

Circular No.123-2015-BC-PD-14-SWD

Date: 27-03-2015

PERMANENT UTILITY

**STAFF HOUSING LOAN FACILITY TO OFFICERS & WORKMEN EMPLOYEES –
ENHANCEMENT/MODIFICATIONS.**

ॐ०४०

Attention of staff members is drawn to circular No. 289-2010-BC-PD-65-SWD dated 04-11-2010, enhancing the Housing Loan limit of our employees.

Keeping in view the escalation in the real estate prices, we are pleased to inform that the Board of Directors in the meeting held on 23.03.2015 has approved the enhancement/modifications in the Housing Loan Scheme for staff members. Under the amended provisions, the quantum of Staff Housing Loan is increased, the eligibility criteria modified and repayment period extended, the salient features of which are given below:

1. Enhanced Limits: The maximum amount of Staff Housing Loan is revised as under.

Cadre	Enhanced limit
Executives	₹ 60.00 lakhs
Officers	₹ 50.00 lakhs
Clerical staff	₹ 30.00 lakhs
Sub-ordinate staff	₹ 20.00 lakhs

2. Rate of Interest: The rate of interest to be charged will be 8.00% p. a. under funded interest mode.

3. Repayment: The loan shall be repayable in 360 installments as against the existing 240 installments.

4. Continuation of loan beyond superannuation: Provision is made to continue the loan beyond superannuation, upto 75 years of age.

5. Eligibility: The eligibility criteria for availing the loan is reduced to 2 years as against the existing 3 years.

All eligible employees are permitted to avail the enhanced housing loan limits subject to the terms and conditions furnished in the Annexure. All other terms and conditions of the existing Staff Housing loan will continue.

Clarifications required, if any, to this circular may be sought from **PERSONNEL DEPARTMENT – STAFF WELFARE DIVISION** at Head Office, Manipal through respective RO as per extant guidelines.



**(K SANTHOSH KAMATH)
GENERAL MANAGER (P)**

KAJLI:YRTVO:YRUDE
Check Word

ANNEXURE**IMPORTANT TERMS & CONDITIONS****1. ELIGIBILITY**

1. 1. Confirmed Employees who have completed 2 years of continuous service shall be eligible for Staff Housing Loan.
1. 2. For the purpose of reckoning eligibility of service, the following factors may be taken into account:
 - (a) Past service of an ex-serviceman will be taken into account after his confirmation in the Bank's service.
 - (b) Service of employees on deputation to a Government department or on deputation to Exchange companies managed by our Bank will also be counted.
1. 3. Employees who have already availed the loan under Staff Housing Loan Scheme are also eligible to the extent of the difference in the new limit and loan limit already availed.
1. 4. Employee on deputation to a Govt. Department or on Foreign Service will be entitled for housing loan from his/her parent Bank only.
1. 5. In case husband and wife are either working in the same Bank or in different Banks or one of the spouse is working in Central Govt/State Govt or Public Enterprise or some other Govt Institute or local body etc., our employee can avail housing loan as applicable to him/her from our Bank.

In case both are employed in our Bank, then they can avail the loan singly or jointly as per their eligibility.

2. PURPOSES

2. 1. Acquiring a plot and construction of a house thereon.
2. 2. Purchase of a flat/apartment/house in the name of the employee. In such cases estimated residuary life of the building should be more than 10 years beyond the repayment period of the loan.
2. 3. Construction of a new House on the plot already owned by the employee or singly by or jointly with his/her spouse.
2. 4. Getting a plot under Co-operative Scheme and building a house where the title will vest on the employee after the house is built.
2. 5. Enlarging living accommodation in an existing house owned by the employee or jointly with spouse.
2. 6. Repayment of housing loan availed from our Bank under SyndNivas/other Banks/All India Financial Institutions.
2. 7. For carrying out major repairs/renovations of the house/flat already owned.

3. OTHER CONDITIONS

3. 1. The employee should not own more than two dwelling houses/flats in his/her name including the present unit being acquired under this Staff Housing Loan Scheme. The condition that the employee or spouse should not already own a house/flat in the town/urban agglomeration where the house to be constructed or acquired is removed.
3. 2. The title to the land should be clear. The employee should be ready and willing and be in a position to create 1st charge over the property acquired and / or to be acquired with the aid of the loan.
3. 3. The land on which the house is to be constructed or where a ready built house/flat is proposed to be purchased should be free from any charges. In case where the land is in joint names with spouse, both should sign the loan agreement and shall create a first charge over the property acquired and /or to be acquired by availing the loan.
3. 4. Where the loan is availed for construction of a house on a plot solely owned by the spouse of the employee, the spouse being the owner of the landed property shall join the loan agreement as a surety and mortgage the property as security for the housing loan. Spouse shall also execute a suitable agreement in favour of the employee enabling him/her to avail the Housing loan and to construct a house on the said plot as per the approved plan and keep possession of the property with the employee till the full closure of the Housing Loan (The agreement is to be drafted by an advocate on the Bank's panel).
3. 5. The land where the house is to be constructed can be a lease hold land in favour of the employee or jointly with spouse and the unexpired lease period is more than the repayment period envisaged plus 10 years.
3. 6. Where the loan to be availed is for purchase of a house or one to be constructed by a Co-operative Society in the name of the employee, he shall deposit with the Bank the Share Certificate and Allotment letter issued by the Co-operative Society.
3. 7. Where loan is to be availed for purchase of house/flat/apartment from a Promoter/Developer, who is an individual or a firm or a company, the following conditions are to be ensured:
 - (a) There should be a marketable title to the property.
 - (b) Scheme should have the approval from the appropriate authorities.
 - (c) Allotment letter from the Promoter/Developer and agreement letter with the employee is obtained.
 - (d) Employee shall undertake to mortgage the flat as soon as the title is passed on to him by the Promoter/Developer.
3. 8. Acquisition and/or construction of the house/flat shall be for the bonafide personal use of the employee and/or for his/her family members.
3. 9. The employee should have sufficient funds/sources of income to meet the balance cost of acquisition or construction of the house/flat including the cost of the site.

4. QUANTUM OF LOAN

4. 1. **For Executives:** ₹60.00 lakhs or 90% of the estimated cost of purchase/house construction whichever is less.
4. 2. **For Officers:** ₹50.00 lakhs or 90% of the estimated cost of purchase/house construction whichever is less.

- 4.3. For Clerical Staff:** ₹30.00 lakhs or 90% of the estimated cost of purchase/house construction whichever is less.
- 4.4. For Sub-ordinate Staff:** ₹20.00 lakhs or 90% of the estimated cost of purchase/house construction whichever is less.
- 4.5. For repairs/renovations** (within the overall limit): 90% of the estimate with a maximum of ₹10.00 lakhs for Executives, ₹8.00 lakhs for Officers, ₹5.00 lakhs for Clerks and ₹3.00 lakhs for Sub-Staff.

5. CUT-BACK

Repayment towards monthly loan installments (including the installments towards the proposed housing loan) as well as towards EPF loan/Festival Advance shall not exceed 60% of the total monthly emoluments (Gross Pay).

6. RATE OF INTEREST

The rate of interest to be charged on the Staff Housing Loan shall be 8.00 % under Funded Interest Mode. The interest will be calculated on the balance outstanding on daily product basis and will be charged at monthly interval. Penal interest @ 2% above the applicable rate shall be charged on irregular/overdue housing loans or where the mortgage is not created within the stipulated time.

7. REPAYMENT

- 7.1. The loan together with the interest thereon shall be repayable in not more than 360 monthly installments. The Principal has to be repaid in 270 installments and thereafter the funded interest has to be repaid in 90 installments. If the repayment is to be effected in a shorter period, the number of installments towards principal and interest should be in the ratio of 3:1.
- 7.2. In the case of staff whose leftover service is less than 30 years, repayment period can be fixed as 360 months or the employee attaining the age of 75 years, whichever is earlier.
- 7.3. At the time of superannuation, the loan can be permitted to continue on the original terms and conditions provided the installment is within 60% of pension and interest income on FD kept with our Bank in the name of the employee/spouse. In case the spouse is having independent income from verifiable source, the same can also be considered for cut back norms. Any excess portion beyond cut back norms is to be cleared by the employee. The deposits so kept will continue till closure of the loan and a lien has to be marked on the same. Further, spouse/legal heir of the employee must invariably join as a surety for continuation of loan beyond superannuation. Continuation of loan beyond cessation of service at staff rate is available only for the employees superannuating and not for those who are leaving the bank before superannuation.
- 7.4. In the case of construction of a new house/purchase of a flat under construction, repayment will commence from the month following the completion of the house or the 18th month after the date of first release of the loan whichever is earlier. If the loan is taken for purchase of ready built house/flat, additional construction, repairs/renovation, repayment of earlier loan etc, repayment will commence from the month following that in which the loan is taken. In case of construction of a New House by a Government Agency, repayment will commence from the month following the completion of the house or the 36th month after the date of first release of the loan whichever is earlier.

8. DISBURSAL

Disbursement of loan will be in installments and linked to the progress in the construction of the housing unit. Bills/vouchers supporting end utilization shall be submitted by the employee.

9. TIME LIMIT FOR UTILIZATION

9.1. Purchase of land for construction of house: The formalities of purchase and mortgage of the land should be completed and sale deed should be produced within 6 months, failing which the entire loan should be repaid in lump sum with penal interest. In genuine cases, extension of time can be permitted by concerned RO.

9.2. Purchase of Ready built house/flat: Creation of mortgage shall be completed within 3 months. Extension of time may be granted by the sanctioning authority in genuine cases.

10. COMPETENT AUTHORITY FOR SANCTION

Existing provisions with regard to sanctioning of Housing loans will continue – i.e. Executives heading the branches and also working at RO are the sanctioning authority for housing loan.

11. GENERAL

- 11.1. Employees shall avail Housing loan from the nearest branch where the proposed House/Flat is to be constructed or purchased.
- 11.2. Legal opinion from the approved panel advocate of the Bank shall be furnished along with loan application.
- 11.3. Branch shall ensure that wherever land documents are available, release shall be made only after creation of equitable mortgage.
- 11.4. The existing provisions relating to substitution of security without involving additional finance from the Bank shall continue.
- 11.5. The existing Staff HLs (sanctioned as per circular No. 289-2010-BC) will continue on the existing terms and conditions except that there is no need to convert the outstanding balance at the time of superannuation as SyndNivas loan, subject to fulfillment of cut back norms.