

**Credit Circular No 2024/30**

**10<sup>th</sup> October 2024**

**GUIDELINES FOR PREPARING TITLE REPORTS,  
MORTGAGE BONDS AND REGISTRATION OF BONDS.**

1. The title report should be prepared by an in-house legal officer or by a lawyer appointed to the panel of lawyers of the company, approved by the Board of Directors
2. All Title Reports should be prepared covering a period of 30 years disclosing clear title to the property of the relevant customer / borrower
3. Title Report should contain the following subsections,
  - Devolution of title
  - schedule (road access should be mentioned under the schedule)
  - encumbrances
  - certification of the Lawyer
  - pedigree
4. The “TITLE DOCUMENTS DETAIL SHEET” must be duly completed by the relevant Branch Manager, when forwarding a credit file to the Legal Officials for preparing the Title Report. “TITLE DOCUMENTS DETAIL SHEET” is attached as marked as “X1”.
5. Following documents should be submitted to the Lawyer to prepare the Title Report
  - A copy of the title deed (at the time of accepting the title copy of the title deed copy ensure that the original title deed is produced by the owner for verification of the copy.)
  - The copy of the survey plan (with due approvals from the local authority) If the survey plan is more than 10 years , boundaries and extent confirmation by a licensed surveyor should be obtained. If not, fresh survey plan should be submitted with the approval from the local authority.
  - If there is a building, a copy of the duly approved building plan and the Certificate of Conformity (C.O.C) should be submitted
  - Local authority documents obtained within the last 6 months,  
(a) Certificate of Ownership

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- (b) Non-Vesting certificate
  - (c) Street lines and building lines Certificate
6. If the land is a paddy land or an “Owita” due approval from the agrarian department and the Sri Lanka Land Reclamation corporation, to convert the land to a buildable site and to fill the land.
  7. If the title flows from the Land Reform commission (LRC) it is mandatory to obtain the related statutory notice and the gazette notification.
  8. Where the property is owned by a corporate body (limited liability company) in addition to the title deed following documents should be submitted.
    - (a) Certificate of incorporation
    - (b) Articles
    - (c) Registered address ( Form 13 if any )
    - (d) Board resolution to borrower ,
    - (e) Form 15 & 20
  9. A title report relating to advances for Rs.1 million and above should be referred to the Head of Legal at head office for approval prior to processing the credit application. If less than Rs 1 Million it should be approved by the legal officer preparing the Mortgage bond.
  10. If there is any defect in the title or if it is an undivided title, such defects should be stated clearly in the title report.
  11. If there are any encumbrances such as Mortgages, Caveats, Lis Pendence, Seizure Notices life interest and priority notices, should be clearly mentioned in the report and the Lawyer should ensure that they are duly cancelled prior to obtaining the property as security.
  12. The Lawyer has to clearly indicate in the title report whether the particular land has a valid road access.
  13. If there are any defects in the title or the land registry entries being perished, it is necessary to obtain a Title Insurance Policy as appropriate.
  14. If there is a life interest holder, and if he is alive his signatures should be obtained on the Mortgage Bond and if deceased his death certificate should be collected.

- 15. Lands of temples are called Sangika and can not be taken as security but if a priest owns “Pudhgalika Dewala” the priest is entitled to deal with the land at his own free will.**
- 16. If title deed is coming under the registration of Title Act, confirmation should be obtained whether the earlier folios maintained by the Land Registry has been closed and the Title search is restricted up to 10 years.**
- 17. All mortgages should be floating Mortgages.**
- 18. After the legal officer approves acceptance of the title report and the credit facility is approved based on such approval the Branch Manager could request to prepare and execute the Mortgage Bond by forwarding the duly completed requisition form in accordance with the credit circular No.2023/05 dated 19.04.2023. Format is annexed herewith as “X2”**
- 19. Mortgages for movable and immovable properties to be executed according to the draft, introduced by the Company**
- 20. All borrowers should be mentioned as Obligors in the Mortgage Bond.**
- 21. In the case of 3<sup>rd</sup> party (tenant) occupied property with lease /rent agreement a Deed of Postponement to be executed simultaneously with the mortgage bond.**
- 22. Once the Mortgage Bond is submitted to the land registry for registration the day book receipt should be sent to the Legal Department for submission to Central Credit Department.**
- 23. All Registered Mortgages should be submitted to the Legal Department within 2 weeks from the date of execution.**
- 24. Legal department should maintain a Mortgage bond Registry and closely follow up movements with the branches.**
- 25. Extracts of the folios where Mortgage Bond has been registered, should be submitted to the Legal Department alone with the duly registered MB.**
- 26. Other than the stamp duty, all other charges and fees should be collected from the borrower by the Branch Manager according to the Board approved tariff & charges circular in force.**
- 27. In adding to the above please ensure strict compliance with, among others. the requirements stipulated in the “Credit Policy and Procedures Manual” which has**

been approved by the Board of Directors. A copy of this manual is available with the Branch Managers for reference by staff members

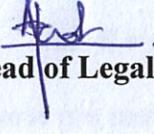
Paragraph No 13 - On the subject "MORTGAGE OVER IMMOVABLE PROPERTY (documents required)"

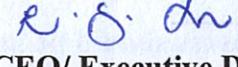
Paragraph No 19- On the subject "TITLE REPORT"

Paragraph No 20 - On the subject THE MORTGAE BOND (Requirements for Preparation, Execution Attestation and Registration)

Paragraph No 30 On the subject "GUIDE TO REGISTER A CHARGE OVER AN ASSET TAKEN AS SECURITY AND THE REGISTRATION PROCESS".

Regional Managers , Branch Managers and Legal Officials are required to ensure compliance with the above requirements having brought the contents of this circular to the notice of the panel lawyers and their supporting staff members .

  
Head of Legal

  
CEO/ Executive Director

**TITLE DOCUMENT DETAIL SHEET**

a.	Name of the applicant for credit with (NIC)	
b.	Branch	
c.	Account Number	
d.	Brief description of Land (based on survey plan within 10 years period)	
e.	Full name of the owner (specify if not owned by the borrower)	
f.	Devolution of Title	
g.	Comment on certificates issued by the Local Authorities (obtained within 6 months) ownership/street line/non-vesting	
h.	Comment on access to property	
i.	State existing Encumbrances	
j.	Observations and comments on title acceptability as collateral	
k.	Defects and acceptability subject to title insurance	
l.	Specific recommendation for acceptance of title	
m.	Pedigree sketch	
n.	Schedule of the Land	
o.	Any other information deemed necessary	
p.	Date of Report	
q.	Recommendation to accept the title to property	
r.	Name and Signature of the legal officer originating the title report with the date of the report.	
s.	Documents attached	
I.	Certified copies of extracts (obtained from within last 3 months)	
II.	Available copies of Deeds including last deed certified by the officer as "original seen"	
III.	Available copies of Plans including last approved Plan certified by the officer as "original seen"	
IV.	Local authority certificates (obtained within 6 months and ownership with the name of present owner/borrower)	
V.	Other Documents NIC Copies of the owner/borrower Company documents (incorporation Certificate, Form 01, Form 20, Form 15, Articles and resolutions)	

X2"

**REQUEST TO PREPARE AND EXECUTE MORTGAGE BOND OVER IMMOVABLE/MOVABLE PROPERTY**

From Branch Manager	Name of Branch
<b>Through Deputy General Manager (Credit)</b>	
To Head of Legal/Manager Legal/Legal Officer (Head office/Galle/Matara)	Date

Please arrange to prepare and execute a Movable/Immovable Mortgage Bond as summarized below

<b>Type of Borrower/Individual/joint/Corporate/Partnership/Society</b>	
Full name of borrower	
NIC./Business Reg.no.	
Address (Duly Verified)	
Owner of the Property	
Rate of Interest	
Type of Facility	Loan
Approved Amount of Facility	
Value of Mortgage Bond	
Forced Sale Value of Property & Date of Valuation	
Facility Approved By	
Brief Description of Property State Plan No. and Lot No.	

**Notes**

1. Forward SUPPORTING DOCUMENTS in compliance with the requirements in Credit Policy and Procedures Manual- Version III - Part II Paragraph 20 (Pages 37 to 38)
2. Submit the TITLE REPORT which should be prepared in compliance with the requirements in Credit Policy and Procedures Manual- Version III - Part II Paragraph 19 (Page 37)
3. Submit Form I, Form 14, Form 20, Form 13, Certificate of Incorporation, Articles of Association and Extracts of Board Resolution in respect of Limited Liability Companies.
4. Submit Certified copies of NICs of Borrowers as appropriate.

**Comply with the requirements herein and avoid documentation delays**

**Branch Manager**

**Deputy General Manager (Credit)**