



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**HOUSING DEVELOPMENT FINANCE
CORPORATION OF SRI LANKA
ACT, No. 7 OF 1997**

[Certified on 18th June, 1997]

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*Housing Development Finance Corporation of
Sri Lanka Act, No. 7 of 1997*

L. D.—O. 22/95. [Certified on 18th, June 1997]

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE HOUSING
DEVELOPMENT FINANCE CORPORATION OF SRI LANKA ; TO
SPECIFY ITS POWERS AND FUNCTIONS ; AND TO PROVIDE FOR
MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

1. This Act may be cited as the Housing Development
Finance Corporation of Sri Lanka Act, No. 7 of 1997 and
shall come into operation on such date as the Minister may
appoint by Order published in the Gazette (hereinafter referred
to as "the appointed date").

Short title and date
of operation.

PART I

ESTABLISHMENT OF HOUSING DEVELOPMENT FINANCE
CORPORATION OF SRI LANKA

2. (1) There shall be established a Corporation to be
called the Housing Development Finance Corporation of Sri
Lanka (hereinafter referred to as "the Corporation").

Establishment of
Housing
Development
Finance
Corporation of
Sri Lanka.

(2) The Corporation shall, by the name assigned to it by
subsection (1), be a body corporate with perpetual succession
and a common seal, and may sue and be sued in such name.

(3) The head office of the Corporation shall be in
Colombo. Such branch offices as the Board of Directors may
consider necessary shall be established in places in Sri Lanka
outside Colombo.

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Board of Directors.

3. (1) The administration and management of the affairs of the Corporation shall be vested in a Board of Directors (hereinafter referred to as the "Board") which shall consist of—

(a) two *ex-officio* directors, namely —

(i) a representative of the Ministry of the Minister in charge of the subject of Housing to be nominated by the Minister; and

(ii) the Secretary to the Treasury or his representative.

(b) four directors, of whom—

(i) one director shall be a representative of the Central Bank of Sri Lanka, nominated by the Minister in consultation with the Board and with the concurrence of the Minister in charge of the subject of Finance;

(ii) one director shall be a representative of the Minister in charge of the subject of Housing nominated by such Minister;

(iii) one director shall be a representative of the Ministry of the Minister in charge of the subject of Finance, nominated by the Minister in consultation with the Board and with the concurrence of the Minister in charge of the subject of Finance;

(iv) one director shall be a representative of the Ministry of the Minister in charge of the subject of Labour, nominated by the Minister in consultation with the Board and with the concurrence of the Minister in charge of the subject of Labour.

A director nominated under this paragraph is hereinafter referred to as a "nominated director";

- (c) one or more nominated directors shall, after the contributions of the institutions referred to in section 17 are repaid under that section, resign their posts at the first Annual General Meeting or subsequent Annual General Meetings as the case may be, in order to secure that the number of nominated directors is proportionate to the share of equity capital held by the Government or Government Institutions in the Corporation ;
- (d) four directors elected by the shareholders of the Corporation at the Annual General Meeting of the Corporation:

Provided however that a majority of such elected directors shall at all times be citizens of Sri Lanka ;

Provided further, that the initial elected directors shall be appointed by the Minister;

A director appointed under this proviso is hereinafter referred to as an "appointed Director".

(2) (a) A nominated director may resign his office by a letter in that behalf, addressed to the Minister.

(b) The Minister may, at any time remove a nominated director from office, without assigning any reason therefor.

(c) Subject to the provisions of paragraphs (a) and (b), the term of office of a nominated director shall be the period specified in his letter of nomination.

(d) Where a nominated director dies, resigns or is removed from office, the Minister may, having regard to the provisions of paragraph (b) of subsection (1), nominate another person in his place. The person so nominated shall hold office for the unexpired period of the term of office of the director whom he succeeds.

A director nominated under this paragraph is hereinafter referred to as a "nominated director";

- (c) one or more nominated directors shall, after the contributions of the institutions referred to in section 17 are repaid under that section, resign their posts at the first Annual General Meeting or subsequent Annual General Meetings as the case may be, in order to secure that the number of nominated directors is proportionate to the share of equity capital held by the Government or Government Institutions in the Corporation ;
- (d) four directors elected by the shareholders of the Corporation at the Annual General Meeting of the Corporation:

Provided however that a majority of such elected directors shall at all times be citizens of Sri Lanka ;

Provided further, that the initial elected directors shall be appointed by the Minister;

A director appointed under this proviso is hereinafter referred to as an "appointed Director".

(2) (a) A nominated director may resign his office by a letter in that behalf, addressed to the Minister.

(b) The Minister may, at any time remove a nominated director from office, without assigning any reason therefor.

(c) Subject to the provisions of paragraphs (a) and (b), the term of office of a nominated director shall be the period specified in his letter of nomination.

(d) Where a nominated director dies, resigns or is removed from office, the Minister may, having regard to the provisions of paragraph (b) of subsection (1), nominate another person in his place. The person so nominated shall hold office for the unexpired period of the term of office of the director whom he succeeds.

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(e) Where a nominated director is, by reason of illness, absence from Sri Lanka or other cause, temporarily unable to perform the duties of his office, the Minister may nominate a person to act in his place.

(3) (a) Two appointed directors shall vacate office at the first Annual General Meeting of the Corporation held after the appointed date, and another two appointed directors shall vacate office at the second Annual General Meeting held after the appointed date and so on until all the appointed directors have vacated office. The determination of the appointed directors who shall vacate office at any Annual General Meeting shall be made by the drawing of lots at such Annual General Meeting.

(b) An appointed director may resign his office by a letter in that behalf addressed to the Minister.

(c) The Minister may, at any time remove an appointed director from office, without assigning any reason therefor.

(d) Where an appointed director vacates office otherwise than in the circumstances referred to in paragraph (a) of this subsection, the Minister may appoint another person in his place.

(e) Where an appointed director is, by reason of illness, absence from Sri Lanka or other cause, temporarily unable to perform the duties of his office, the Minister may appoint another person to act in his place.

(f) An appointed director who vacates office otherwise than by removal shall be eligible for election as a director under the succeeding provisions of this section.

(4) (a) Where an appointed director vacates office under paragraph (a) of subsection (3) at an Annual General Meeting of the Corporation, the shareholders present at such Annual General Meeting shall elect a person to succeed such director. A person so elected is hereinafter referred to as "an elected director".

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Sri Lanka Act, No. 7 of 1997

(b) An elected director may resign his office by a letter in that behalf addressed to the Board.

(c) The shareholders of the Corporation may remove an elected director from office by a resolution passed at a meeting of the shareholders.

(d) Subject to the provisions of paragraphs (b) and (c) this subsection the term of office of an elected director shall be three years.

(e) An elected director vacating office by effluxion of time shall be eligible for re-election.

(f) Where an elected director dies, resigns or is removed from office the shareholders of the Corporation shall, at a meeting of such shareholders, elect another person to succeed such director. The person so elected shall hold office for the unexpired period of the term of office of the director whom he succeeds.

(g) Where an elected director, is by reason of illness, absence from Sri Lanka or other cause, temporarily unable to perform the duties of his office, the shareholders of the Corporation may at a meeting of the shareholders elect another person to act in his place.

4. (1) No person shall be qualified to be elected as a director under subsection (4) of section 3 unless— Qualifications to be a director.

(a) he has ; or

(b) he is the director or officer of a body corporate which has,

Shares to the value of not less than five thousand rupees in the capital of the Corporation :

Provided however that the first directors elected under subsection (4) of section 3 shall not be required to have the qualification referred to in this subsection until two months have lapsed after the first issue of shares to the public.

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(2) A person shall be disqualified from being nominated, appointed or elected, as a director or continuing in office as a director if—

- (a) he is, or becomes a Member of Parliament, a member of a Provincial Council or a member of a local authority;
- (b) he is, or becomes, an officer or servant of the Corporation;
- (c) he, being a person who has been declared an insolvent or bankrupt under any law in force in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt;
- (d) he is found or declared to be, of unsound mind under any law in force in Sri Lanka or in any other country;
- (e) he has served, or is serving, a sentence of imprisonment, imposed by a Court in Sri Lanka or any other country.

Chairman of the
Board.

5. (1) The Directors shall elect from among themselves, a Chairman of the Board.

(2) The Chairman may resign from the office of Chairman by letter in that behalf addressed to the Board.

(3) The Board may, by resolution, remove the Chairman from office.

(4) Subject to the provisions of subsections (2) and (3), the term of office of the Chairman shall be his period of membership of the Board.

(5) Where the Chairman is by reason of ill-health, absence from Sri Lanka or other cause temporarily unable to perform the duties of his office, the directors shall elect a person from among themselves to act in the place of Chairman.

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6. (1) The Chairman shall preside at all meetings of the Board and in the absence of the Chairman from any meeting of the Board, the Directors present at such meeting shall select from among themselves a Chairman for that meeting.

Meetings of the Board.

(2) The quorum for any meeting of the Board, shall be five.

(3) The Chairman of any meeting of the Board shall, in addition to his own vote, have a casting vote.

(4) A resolution in writing signed by all the directors, for the time being entitled to receive notice of a meeting of the Board, shall be valid and effectual as if such resolution had been passed at a meeting of the Board duly convened and held.

(5) Subject to the other provisions of this Act, the Board may regulate the procedure in regard to its meetings and the transaction of business at such meetings.

(6) All or any of the directors shall be paid such remuneration as may be determined by the shareholders of the Corporation at a meeting of such shareholders.

7. A director who is directly or indirectly interested in any contract proposed to be made by the Board shall disclose the nature of his interest at a meeting of the Board. The disclosure shall be recorded in the minutes of Board and such director shall not take part in any deliberation or decision of the Board with respect to such contract.

Director to disclose interest in contract.

8. The Board of Directors may exercise, discharge and perform the powers, functions and duties of the Corporation under this Act or any other law, and do all acts and things necessary for administering and for managing the affairs of the Corporation.

Powers of the Board of Directors.

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Delegation.

9. The Board may delegate any of its powers, duties and functions to any committee thereof consisting of not less than three directors. The Board may, notwithstanding any such delegation, exercise, perform or discharge any such power, duty or function.

Seal of the
Corporation.

10. (1) The seal of the Corporation shall be in the custody of the Board.

(2) The seal of the Corporation may be altered in such manner as may be determined by the Board.

(3) The seal of the Corporation shall not be affixed to any instrument or document except in the presence of two directors both of whom shall sign the instrument or document in token of their presence.

Board may act
despite vacancy.

11. No act or proceeding of the Board or any committee thereof shall be or deemed to be invalid by reason only of the existence of a vacancy among its members or any defect in the nomination, appointment or election of any of its members.

PART II

FUNCTIONS AND POWERS OF THE CORPORATION

Functions
of the Corporation.

12. The functions of the Corporation shall be—

(a) to grant loans and other forms of financial assistance, for housing purposes, and for the redemption of residential property in accordance with such guidelines as the Minister may prescribe by regulations made under this Act, to individuals and housing finance corporations ;

(b) to subscribe for, and purchase, shares and securities of every description, in companies having as their object, the development of housing ;

- (c) to engage in, and promote, the development of the infrastructure related to housing ;
- (d) to provide amenities and facilities to persons living in housing schemes ;
- (e) to provide legal, engineering, architectural, surveying and other support services, to individuals and institutions engaged in the construction of houses ;
- (f) to undertake research, surveys and studies on construction techniques, building materials and other matters related to housing and human settlement ;
- (g) to formulate schemes for the mobilization of resources for the purpose of extending credit for housing purposes ;
- (h) to formulate and implement schemes for the provision of housing for the economically disadvantaged sections of the society ;
- (i) to conduct training programmes, seminars and symposia on matters relating to housing ;
- (j) to provide technical and management assistance to housing finance corporations, including assistance relating to the preparation of standard instruments and documents ;
- (k) to act as an agent of the Government or the Central Bank ;
- (l) to guarantee the financial obligations of housing finance corporations and to underwrite the issue of stocks, shares, bonds, debentures and securities of housing finance corporations and of companies having as their object, the development of housing ;
- (m) to purchase the rights of any housing finance corporation under any mortgage entered into by such housing finance corporation with any other person.

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Powers of the
Corporation.

13. The Board shall, for the purposes of discharging its functions, have the power—

- (a) to grant loans or financial assistance to individuals and to housing finance corporations ;
- (b) to acquire, hold, take on lease or hire, sell, mortgage or otherwise dispose of, any movable or immovable property ;
- (c) to enter into and perform, either directly or through any officer or agent authorised in that behalf, all such contracts or agreements as may be necessary for that purpose ;
- (d) to employ such officers and servants as may be necessary for such purpose ;
- (e) to make rules in relation to its officers and servants, including their appointment, promotion, remuneration, disciplinary control and the grant of leave to them ;
- (f) to establish a provident fund or pension scheme for its officers and servants, to make contributions to such fund or scheme and to provide welfare and recreation facilities to such officers and servants ;
- (g) to make charges for any services provided by the Corporation ;
- (h) to guarantee any loans or financial accommodation granted to housing finance corporations ;
- (i) to underwrite the issue of stocks, shares, bonds, debentures and securities of housing finance corporations and companies having as their object, the development of housing ;

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- (f) to accept term deposits from the public for such periods as may be determined by the Board and to pay interest on such deposits ;
- (k) to invest the funds of the Corporation in such securities as it may think fit ;
- (j) to borrow money on such terms and conditions as are recognized as sound financial practice and approved by the Minister in charge of the subject of Finance ;
- (m) to receive gifts, grants and donations, whether in cash or otherwise, and to apply them to such purposes.

PART III

OFFICERS AND STAFF OF THE CORPORATION

14. (1) The Board shall, with the prior written approval of the Minister appoint a General Manager to the staff of the Corporation on such salary and with such allowances as may be fixed by the Board.

Appointment and powers of the General Manager.

(2) The General Manager shall be a full time officer of the Corporation and shall be the Chief Executive Officer of the Corporation.

(3) The General Manager shall attend every meeting of the Board unless the Board otherwise directs, but he shall have no right to vote.

15. (1) For the purpose of carrying out the provisions of this Act, the Board may appoint such other officers and servants as the Board considers necessary.

Officers and servants of the Board.

(2) The Board may, from time to time, fix and alter the salaries and allowances of such officers and servants subject to any Governmental circulars relating to the salary scales and allowances applicable to state owned companies.

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(3) Every officer or servant required by the Board to furnish security shall furnish security to the satisfaction of the Board for the due and faithful performance of his duties.

(4) No director or officer or servant of the Corporation shall guarantee the repayment of any loan granted by the Corporation to any other person.

PART IV

FINANCE

Capital of the
Corporation.

16. (1) The authorized capital of the Corporation shall be two thousand million rupees divided into twenty million shares of one hundred rupees each.

(2) The issued capital of the Corporation shall, subject to the provisions of subsection (3), be one thousand million rupees.

(3) The Corporation may, subject to the provisions of subsection (1), raise sums of money as contributions to the capital of the Corporation by the issue of shares.

Contributions to the
Fund.

17. (1) Every institution set out in Column I hereunder shall, within five years of the appointed date, contribute to the capital of the Corporation, an amount equal to the amount specified in the corresponding entry in column II hereunder—

<i>Column I</i>	<i>Column II</i>
Sevana Fund	Five hundred million rupees in cash.
National Housing Development Authority	One hundred million rupees in cash
Employees Trust Fund	Fifty million rupees in cash.

The National Savings Bank may within one year of the appointed date contribute to the capital of the Corporation an amount not exceeding one hundred million rupees in cash.

(2) Upon the members of the building society registered under the National Housing Act (Chapter 401) as the Housing Development Finance Corporation of Sri Lanka Ltd, resolving to transfer its assets and liabilities to the Corporation, every person who held shares in the Housing Development Finance Corporation of Sri Lanka Ltd., on the day preceding the date of the resolution, shall be allotted shares in the Corporation equal to the value of the shares held by him on that day in the Housing Development Finance Corporation of Sri Lanka Ltd.

(3) The balance of the shares referred to in subsection (2) of section 16, after the allotments made under subsection (2) of this section, shall be offered for sale to the public in such manner as may be determined by the Board.

(4) After the sale of shares to the public, under subsection (3) is completed, the Corporation shall repay to the institutions referred to in subsection (1), the respective contributions made by such institutions under that subsection to the capital of the Corporation.

(5) (1) The Corporation shall not allot any shares, or register any shares—

(a) in the name of any company, incorporated body or an individual if such allotment or registration would result in such company, incorporated body or individual owning more than fifteen *per centum*, of the total issued share capital of the Corporation ;

(b) in the name of a company and any one or more of the following :—

(i) any of its subsidiaries ;

(ii) its holding company ;

(iii) a subsidiary of its holding company ; or

- (iv) a company, in which such company or its subsidiary or its holding company or a subsidiary of its holding company, has a substantial interest,

if such allotment or registration would result in such company and one or more of the persons referred to in subparagraphs (i), (ii), (iii) and (iv) owning, in the aggregate, more than fifteen *per centum* of the total issued share capital of the Corporation —

- (c) in the name of an individual and of any one or more of the following :—
 - (i) his close relations ;
 - (ii) a company in which he has a substantial interest or in which his close relation has a substantial interest ;
 - (iii) the subsidiary of a company referred to in sub-paragraph (ii) ;
 - (iv) a holding company of a company referred to in sub-paragraph (ii) ;
 - (v) a subsidiary of a holding company of a company referred to in sub-paragraph (ii) ;
 - (vi) a company in which a company referred to in sub-paragraph (ii) or its subsidiary or its holding company or a subsidiary of its holding company has a substantial interest ; or
 - (vii) an incorporated body other than a company in which such individual or his close relation has a substantial interest.

if such allotment or registration would result in such individual and one or more of the persons referred to in subparagraphs (i), (ii), (iii), (iv), (v), (vi) and (vii) owning, in the aggregate, more than fifteen *per centum* of the total issued share capital of the Corporation.

A company or individual shall be deemed to have a substantial interest in a company or incorporated body other than a company within the meaning of this subsection where such company or individual owns more than fifty-one *per centum* of the shares in such company or incorporated body, as the case may be.

(6) For the purpose of subsection (1) —

“close relation” in relation to a person, means a parent, spouse, or child of that person or the spouse of a child of that person ;

“subsidiary” has the same meaning as in the Banking Act, No. 30 of 1988.

18. The liability of any shareholder of the Corporation shall be limited to the amount, if any, unpaid on his shares. Liability of shareholders.

19. The Corporation may, under and in accordance with the provisions of this Act, raise such sums of money in or outside Sri Lanka, by way of loan or otherwise, as may be necessary for discharging its functions and exercising and performing its powers and duties. General borrowing powers of the Corporation.

20. The Corporation may, from time to time, borrow from the Government, and the Government may, from time to time, lend to the Corporation from the Consolidated Fund any sum of money, subject to such terms and conditions as may be determined by the Government. Borrowing from the Government.

21. The Corporation may, with the approval of the Monetary Board from time to time, borrow from any foreign Government, or any other source whatsoever outside Sri Lanka, any sum of money on such terms and conditions as to the interest thereon and the repayment thereof as may be determined by agreement between the Corporation and such Government or such other source, as the case may be. Borrowing from foreign Governments, &c.

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Debentures and
Stock.

22. (1) The Board may create and issue debentures and stock, and the debentures and stock so created and issued shall in this Act be referred to as "Housing Development Finance Corporation Debentures" and "Housing Development Finance Corporation Stock", respectively.

(2) Housing Development Finance Corporation Debentures and Housing Development Finance Corporation Stock shall be issued, transferred, dealt with, redeemed and cancelled in accordance with such terms and conditions as may be determined by the Board.

Government to
Guarantee
repayments, &c.

23. (1) The Government may guarantee the repayment of the principal sum, and the payment of the interest on —

(a) any Housing Development Finance Corporation Debentures, and any Housing Development Finance Corporation Stock, created and issued by the Board under section 22 ;

(b) any loan raised by the Corporation from any foreign Government, or any other source under section 21 ;

(2) Any sum required for the fulfillment of any guarantee provided under subsection (1) shall be paid out of the Consolidated Fund.

(3) Immediately after a guarantee is given under subsection (1), the Minister in charge of the subject of Finance shall lay a statement of such guarantee before Parliament.

(4) Where any sum is paid out of the Consolidated Fund in fulfillment of any such guarantee, the Minister in charge of the subject of Finance shall lay before Parliament, a statement that such sum has been so paid.

24. (1) All sums of money received by the Corporation — Funds of the Corporation.

- (a) as contributions towards the capital of the Corporation ;
- (b) in discharging the functions of the Corporation ;
- (c) in exercising and performing the powers and duties of the Corporation,

shall be credited to the funds of the Corporation.

(2) All financial commitments or liabilities of the Corporation arising from, or incurred in connection with —

- (a) the discharge of the functions of the Corporation ;
- (b) the exercise and performance of the powers and duties of the Corporation ,

shall be charged on the funds of the Corporation.

25. No dividend shall be declared or paid by the Corporation for any financial year out of the profits of the Corporation for that year, arrived at after providing for depreciation in accordance with provisions prescribed in that behalf, except after the transfer to the reserves of the Corporation, of such percentage of the profits of the Corporation for that year not exceeding ten *per centum* as may be prescribed : Restriction on declaration of dividend.

Provided that nothing in this section shall be deemed to prohibit the Corporation from voluntarily transferring a higher percentage of its profits in that year, to its reserves.

PART V

ACCOUNTS AND AUDIT

Audit of the
accounts.

26. (1) The Board shall cause the accounts of the Corporation to be kept in such form and manner as may be determined by the Board.

(2) The accounts of the Corporation shall be audited by a qualified auditor annually appointed at a meeting of the share-holders of the Corporation :

Provided that, so long as the majority of the issued shares of the Corporation is held by the Government of Sri Lanka, or a public Corporation, the accounts of the Corporation shall be audited by the Auditor-General.

(3) The shareholders shall determine the remuneration payable to the auditor of the Corporation.

(4) The auditor of the Corporation shall be supplied with a copy of the annual balance sheet of the Corporation, and it shall be his duty to examine such balance sheet together with the accounts and vouchers relating thereto. He shall at all reasonable times have access to the books, accounts and vouchers of the Corporation and shall be entitled to require from the directors and officers of the Corporation such information and explanations as may be necessary for the performance of his duties.

(5) The auditor of the Corporation may, if he so desires, make a continuous audit of the accounts of the Corporation.

(6) The auditor of the Corporation shall make a written report upon the annual balance sheet and accounts of the Corporation and shall in such report state whether he has or has not had access to the books and accounts of the Corporation and whether he has or has not obtained all the information and explanations required by him and whether,

in his opinion such accounts are properly drawn up so as to exhibit a true and correct view of the Corporation's affairs according to the best of his information and the explanations given to him and as shown by the books of the Corporation.

(7) The report of the auditor of the Corporation shall be transmitted by him to the Board.

(8) The Board shall cause a copy of the report of the auditor of the Corporation together with a copy of the balance sheet and profit and loss account to which such report refers, to be transmitted to each shareholder and to the Minister in charge of the subject of Finance.

(9) The Financial year of the Corporation shall be the calendar year.

(10) In this section, "qualified auditor" means—

(a) an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practise as an accountant, issued by the Council of such Institute ; or

(b) a firm of Accountants, each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practise as an accountant issued by the Council of such Institute.

PART VI

GENERAL

27. (1) The Board may make rules dealing with matters not provided for by this Act which in the case of a company formed under the Companies Act, No. 17 of 1982 would be dealt with by its articles of association.

Rules of the
Corporation.

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(2) Subject to the provisions of this Act, the shareholders may by special resolution, amend or rescind any rule made under subsection (1) or add to the rules so made.

In this subsection the expression "special resolution" means a resolution passed by a majority of not less than three fourths of such shareholders as, being entitled so to do, vote in person or by proxy at a meeting of the shareholders of which not less than twenty one days notice has been duly given to the shareholders specifying the resolution intended to be proposed at that meeting.

Application
of the Companies
Act, No. 17 of 1982
to the Corporation.

28. The provisions of the Companies Act, No. 17 of 1982 shall, *mutatis mutandis*, apply to the Corporation in regard to any matter for which there is no provision in this Act or any rule made under section 27 :

Provided that the Corporation shall not be required to be registered under that Act nor shall the Registrar of Companies have any power with respect to the Corporation.

Certain laws not to
apply to
Corporation.

29. The provisions of the Debt Conciliation Ordinance (Chapter 81) and the Money Lending Ordinance (Chapter 80) shall not apply to and in relation to, the Corporation.

Power to inspect
valuation rolls of
local rating
authorities.

30. For the purpose of deciding whether any immovable property tendered as security for a loan should or should not be accepted by the Corporation, the Corporation shall have access free of charge to the valuation rolls of any local rating authority, and the officers of every such authority shall, upon application made therefor, submit to the Corporation full particulars as to any valuation of rateable property in respect of which such local rating authority has power to levy rates.

Bills of Exchange
and promissory
notes.

31. A bill of exchange or promissory note shall be deemed to have been made, executed or endorsed on behalf of the Corporation, if made, executed or endorsed in the name of, or on behalf, or on account of, the Corporation by any person duly authorized thereto as hereinafter provided.

32. No person, other than a director or an officer of the Corporation expressly authorised by the Board and acting within the limits of the authority so conferred on him, shall have the authority to make, draw, accept or endorse any promissory note, bill of exchange, cheque or order for the payment of money in the name of, or on behalf of, the Corporation or to enter into any contract, so as to impose thereby any liability on the Corporation or otherwise to pledge the credit of the Corporation.

Persons authorised to act on behalf of the Corporation.

33. The Corporation shall be deemed to be a Bank within the meaning of Chapter VI of the Evidence Ordinance, notwithstanding the fact that it does not accept demand deposits, and accordingly, the provisions of that Chapter shall apply to, and in relation to, the Corporation.

Application of Chapter VI of Evidence Ordinance to the Corporation.

34. (1) Every director, officer or auditor of the Corporation shall before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions, of the Corporation and all matters relating to such transactions and shall by such declaration pledge himself not to reveal any such transaction or matter except—

Secrecy.

- (a) when required so to do by the Board, a court of law, or the person to whom that transaction or matter relates ;
- (b) in the performance of his duties under this Act ; and
- (c) in order to comply with any of the provisions of this Act or any other law.

(2) Every director, officer or auditor of the Corporation shall decline to answer any question concerning the business of the Corporation if he cannot answer the question without infringing his pledge of secrecy under subsection (1).

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Annual General Meeting.

35. An Annual General Meeting of the shareholders of the Corporation shall be held within nine months after the close of each financial year of the Corporation, at which the Annual Report and Accounts presented by the Board shall be considered and decisions as to the declaration of dividends taken. The manner of summoning the Annual General Meeting and the procedure for transaction of business at such meeting shall be as prescribed. At every Annual General Meeting, directors shall be elected to the Board in accordance with the share holdings in the Corporation on the day preceding the date of such meeting.

Protection of action.

36. No director or officer of the Corporation shall be liable for any damage or loss suffered by the Corporation, unless such damage or loss was caused by his misconduct or willful loss.

Offences.

37. (1) Every person who—

- (a) knowingly allots, or registers, any shares in the Corporation, to or in the name of, any person, in contravention of the provisions of section 17(5) ; or
- (b) knowingly secures the allotment or registration of any shares in the Corporation, to, or in the name of, any person, in contravention of the provisions of section 17(5) ; or
- (c) being a director, officer or auditor of the Corporation, discloses any matter relating to a transaction of the Corporation, to any person for any purpose other than a purpose for which he is authorised to disclose such matter by this Act,

shall be guilty of an offence under this Act and shall upon conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred thousand rupees or to imprisonment of either description for a term not exceeding one year, or to both such fine and imprisonment.

(2) Where an offence under this Act is committed by a body of persons, then,—

(a) if that body of persons is a body corporate, every director and officer of that body corporate ; or

(b) if that body of persons is a firm, every partner of that firm, shall be deemed to be guilty of that offence :

Provided, however, that a director or officer of such body corporate or a partner of such firm, shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

38. (1) The Minister may make regulations in respect of any matter required by this Act to be prescribed or in respect of which regulations are required by this Act to be made. Regulations.

(2) Every regulation made by the Minister shall be published in the Gazette and shall come into operation on such date as may be specified in the regulation or if no such date is so specified, on the date of such publication.

(3) Every regulation made by the Minister shall as soon as convenient after its publication in the Gazette be brought before Parliament by a motion that such regulation be approved.

(4) Any regulation which Parliament refuses to approve shall be deemed to be rescinded but without prejudice to the validity of anything previously done thereunder. The date on which the regulation shall be deemed to be rescinded shall be the date on which Parliament refuses to approve such regulation.

(5) Notification of the date on which any regulation made by the Minister is so deemed to be rescinded shall be published in the Gazette.

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Sri Lanka Act, No. 7 of 1997*

Transfer of assets
and liabilities of the
Housing Finance
Development
Corporation of
Sri Lanka Ltd.

39. Notwithstanding anything to the contrary in any other Law, the members of the building society registered under the National Housing Act (Chapter 401) as the Housing Development Finance Corporation of Sri Lanka Ltd., may resolve to transfer all its assets and liabilities to the Corporation, and upon such resolution, the assets and liabilities of the Housing Development Finance Corporation of Sri Lanka Ltd., shall stand transferred to the Corporation with effect from the date of such resolution and the Housing Development Finance Corporation of Sri Lanka Ltd., shall be deemed to have been dissolved with effect from that date.

Transitional
provisions.

40. Notwithstanding the dissolution of the Housing Development Finance Corporation of Sri Lanka Ltd.—

- (a) every action or proceeding instituted by or against the Housing Development Finance Corporation of Sri Lanka Ltd., and pending in any court, whether original or appellate, on the day preceding the date on which the Housing Development Finance Corporation of Sri Lanka Ltd., is deemed to have been dissolved, shall be deemed with effect from that date to be an action or proceeding instituted by or against the corporation and every such action or proceeding may be proceeded with to completion and enforced accordingly ;
- (b) every decree, order or award entered or made in favour of or against the Housing Development Finance Corporation of Sri Lanka Ltd., by any court or tribunal in any action, matter, proceeding or thing and remaining unsatisfied on the day preceding the date on which the Housing Development Finance Corporation of Sri Lanka Ltd., is deemed to have been dissolved, shall with effect from that date be deemed to be a decree, order or award entered or made in favour of or against the Corporation and may be enforced accordingly.

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41. Section 22 of the Recovery of Loans by Banks (Special Provisions) Act, No. 4 of 1990, is hereby amended by the substitution, in the definition of "Bank", for the words and figures "Development Finance Corporation of Ceylon Act, (Chapter 165)", of the words and figures "Development Finance Corporation of Ceylon Act, (Chapter 165) and the Housing Development Finance Corporation of Sri Lanka established by the Housing Development Finance Corporation of Sri Lanka Act, No. 7 of 1997".

Amendment of section 22 of Act No. 4 of 1990.

42. (1) Every officer and servant of the Housing Development Finance Corporation of Sri Lanka Ltd. registered under the National Housing Act (Chapter 401), on the day immediately preceding the date of dissolution of that body shall be offered employment in the Corporation.

Protection of Employment and Compensation.

(2) Every officer or servant of the said Housing Development Finance Corporation of Sri Lanka Ltd. who is employed by the Corporation, shall be so employed on such terms and conditions as may be agreed upon by such officer or servant and the Corporation.

(3) any officer or servant of the Housing Development Finance Corporation of Sri Lanka Ltd., who is not employed by the Corporation shall in addition to any retiral benefit that may be due to him, be paid compensation of an amount to be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance having regard to his years of service in that body.

43. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

44. In this Act, unless the context otherwise requires— Interpretation.

"Chairman" means the Chairman of the Board ;

"Director " means a director of the Board ;

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“Employees Trust Fund” means the Employees Trust Fund established by the Employees Trust Fund Act, No. 40 of 1980 ;

“Housing Finance Corporation” means any corporation, established by or under law and empowered to grant loans for the purposes of housing ;

“local authority” means any Municipal Council, Urban Council or Pradeshiya Sabha and includes any authority established by or under any law to exercise, perform and discharge powers, duties and functions corresponding or similar to the powers, duties and functions exercised, performed and discharged by any such Council or Sabha ;

“National Housing Development Authority” means the National Housing Development Authority established by the National Housing Development Authority Act, No. 17 of 1979 ;

“National Savings Bank” means the National Savings Bank established by the National Savings Bank Act, No. 30 of 1971 ;

“Provincial Council” means a Provincial Council established by Chapter XVIIIA of the Constitution ;

“Sevana Fund” means the Fund established under section 5 of the National Housing Development Authority Act, No. 17 of 1979.

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