first loan.
- 16.2 If an officer has redeemed his/her first loan, the amount of outstanding balance which he/she has repaid the Borneo Housing Mortgage Finance Berhad shall be taken into consideration when computing the maximum eligibility for the second loan.
- 16.3 If an officer has redeemed his/her first loan and subsequently his/her second house acquired under his/her second loan is compulsorily acquired by Government, the State Financial Secretary may exercise his discretion to consider an application to purchase another house provided that the officer's spouse has not been granted any loan and subject to the limitation as set out in paragraph 16.1.

Insurance

17. An officer shall obtain such insurance policy including a Mortgage Decreasing Term Assurance or otherwise known as "Single Premium" policy from such insurance companies/brokers as may be approved by the State Financial Secretary. An additional amount to pay for such premium may be granted to him/her notwithstanding the maximum amount laid down in paragraph 5 and such amount, if granted, shall be treated as part of his/her loan.

Government Quarters

18. An officer or his/her spouse if he/she is a public officer of the State Public Service under this Scheme shall not be eligible for Government rented accommodation or Government quarters when posted to the station in or near where his/her house is situated, even if he/she has repaid all moneys outstanding and even if he/she has sold, rent or otherwise disposed of his/her house under this Scheme.

Administration

19. All loans granted under this Scheme are administered by the Borneo Housing Mortgage Finance Berhad under an arrangement agreed on 1st August, 1960 between the Government and the Company. A management fee, calculated on the basis of the difference between the leading rates charged by the Company on its loans and the rate of interest that Government officers pay under this Scheme, shall be paid by Government to the Company, for such services.

Application To Borneo Housing Mortgage Finance Berhad ("The Company")

- 20.1. Officer who are eligible for loan under this Scheme may apply to the Company by completing the relevant forms which can be obtained from the Company's office.
- 20.2. Husband and wife who apply for Joint Loan must submit their applications together and clearly indicating the amount of loan each is applying.

Application Procedure

21. All applications to the Company under this Scheme shall be as follows:-
- (a) An officer shall submit his/her application to the Company through and with the personal comments and recommendations of his/her Head of Department. The Company shall investigate the application including the conduct of a property survey. No fee shall be charged for this service.
 - (b) When the Company is satisfied that an application conforms with the conditions of this Scheme, it shall then submit the application with its recommendations and that of the Head of Department to the State Financial Secretary for consideration.
 - (c) The State Financial Secretary may approve or reject or amend the recommendation. The decision shall accordingly be conveyed by the Company to the officer.
 - (d) On the officer's acceptance of the offer, the Company shall arrange for the investigation of the land title and shall give all necessary instructions for the preparation and completion of the charge instruments. The officer shall be informed by the Company when it is in order for him/her to pay an initial deposit and enter into a contract of purchase.
 - (e) Requests for progress payments by the seller/developer shall be made to the Company. Progress payments shall only be made when all conveyance, contract and charge instruments are completed and on certification issued by the Company's Surveyor.
 - (f) The Company's Surveyor shall inspect the property at regular intervals to ensure that the property charged to the Company shall constitute adequate security at all times for the loan made, and to this end shall ensure that contract specifications are followed. There shall be no charge for these inspections.
 - (g) Charge accounts shall be debited with capital payments and interest. Repayments shall be by way of annuity at 3% computed from monthly principal and interest tables. Each installment of principal and interest shall be repaid by monthly installments. An officer is required to give an undertaking in his/her application that if his/her loan is approved, he/she shall authorise the

Accountant-General by signing a copy of Form T.228 to deduct the monthly installment from his/her salary, and he/she shall forward a copy of Form T.228 duly completed to the Accountant-General upon receipt of an advice from the Company of the approval of his/her loan and the date when his/her monthly installments shall begin. Repayments shall normally commence six (6) months after the first advance or whenever the house is ready for occupation, whichever is the sooner. If the house is not completed after six (6) months, an officer may apply to the Company for further deferment of repayment. Any application for deferment of repayment in excess of six (6) months shall be referred by the Company to the State Financial Secretary for decision.

- (h) The Company shall submit to the officer on or before 31st January of each year a copy of his/her charge account showing all debits and credits and the balance outstanding as at 31st December of the previous year.
- (i) The Company shall arrange to insure the property against fire, aircraft risk and loss of rent at the officer's expense, and any premia paid by the Company shall be recovered from the officer annually.
- (j) The Company shall be responsible for the enforcement of the conditions of the charge instruments.
- (k) The Company would arrange for the discharge of charge when repayment has been made in full, and any expenses incurred thereof shall be on the account of the officer but the Company shall not be liable to the officer if the Memorandum of Discharge of Charge could not be registered by reason of other encumbrances registered against the land both other parties or persons.
- (l) In the event of default, the Company shall be responsible for taking such legal action as is considered necessary and any costs and expenses incurred thereof shall on the account of the officer, and shall be recovered from the officer on a solicitor and client basis.

Evidence Of Ownership Of Land

22. An application for the building or reconstruction of a house on the officer's own land shall be accompanied by issue document of title to the land or a certified extract thereof issued by the Land and Survey Department.

Authority Of The State Financial Authority

- 23.1. The State Financial Secretary may approve or reject any application as he may deem fit.
- 23.2. The State Financial Secretary shall have the authority to decide on any matter relating to the construction of the terms and conditions of this Scheme and his decision thereon shall be final.

State Financial Secretary's Office,
Sarawak

Date : 23 August 2013

Ref. : SFS/00021/9 SFS-CIRCULARS(26)

A) An existing house purchased under the Government Officers' Housing Loan Scheme.

- i. No arrears in repayment.
- ii. The renovation and/or extension works shall not be carried out without prior approval of the State Financial Secretary.
- iii. The renovation and/or extension plan has been approved by the Local Authority.

B) The house not purchased under the Government Officers' Housing Loan Scheme.

- i. The house owned by the Officer.
- ii. The renovation and/or extension works only allowed for the house that is fully completed.
- iii. The renovation and/or extension plan has been approved by the Local Authority.

C) Loan for renovation shall NOT be utilised for the following:-

Preliminaries:-

- i. Consultant Cost
- ii. Legal Cost
- iii. Local Authority Cost
- iv. Plan preparation Cost
- v. Building and workers insurance

Accessories/Equipment:-

- i. Non-fixtures
- ii. Communication and Technology equipment
- iii. Electrical goods
- iv. House accessories

Landscaping Works including:-

- i. Swimming pool
- ii. Fish pond
- iii. Gazebo
- iv. Grass

Taking over loan from husband/ wife is permissible if the property is to be disposed of under Court's Order or Local Authority's Order or in settling outstanding balance of loan subject to the terms and conditions as follows:-

- i. The applicant is a co-owner of the property (Husband/wife). He/she shall acquire written consent from the husband/wife to transfer half (1/2) share of the property to him/her.
- ii. The applicant shall acquire written consent to transfer the whole share of the property to him/her from the owner if his/her name is not in the ownership right.
- iii. An applicant shall acquire written approval from the State Financial Secretary prior to the taking over with justification(s) and supporting document(s)/evidence.
- iv. The amount of outstanding loan to be taken over is within the applicant's entitlement. In the event that the outstanding loan exceeds the entitlement of the applicant, the applicant shall first settle the difference between the entitlement and the outstanding loan with financial institutions or other approved agencies.

1. MAXIMUM ENTITLEMENT

Category	Maximum Eligibility (RM)
VU5 and above	450,000
VU6 and VU7	400,000
47 - 54 (Category I & II)	380,000
41 - 46 (Category IV)	320,000
13 - 40 (Category V - XI)	250,000
11 - 12 (Category XI)	180,000
1 - 10 (Category XI)	140,000

2. The maximum amount of loan which can be granted is also subject to the following terms and conditions:-

- i. The total deduction including the housing loan monthly repayment shall not exceed 60% of the gross income; and
- ii. The Net Disposal Income shall not below the current Poverty Line Index (PLI).

Attachment IV

Suspension of monthly repayment is subject to the terms and conditions as follows:-

- i. Officers who are taking unpaid or half paid study leave to pursue their study in the country (Diploma/Degree/Master/PhD) on Government sponsorship.
- ii. Officers who are taking unpaid or half paid study leave to pursue their study overseas (Degree/Master/PhD) on Government sponsorship.
- iii. Officers who are taking unpaid leave to accompany their husband/wife who pursues study overseas on Government sponsorship.
- iv. Officers on unpaid leave for a minimum period of one year to accompany husband/wife who serve the Malaysian Government overseas.
- v. The monthly repayment shall be reinstated immediately upon the expiry of the unpaid or half paid leave.