



Circular No.143--2011-BC-RBD-15

Date: 01-06-2011

**PERMANENT UTILITY**

**MODIFICATIONS TO STAFF HOUSING LOAN SCHEME (NEW) AND SYDNIVAS HOUSING LOAN SCHEME FOR STAFF MEMBERS.**

ॐ०४०

Attention of the Branches/Offices is drawn to HO Cir.No.289-2010-BC-PD-65-SWD dated 04.11.2010 regarding the revised staff housing loan scheme for staff members of our Bank.

Keeping in view the representations from the Employees Unions and Officers Associations the Board of Directors in the meeting held on 12.05.2011, has approved the modifications to Staff Housing Loan Scheme (New) and SyndNivas Housing Loan scheme for Staff members of our Bank. Under the amended provisions the repayment period has been extended for staff member upto the age of 70 years as applicable to general public in respect of SyndNivas Housing Loan Scheme.

The modifications effected in respect of repayment period, rate of interest, and documentation for the SyndNivas loan at the time of cessation of service converted from Staff Housing Loan Scheme (New) and SyndNivas Scheme are as under:

**1. Staff Housing Loan Scheme(New)**

SI No	Particulars	As per existing Scheme	Additions/Modifications
1	Repayment of loan	Repayable in not more than 240 months in the ratio as under : 1.Principal repayment in 180 months 2.Funded interest repayment in 60 months after the principal is recovered in full Outstanding balance if any, in the loan shall be cleared in full at the time of cessation of service of the employee.	<b>Repayable in not more than 240 months, however, the loan account will run as per the existing scheme till the date of cessation of service of the employee. The outstanding balance inclusive of principal and funded interest if any will be converted to SyndNivas loan and the repayment period will run till the completion of original repayment period of 240 months or employee attaining the age of 70 years whichever is earlier.</b>
2	Rate of interest	8.25% under funded interest mode upto the entire period of loan	<b>8.25% under funded interest mode till the date of cessation of the employee. The rate of interest will be as per prevailing rates of SyndNivas Scheme at the time of sanction of SyndNivas loan after cessation of service.</b>

**2. SyndNivas Scheme for Staff members:**

SI No	Particulars	As per existing Scheme	Additions/Modifications
1	Continuation of SyndNivas sanctioned to employees beyond cessation of service of the employee	The loan can be continued beyond cessation of service/superannuation of the employee provided an amount equivalent to the balance outstanding in the SyndNivas loan is deposited at the branch at the time of cessation of service/superannuation of the employee.	<b>The loan can be continued beyond the period of cessation of service of the employee till the date of closure as per original sanction or till the employee attains the age of 70 years whichever is less. The employee has to give a request cum undertaking letter to repay the loan in reworked EMIs based on the pension/verifiable source of income.</b>

**This facility of extended repayment period upto the age of 70 years or 240 months whichever is earlier is applicable to only those staff members who opt for availing Additional Housing Loan /Fresh loan as per the eligibility and terms and conditions of Staff Housing Loan scheme.**

The modifications in respect of Staff Housing Loan Scheme are detailed in Annexure -1.

The modifications in respect of SyndNivas Scheme for Staff members are detailed in Annexure – II.

All other terms and conditions applicable as per the Staff Housing Loan Scheme (New) vide HO Cir.No.289-2010-BC-PD-65-SWD dated 04.11.2010 and SyndNivas Scheme as per extant guidelines and circulars issued from time to time remain unchanged

**Clarification required if any, may be sought by the Branches through the respective Regional Offices from MSME & Retail Banking Department at Corporate Office, Bangalore.**

Clarification required if any, may be sought by the Branches through the respective Regional Offices from **MSME & Retail Banking Department** at Corporate Office, Bangalore

KOWMI:YRPPY:YRUGN  
Check Word

**(M. K. JAIN)**  
**GENERAL MANAGER**

## ANNEXURE - I

## Modification to Staff Housing loan Scheme (New)

<i>Sl No</i>	<i>Particulars</i>	<i>Guidelines</i>
1	Exercising option	All pension and non-pension optees who opt for availing Additional Housing Loan /Fresh loan as per the eligibility and terms and conditions of Staff Housing Loan scheme, can exercise their option to continue the staff housing loan by converting the outstanding balance to SyndNivas housing loan at the time of cessation of service.
2	Submission of application.	<b>Employees who have exercised the option shall submit their application to the branch from where they have availed staff housing loan through the branch where they are working.</b>
3	Repayment of staff housing loan	<p>i. <b>In the case of staff who has exercised the option, repayment period can be fixed as 240 months (including repayment holiday) or the employee attaining the age of 70 years, whichever is earlier.</b></p> <p>ii. <b>Instalment towards principal and interest shall be apportioned in the ratio of 3:1.</b></p>
4	Computation of eligible amount for conversion of staff housing loan into SyndNivas loan.	<b>At the time of cessation of service, the outstanding balance (principal + interest) shall be converted into SyndNivas loan as mentioned below: The amount outstanding under Staff Housing loan including funded interest on the date of cessation of service shall be converted under SyndNivas scheme applicable for general public to the extent of amount eligible as per EMI for remaining period. Any amount over and above the amount converted into SyndNivas loan shall be adjusted from the terminal benefits at the time of cessation of service by the staff member.</b>
5	Fixation of EMI	<p>i. <b>For staff housing loan, instalments shall be fixed such that repayment towards monthly loan instalments (including instalment towards the proposed staff housing loan) as well as towards EPF loan shall not exceed 60% of the total monthly emoluments (gross pay).</b></p> <p>ii. <b>For the converted SyndNivas loan, EMI shall be less than/equal to 50% of the proposed pension and/or verifiable sources of income.</b></p>
Sl No	Particulars	Guidelines
6	Rate of interest	<p>i. <b>For staff housing loan scheme, 8.25% under funded interest mode for the entire loan amount till cessation of service.</b></p> <p>ii. <b>Rate of Interest on converted staff housing loan into SyndNivas loan shall be as applicable for SyndNivas loan on the outstanding balance including funded interest of staff housing Loan as on the date of sanction of SyndNivas loan after cessation of service.</b></p>

7	Processing charges and Documentation charges for converted SyndNivas loan	<b>Waived</b>
8	Documentation	<ul style="list-style-type: none"> <li data-bbox="627 387 1356 645">i. <b>Fresh documentation for the converted loan, complying with requirements such as submission of up-to-date Encumbrance Certificate, latest property tax paid receipt, fresh valuation report and any other mortgage formalities, pending if any, are to be complied with immediately. Property taken as security shall be inspected by the branch officials.</b></li> <li data-bbox="627 651 1356 712">ii. <b>Branch officials shall reverify the perfection of charge and reconfirm reasonability of valuation.</b></li> <li data-bbox="627 719 1356 779">iii. <b>Lien from pension optee/nominee for family pension shall be obtained.</b></li> <li data-bbox="627 786 1356 880">iv. <b>Link document to the staff housing loan converted as SyndNivas loan to be retained /obtained.</b></li> <li data-bbox="627 887 1356 1111">v. <b>A short term deposit of an amount equivalent to the outstanding balance shall be kept under lien in the branch through which terminal benefits are to be released till fresh documentation for the converted loan is completed with confirmed acknowledgement from Pension disbursing branch for deduction of EMI is received.</b></li> </ul>
10	Other conditions	<b>Spouse/nominee for family pension/one of the major legal heirs (in case spouse is not alive) shall join the transaction to mitigate the credit risk at a future date.</b>

**ANNEXURE – II****MODIFICATIONS TO SYDNIVAS LOAN FOR STAFF MEMBERS FOR CONTINUANCE OF SYDNIVAS LOANS AFTER CESSATION OF SERVICE.**

- i) Employee shall submit specific request to the branch where SyndNivas loan is outstanding through the branch where he is working by giving particulars of pension and/or verifiable sources of income.
- ii) Branch shall calculate revised EMI as on the date of cessation service taking into account the cutback, which shall not exceed 50% of the pension and/or other verifiable sources of income.
- iii) Based on the cutback as mentioned above, eligible loan amount to be worked out and the difference, if any, shall be recovered from the employee from out of his/her terminal benefits/own funds.
- iv) Spouse/nominee for family pension/one of the major legal heirs (in case spouse is not alive) shall join the transaction to mitigate the credit risk at a future date.
- v) Rate of interest shall be as per SyndNivas Scheme for general public, as per original contracted rates.
- vi) A short term deposit of an amount equivalent to the outstanding balance shall be kept under lien in the branch through which terminal benefits are to be released, till fresh documentation for the rephased SyndNivas loan is completed with confirmed acknowledgement from Pension disbursing branch for deduction of EMI is received.
- vii) Fresh documentation for continuation of loan if any, complying with requirements such as submission of up-to-date Encumbrance Certificate, latest Property Tax Paid Receipt, Fresh Valuation Report and any other mortgage formalities, pending if any, are to be complied with immediately. Property taken as security shall be inspected by the branch officials.
- viii) Branch officials shall reverify the perfection of charge and reconfirm reasonability of valuation.