

**NATIONAL SCHEDULED CASTES AND SCHEDULED TRIBES FINANCE AND
DEVELOPMENT CORPORATION, NEW DELHI**

HOUSE BUILDING ADVANCE RULES - 2000

These Rules shall be called “NSFDC HBA Rules” and shall come into force from the date of notification in this regard.

1.0 OBJECTIVE

1.1 The objective of National Scheduled Castes/Scheduled Tribes Finance and Development Corporation (NSFDC) House Building Advance (HBA) Rules is to establish uniform policy and rules relating to the grant of House Building Advance to the employee of the Corporation.

2.0 POLICY

2.1 These rules are framed purely as a welfare measure and do not confer any right or benefit on the employees nor impose any obligation or liability, whatsoever, on the Corporation and shall not be deemed to be any contract or condition of service between the Corporation and any such employee.

2.2 The House Building Advance will be admissible for constructing a house including purchase of land for that purpose, purchase of house, enlarging an existing accommodation, preferably in the areas where offices of the Corporation are situated or any where in India, where an employee of the Corporation intends to settle down after retirement.

3.0 DEFINITIONS

In these rules, unless the context otherwise requires :

3.1 “CORPORATION” means the National Scheduled Castes and Scheduled Tribes Finance and Development Corporation, including units under its management.

3.2 “Competent Authority” means the authority empowered to sanction House Building Advance in accordance with these Rules i.e. Chairman-cum-Managing Director of the Corporation.

3.3 “Employee” means a person employed in the regular establishment of the Corporation but does not include:-

- i) a lien holder ;
- ii) a deputationist on foreign service terms ;
- iii) a person appointed on contract ;
- iv) a daily rated or casual employee ;
- v) an apprentice or trainee.

- 3.4 "Family" means an employee's spouse and minor children including legally adopted children.
- 3.5 "House" means a house, flat or a tenement.
- 3.6 "Salary/Wages" means basic pay and personal pay plus dearness allowance and will include pension and pension equivalent of retirement benefits, in respect of a re-employed pensioner provided and to the extent that the same has been taken into consideration for fixation of his basic pay.

4.0 **ELIGIBILITY**

- 4.1 Subject to rule 4.4, all employees who, on the date of making application for advance have rendered not less than five years continuous service in the regular establishment (excluding service as mentioned at 3.3 (iii), (iv) and (v) shall be eligible for grant of the advance.
- 4.2 Employees of the Corporation who have left the services of Govt./Public Sector Undertaking Statutory Corporation/Quasi-Government Bodies in order to join services in the Corporation or who initially joined NSFDC on deputation/lien and subsequently got absorbed in the services of the Corporation, will be given the benefit of their earlier "continuous service" rendered in the parent organization immediately prior to joining the company for the purpose of computation of the continuous service.
- 4.3 Where both the husband and wife are employees of the Corporation and are otherwise eligible for the grant of advance, the advance shall be admissible to only one of them at their option.
- 4.4 An employee of the Corporation shall not be eligible for House Building Advance if :-
- 4.4.1 He has not satisfactorily completed the period of probation on initial appointment. The above stipulation shall not be applicable in respect of such employees of Govt./Public Sector Undertakings/Statutory Corporation/Quasi-Govt. Bodies who in continuation of their deputation/lien get absorbed in the services of the company and apply for an advance for the purpose of repayment of the balance amount of House Building Advance drawn from their parent organization/department and interest accrued thereon.

- 4.4.2 He or any member of his family already holds or own name or jointly with any other member(s) of his family anywhere in the town/urban agglomeration where the house/flat is proposed to be constructed or acquired with the advance from the company except where the advance is required for the purpose of extension of the house as provided in sub rule 5.1.5. Provided that the above condition may be relaxed by the competent authority in exceptional circumstances; as for example, if an applicant (other than family members) and desires to build a separate house for himself.
- 4.4.3 He or member(s) of his family either singly or jointly has acquired a house on hire purchase basis.
- 4.4.4 He or any member of his family has/had taken advance (other than an advance from the Provident Fund) or any assistance of like nature for the purpose of construction or purpose of a house from any source whatsoever prior to obtaining advance from NSFDC.
- 4.5 He is to leave the services of the Corporation within 36 months of the grant of advance either on superannuation or otherwise.
- 4.6 (i) Where an employee, subsequent to his being placed under suspension, makes a request for the first time for grant of House Building Advance, the same may not be sanctioned till such time his suspension order is revoked and he resumes his duties. However, in case of an employee under suspension having been already sanctioned the advance previously and also drawn the same in part, makes a request for release of balance advance/subsequent instalments during the period of his suspension, the same may be allowed in terms of the provision of the extent Rules.
- (ii) Where an employee having been sanctioned the advance is subsequently placed under suspension and has not drawn any amount/instalment of the advance, earlier sanctioned HBA should not be released till such time his suspension order is revoked and he resume his duties.

5.0 **PURPOSE**

- 5.1 The House Building Advance may be granted to the eligible employees for the following purposes :-
- 5.1.1. Acquisition and purchase of land (freehold or leasehold) and construction of hose thereon.

- 5.1.2. Construction of house on land already owned/purchased/acquired by an employee in his own name or held jointly with his spouse.
 - 5.1.3. Purchase of a ready built house or ownership flat (which has not been lived in since its construction) in the name of his/her spouse if the agency offering it for sale is a Govt./Semi.Govt. or an autonomous Institution like DDA, City Improvement Trust, State Housing Board, Registered Co-operative House Construction/Building Society etc. including a house or flat under Self Financing Scheme of such organisations.
 - 5.1.4. Purchase of a ready-built house other than those at sub-rule 5.1.3, on proper evaluation of the property.
 - 5.1.5. Enlargement/renovation of living accommodation in an existing house owned by the employee either in his own name or jointly with his spouse.
 - 5.1.6. Repayment of the balance amount of House Building Advance together with accrued interest thereon, directly by the Corporation to his parent organization in the case of an employee covered under the proviso to sub-rule, 4.4.1.
 - 5.1.7. Repayment of loan earlier obtained by the employee from financial Institution(s) towards construction/purchase of house/flat only if the employee is otherwise eligible for grant of advance under these rules. HBA under this sub-rule will be available to the employees even where the construction of house/flat has commenced.
- 5.2. The advance will be admissible only for outright purchase and not for hire-purchase of a house.
 - 5.3. The advance for the cases covered in sub-rules 5.1.2. and 5.1.5. shall be granted only if the employee and his spouse jointly owning the land/house/flat, are willing to execute a mortgage deed for the same in favour of the Corporation, and shall submit an undertaking to this effect on a non-judicial stamp paper.
 - 5.4. No advance will be sanctioned to an employee for the purpose of registering himself for allotment of a plot of land/or a house. However, on the allotment being made in his favour, advance may be sanctioned to him towards the registration deposit made by him to the extent the same is in excess of Rs. 15,000/- and subject to other conditions in these Rules.

6.0 **QUANTUM OF HOUSE BUILDING ADVANCE (HBA)**

6.1 Subject to rule 6.3, the maximum amount of advance admissible to an employee would be the least of the following :

6.1.1. For new construction, purchase of ready built House :

- i) 150 months' salary/wages of the employee, or
- ii) 100% cost of construction including that for acquisition of land/100% cost of the property, as the case may be or
- iii) Rs. 7.5 lakhs.
- iv) Or repaying capacity as at rule 6.3

6.1.2. For enlargement/renovation of living accommodation in an existing house :

- i) 50 months salary/wages of the employee, or
- ii) 100% cost of enlargement/renovation or
- iii) Rs. 2.5 lakhs

6.1.3 The limits as at sub-rule 6.1.1./6.1.2. as appropriate, shall also apply to cases covered under sub-rule 5.1.6. and 5.1.7.

6.1.4 The amount of HBA to be sanctioned under sub-rule 5.1.7 shall be limited to the entitlement of the employee or the outstanding amount or loan due to be repaid by the employee to the Financial Institution, whichever is less.

6.2 **COST CEILING LIMT**

200 times salary/wages subject to a minimum of Rs. 7.5 lakhs and maximum of Rs. 18 lakhs. Where the sanctioning authority is satisfied on the merits of the case, may relax this up to 25% of the cost ceiling indicated above.

6.3 The actual amount of advance to be sanctioned to an employee will be determined by the Corporation on the basis of the plans, detailed specifications and estimates to be furnished by the employee, within the ceiling limit of advance as prescribed above and monthly paying capacity of the employee which may be taken as :

Length of remaining service	Repaying capacity
1. Employees retiring/super-annuating after 20 years	50% of wages/salary
2. Employees retiring/super-annuating after 10 years but not later than 20 years.	66% of wages/salary
3. Employees retiring/super-Annuating within 10 years.	66 & 2/3 % wages/salary

Note : i) Repaying capacity = Salary/wages x % repaying capacity x number of instalment x number of instalments for repayment of principal ;

ii) In case of S1.3 above the retirement gratuity as provided under rule 12.4 and 12.4.1. can also be taken into account for this purpose on request of the concerned employee

6.4 Only one advance to an employee shall be granted under these Rules during his entire service.

7.0 **PROCEDURE**

7.1 Application for grant of the advance shall be submitted in the prescribed form (Annexure-A) through proper channel. The following documents should accompany application.

7.1.1. In case of construction of a new house or enlargement of the living accommodation in an existing house, a copy each of the building plan and the site plan as well as specifications, detailed estimate and abstract estimate in the prescribed form (Annexure A-1 and A-II). The site plan and the building plan must be duly approved by the Municipality or other local bodies concerned before submission of the same to the Corporation.

7.1.2. In case of construction of new house, the original sale deed or other proof of applicant having clear title to the land on which the house is proposed to be built, exempted in the case of purchase of land.

7.1.3. In case of enlargement of a living accommodation in an existing house, the original deed, if any, as well as other documents establishing that the applicant possess indisputable title to the property in question.

7.1.4. Grant of HBA to the employees for purchasing houses/flats under self Financing Schemes of Registered Co-operative Group Housing Societies, the procedure outlined below shall be followed.

While applying for grant of HBA in the form prescribed in the existing rules, the employee shall submit the following documents;

- (a) Photocopy of the letter issued by the Registrar of the Co-operative Society that the Society is registered with the Registrar of concerned State;
- (b) Photocopy of the share certificate, if any, issued by the Society to the employee concerned.
- (c) Letter of Allotment cum demand issued by the Society.
- (d) Original and copy of the receipts of payments made by the employee to the Society.
- (e) Proof of allotment or allocation of land to the Society by Govt. or institutions like DDA etc.; and
- (f) Certified copy of up-to-date bye-laws of the Society.

- 7.1.5. (i) For sanction of HBA under sub-rule 5.1.7, the employee concerned shall alongwith the application for grant of HBA produce a certificate from the financial institution from where the employee has earlier obtained the loan, certifying therein the outstanding loan amount and interest thereon as on the date of issue of the certificate by the Financial Institution together with another certificate by the Financial Institution indicating the per day rate of interest on the said loan, so as to enable NSFDC to determine the quantum of HBA to be sanctioned to the employee concerned. (ii) The employee concerned shall along with the application for grant of HBA also produced certified photocopies of the original title deeds/documents submitted to the Financial Institution along with an undertaking from the Financial Institution to the effect that after the repayment of the principal loan amount, together with interest thereon, in full by the employee, the Financial Institution shall promptly discharge the mortgage deed/security documents and the original title deeds of the immovable property and promptly send them directly to NSFDC within a period of 15 days From the date of receipts of full and final payment from the employee. The Financial Institution shall also issue "No Dues Certificate" against the employee (Borrower). For obtaining the aforesaid "Undertaking" from the Financial Institution, the employee may authorize the Financial Institution for sending the original title deeds and mortgage deed/security documents directly to NSFDC on receipt of full and final payment from the employee (Borrower).

- 7.1.6. While making an application for grant of HBA for purchase of an old ready build house/flat having a clear marketable title, the employee, concerned shall be required to submit the following documents :
- i) Consent of seller alongwith details of house and price agreed to.
 - ii) Attested copy of title deed of the owner.
 - iii) Attested copy of documents showing mutation of house supported by current rent and taxes paid by the owner (receipt to be enclosed).
 - iv) Document showing original cost, municipal valuation or authorized valuation of the house.
 - v) 12 years non-encumbrance certificate from the Competent Authority.
 - vi) Certificate from authorized engineer indicating condition of house and the approximate age thereof ; and
 - vii) Sale permission from the Competent Authority, if required.

7.2 On receipt of an application, duly forwarded by the Head of Department, Personnel Department will take necessary action for processing the application. The Personnel Department will scrutinize the application with reference to the conditions of eligibility as provided under these Rules as well as priorities etc., if any, laid down for dealing with such cases so as to satisfy themselves that all the conditions have been fulfilled. They will also satisfy themselves of the correctness of the facts stated in the application as well as examine the title deed and other documents furnished in Compliance with sub-rules 7.1.2., 7.1.3. and 7.1.4. above and other rules and orders made under sub-rule 10.8 (in consultation with the legal department and the Revenue and Registration Authorities, if necessary to make sure that the applicant does in fact, possess a clear marketable title, free from encumbrances and attachments to the property in question. After examining all the plans specifications and estimates submitted along with the application and all other relevant details, the application will be forwarded alongwith the recommendations, as to the amount of advance with recommendations, as to the amount of advance that could be granted to the concerned applicant and its repayment terms to the Competent Authority for his consideration.

7.2.1. For advance under sub-rule 5.1.7, on receipt of the documents mentioned in sub-rule 7.1.5 from the employee, the Personnel Department concerned of HBA as per the Rules, ensuring that while determining the quantum of HBA to be sanctioned, the instalment of principal and interest if any, paid by the employee to the Financial Institution during the period of processing the application is deducted

from the total amount of outstanding loan payable to the Financial Institutional.

In the event the outstanding principal and interest thereon is found to be in excess of the entitlement of the employee under the HBA Rules, the employee shall be first required to deposit with NSFDC such difference i.e. excess amount of outstanding dues against him and payable by him to the Financial Institution.

- 7.3 The Competent Authority after satisfying himself that all the conditions have been fulfilled and keeping in view the recommendation made, will accord sanction to the grant of advance specifying the amount of advance so sanctioned as well as the repayment period subject to the terms and conditions of grant of advance as under rule 10.0.
- 7.4 While according sanction of advance under sub-rule 7.1.4 the Competent Authority shall satisfy itself about the genuineness of the society concerned as well as the employee's membership with the said society.
- 7.5 Before grant of HBA under sub-rule 5.1.7, the sanctioning authority should satisfy himself that the loan obtained by the employee from the Financial Institution was entirely for the purpose of construction/purchase of house/flat.

8.0 **DISBURSEMENT**

- 8.1 While according sanction to the grant of advance, the Competent Authority will also authorise disbursement of the first instalment of the advance in accordance with the basic guidelines set out in Annexure-B subject to the observance of prescribed formalities by the borrowing employee. These include execution of Agreement to Mortgage (Annexure-C) Mortgage Deed (Annexure-D, or D-1 or D-II or D-III, as the case may be) and Surety Bond (Annexure-E) in prescribed forms.

Alternatively, the Competent Authority may allow to secure the advance through equitable mortgage of property by deposit of original title deeds in place of registered mortgage deed subject to the submission of following documents :

- i) Agreement to mortgage in form Annexure-C
- ii) Original Title Deed of the property as soon as the same are received by the employee.
- iii) Letter evidencing deposit of the Title Deeds of the Property in form Annexure D-IV.
- iv) Affidavit regarding deposit of Title Deeds and declaration etc. as per proforma Annexure D-V.
- v) Mutation certificate from Revenue or Municipal Records after it is mutated.

- vi) Latest Search Certificate through Sub Registrar/Advocate to show that there is no encumbrance on the property.
 - vii) Special Power of Attorney authorizing NSFDC to execute English Mortgage of the property in favour of NSFDC at its discretion, as per proforma Annexure D-VI.
- 8.1.1. Where a ready built house is intended to be purchased, the employee shall be required to produce proof of negotiations for the purchase of house together with a copy of the building plan and the site plan and also a certificate that the purchase is not less than the Amount of advance sanctioned and that he has satisfied himself that the transaction will enable him to acquire indisputable title of the house.
- 8.1.2. In case of purchase of house/flat in the joint names of the employee and his/her spouse, they will be required to execute a Tripartite Agreement (Annexure-C).
- 8.1.3. The following legal formalities must be ensured while creating Equitable Mortgage by deposit of Title Deeds :
- a) After sanction of House Building Advance by the Competent Authority in favour of the employee and issuance of sanction order the Borrower shall submit document at S1.No. (i) as stipulated in rule 8.1 above viz. Agreement to Mortgage together with Surety Bond for claiming HBA sanctioned to the employee. Thereafter, the actual Equitable Mortgage will be created when the borrower acquires the property in question in the manner provided herein.
 - b) The documents of the title at S1.No. (ii), (V) & (vi) viz. Original Title Deeds, Mutation Certificate, if available and Non-encumbrance Certificate as stipulated in Rule 8.1 above must be physically deposited by the borrower and handed over to the officer of NSFDC who is duly authorized by Competent Authority to receive the original documents of the title for creation of Equitable Mortgage as Security for HBA sanctioned and advanced/to be advanced.
 - c) Documents mentioned at S1.No. (iii) & (vii) as stipulated in Rule 8.1 above shall also be executed by the borrower in favour of NSFDC immediately after creation of Equitable Mortgage as at (ii) above (preferably the very next day).
 - d) All the original title deeds and other security documents referred to in para (a), (b) and (c) except surety bond mentioned in para (a), (b) and (c) except surety bond mentioned in para (a) must be kept in safe custody in fire proof almirah/safe the keys of which should be kept with two

authorized officers of the company, one from the Personnel Department and the other from the Finance Department so that neither of the officers can have access to these unilaterally.

- (e) Under no circumstances, the original title deeds should be returned to the borrower employee till the HBA loan together with interest thereon has been fully repaid by the borrower to NSFDC. After full and final settlement of account in respect of HBA, the original title deeds shall be released and returned to the borrower employee and the Equitable Mortgage shall stand discharged. NSFDC shall issue a “No Due Certificate” and “Discharge of Equitable Mortgage Letter” in favour of the borrower.

8.2 While applying for subsequent instalments of advance, the borrowing employee shall certify that the construction is being carried out strictly in accordance with the plans and estimates submitted by him at the time of making the application that the construction has actually reached the prescribed stages of construction and that the amount already drawn has actually been used on the construction of the house. Such certificates are to be furnished by the borrowing employee in the prescribed proforma (Annexure-F). The Competent Authority may, if necessary, arrange to have inspection carried out by an official to be nominated by him to verify the correctness of the certificates. After being fully satisfy the Competent Authority will authorise disbursement of the remaining instalments of the advance as per the provision of these rules.

8.3 In case of employee covered under the proviso to sub rule 4.4.1., the repayment of outstanding advance along with accrued interest to the parent organization, will be subject to the following conditions :

8.3.1 He shall obtain the consent of his parent organization to release the title deeds of the property and reconvey the deeds to the Corporation on receipt of the total outstanding amount direct from the company.

8.3.2 He shall execute an agreement to mortgage the property in favour of the Corporation in the prescribed proforma. 8.3.3. He shall also Furnish surety as prescribed under these Rules.

8.3.4. The Competent Authority may ask for satisfactory evidence that the advance already taken in duly secured on the basis of mortgage of the property and its cost value.

8.4 In case of purchase of house under Self Financing Housing Scheme, or form Housing Co-operative Societies, the disbursement of advance will be furnished subject to the following conditions :

- 8.4.1. The employee concerned will be required to produced two sureties from amongst the eligible employees of the Corporation.
 - 8.4.2. If the employee wants to withdraw from the scheme for any reason whatsoever, the money advanced by the Corporation shall be refunded forthwith to the Corporation by the agency concerned for which a tripartite agreement shall be entered into wherever possible.
 - 8.4.3. The employee shall produce either a mortgage permission or an assurance from the agency concerned that the latter shall grant the mortgage permission after completion of house in favour of the Corporation.
 - 8.4.4. In case the agency concerned deducts any part or the whole of the amount deposited with them due to non-compliance by the employee, with any of their requirements or for any other reasons, the same will be on the individual employee's account and Corporation will not undertake any liability for the same.
 - 8.4.5. The interest, if any, paid by the agency concerned on the money advanced by the Corporation will accrue to the Corporation only and not to the individual.
- 8.5 Subsequent to the sanction of advance under sub-rule 7.1.4, the employee concerned shall be allowed to draw the first instalment of advance provided he executes a Personnel Bond (Annexure-G) and also furnishes a Surety Bond (Annexure-H) on non-judicial stamp paper of appropriate value. The surety Bond, as prescribed, is to be executed jointly by two Sureties (other than husband/wife of the employee) who are regular employees of the Corporation and fulfil all other terms and conditions as provided and fulfil all other terms and conditions as provided at Rule 9.0 of these Rules. Besides there, the employee shall also furnish the following documents ;
- (a) Attested copy of the Title Deed of the society to the land on which the house/flat is to be constructed; (where, however, the land has not been allotted to the society, the Title Deed is to be furnished before disbursement of second instalment) ;
 - (b) No objection from the Society to the effect that the society has no objection to mortgage the house/flat in favour of NSFDC.
 - (c) Certificate that the land on which the house/flat is to be constructed is free from all encumbrances ; and
 - (d) Agreement to mortgage the property to NSFDC.

- 8.5.1 While applying for subsequent instalments of advance the employee concerned shall furnish a demand letter from the society indicating, inter-alia, the progress of construction; the correctness of which shall be verified by the Competent Authority by arranging inspection of the premises concerned. Further, the employee shall also furnish a proforma of the sale deed proposed to be executed by the Society in favour of the employee. After being fully satisfied the Competent Authority shall authorise disbursement of the remaining instalments of the advance.
- 8.5.2 Immediately on taking the possession of the house/flat, and in no case later than three months thereof, the employee concerned shall execute and submit the Mortgage deed as prescribed under these Rules.
- 8.5.3 The amount of advance sanctioned to the employee shall be disbursed in suitable instalments as per demands raised by the society, from time to time. Further, the payment shall be made directly by the company to the society after collecting employee's share, if any, for each instalment.
- 8.5.4 Notwithstanding anything mentioned above, the employee shall execute such supplementary documents/deeds as may be required by the Corporation from time to time.
- 8.5.5 The terms and conditions envisaged in sub-rule 8.4.1 to 8.4.5 shall also be applicable for advance under this Rule.

In case of difficulties on the part of employee concerned in procuring the aforesaid mortgage permission from the Society concerned, as some of the Societies may not be in a position to issue the mortgage permission due to reasons that certain legal formalities have to be completed between the Society and the original owner of the land who allotted the land to the Society, the condition of submitting the mortgage permission from the Registered Cooperative Group Housing Society before drawal of the first instalment of advance may not be insisted upon. The employees concerned shall have to furnish the said mortgage permission at the time of mortgaging the flat/house in favour of NSFDC. At the time of drawal of the first instalment of HBA, the employee concerned will, however, have to furnish an undertaking in the prescribed format enclosed at Annexure-1.

- 8.6 In the case of grant of advance for repayment as in sub-rule 5.1.6 and under Rule 8.4. the amount of advance will be sanctioned by the Competent Authority to the applicant but amount/cheque/demand draft will actually be given to the agency or the parent organization, as applicable, by the Corporation's representative, after completion of necessary formalities.
- 8.7 In case of grant of advance for repayment as in sub-rules 5.1.7, on fulfilment of the conditions specified in sub-rule 7.1.5 (i) & (ii) 7.2.1. as also other terms and conditions of these Rules, the HBA applied for by the employee may be sanctioned and on receipt of sanction order of HBA from NSFDC, the employee concerned shall execute the following security documents on stamp paper of appropriate value ;
- (a) Personal Bond equivalent to the loan sanctioned and to be advanced.
 - (b) Surety Bond from an employee of the company specified under these Rules.
 - (c) Agreement to mortgage.
- 8.7.1 On obtaining the above security documents from employee concerned, the sanctioned amount of HBA and the amount deposited by the employees, if any, may be released directly to the Financial Institution towards full and final payment of the outstanding dues of the financial institution.
- 8.7.2. On receipt of the original mortgage deed/security documents duly discharged and the original deed title from the financial institution, NSFDC shall promptly notify to the employee concerned to create Equitable on English Mortgage, as the case may be, in favour of NSFDC within a period of 30 days from the date of notification. In exceptional cases, where property conveyance deed (sale deed/lease deed/transfer deed) has not been executed in favour of the employee concerned by the agency/authority from where the immovable property in question has been purchased by the employee, the employee shall create mortgage in favour of NSFDC within 30 days of the receipt of proper conveyance deed duly registered from the said agency/authority.
- 8.7.3 The employee shall also be required to produce "No Dues Certificate" from the Financial Institution.
- 8.8 The employees shall not encumber, create, lien, alienate or otherwise make any second charge or dispose of the property already mortgaged in favour of the Corporation for loan already taken from the company.

9.0 **SURETY**

9.1 The applicant shall get executed the surety bond as referred to in rule 8.1 from an employee of the Corporation. An employee of the Corporation shall be eligible to stand as a surety if ;

9.1.1. He has satisfactorily completed the period of probation stipulated, if any.

9.1.2 His salary/wages is not less than two-third of that of the applicant.

9.1.3 He is not likely to superannuate within 3 years of the date of executing the surety bond.

9.1.4 He has not stood as surety in more than two cases of House Building Advance.

9.1.5. The employee applying for House Building Advance has not already stood as a surety for him when he applied for House Building Advance.

9.1.6 He is working, to the extent possible, in the same division/office, where the applicant is working for the time-being.

9.2 Where a surety employee is likely to leave the employment of the Corporation or ceases to be in employment of the Corporation on account of resignation, retirement, death or for any other reason before the borrowing employee has executed the deed mortgaging the property to the Corporation or has repaid the advance in full (including interest thereon), the latter shall arrange to get executed a surety bond from another substitute Surety within one month of the communication to this effect from the Personnel Department.

9.3 The liability of the Surety will extend till the house built/purchased is mortgaged to the Corporation or till the advance in full (including interest thereon) is repaid to the Corporation whichever happens earlier.

10.0 **TERMS AND CONDITIONS**

10.1 The construction of the house or additions to living accommodation in an existing house as the case may be shall be :

10.1.1. Carried out exactly in accordance with the approved plan and specification on the basis of which the amount of advance has been computed and sanctioned. The plan and specifications must not be departed from without the prior approval of the Competent Authority.

10.1.2 Completed within 18 months/24 months, as applicable, of the date of which the first instalment of the advance is paid to the employee concerned. Failure to do so will render the employee liable to refund

the entire amount advanced to him (together with interest thereon calculated as in rule 11.0 below) in one lump-sum. An extension of the time limit may be allowed up to one year by the competent authority in the cases where the work is delayed due to circumstances beyond the control of the employee. The date of completion must be reported to the Competent Authority without delay.

- 10.2 Immediately, on completion or purchase of the house as the case may be, the employee concerned shall insure the house at his own cost for a sum not less than the amount of the advance and shall keep it so insured, against damage by fire, flood, lightning, earth quake and till the advance along with interest is fully repaid to the Corporation. The policy obtained should be deposited with the Corporation. A letter should also be written to the insurer by the employee that the company interested in the insurance Policy (Annexure-J). The premium must be paid regularly and the premium receipt produced for inspection by an officer of the Personnel and Administration Department as nominated by the Competent Authority. In the event of failure on the part of the employee to effect insurance against fire, flood, lightning, earthquake and riot, it shall be lawful but not obligatory for the Corporation to insure the said house at the cost of the employee concerned and recover the amount from him including interest thereon at bank lending interest rate, in the same manner as the amounts are recoverable under these rules. The employee will in addition be liable to disciplinary action.
- 10.3 The house must be maintained in good repair by the employee concerned at his own cost. He shall also keep it free from encumbrances and shall continue to pay all the Municipal and other local rates and taxes regularly until the advance along with interest has been repaid to the Corporation in full. The employee shall furnish an annual certificate to this effect to the Corporation.
- 10.4 After the Completion of construction of the house, annual inspection may be carried out by an authorized official of the Corporation under instruction from the Competent Authority to ensure that it is maintained in good condition until the advance along with interest has been repaid in full.
- 10.5 The employee concerned shall afford full facilities for all inspections as required under these Rules.
- 10.6 In case where the house is not used for residential purpose of the employee and for his family, permission of the competent authority should be obtained by him before renting the same.
- 10.7 The terms and conditions enumerated under rule 10.0 are in addition to those contained elsewhere in these Rules.

10.8 Notwithstanding anything contained therein, the employee shall be bound to comply with any supplementary rules/orders time to time with a view to safeguarding the Corporation's interest as well as proper and faithful observance of the provisions of these Rules.

10.9 Furnishing of false certificates or breach of any of the terms and conditions stipulated in these and/or any other supplementary rule/order will render the employee concerned liable to appropriate disciplinary action apart from this being called upon to refund to the Corporation forthwith the entire advance drawn by him together with accrued interest.

11.0 **INTEREST**

11.1 An advance granted under these Rules shall carry simple interest from the date of payment of the advance, the amount of interest being calculated on the balance outstanding on the last date of each month.

11.2 The rate of interest will be the rate, as in force on the date of original sanction of advance applicable to the Central Govt. Employees under House Building Advance Rules of Central Government. The rate of interest for the portion of the advance in excess of the maximum amount of advance admissible under the corresponding rules of Central Government, will be at the highest rate as charged by the Central Government for its employees.

11.2.1 With a view to providing to providing incentives to the employees for promoting small family norms the rate of interest on HBA to such employees who themselves or their spouses undergo sterilization operations will be 1/2% less (half percent) less than the normal rate of interest.

The above concession shall be subject to the same conditions, as applicable for grant of special increment under the company's Incentive Scheme for Pursuing Small Family Norms.

The concession as above shall also be applicable to employees, where sterilization is conducted even after the release of first instalment of House Building Advance. The rebate in interest rate under this sub-rule, however will be admissible from the date of sterilization.

11.2.2. The prevailing rate of interest on HBA is as under :-

Amount of Advance	Rate of Interest (per annum)
Sanctioned advance up to Rs. 50,000/-	7.5%
Sanctioned advance up to Rs. 1,50,000/-	9.0%
Sanctioned advance up to Rs. 5,00,000/-	11.0%
Sanctioned advance up to Rs. 7,50,000/-	12.0%

11.3 Where differential rates of interest are prescribed for varying amounts of advance, the portion of the advance carrying highest rate of interest will be treated as having been refunded first in the process of recovery.

11.4 Notwithstanding anything contained above, failure of an employee to faithful observance of all the terms and conditions attached to the advance sanctioned, will make him liable to pay the interest at bank lending interest rate.

12.0 **REPAYMENT**

12.1 The advance granted to an employee under these Rules, together with the interest thereon shall be repaid in full before superannuation/separation from service of the employee by monthly instalments within a period not exceeding 25 years' repayment of principal in 15 years (180 instalment) and interest in 10 years (120 instalments).

Provided that where an advance has been sanctioned under sub rule 5.1.6, the amount of monthly instalment shall not be less than the instalment amount at which the advance was being repaid by the employee while in service in parent organization/department. Provided further that it will be open to an employee to repay the amount in a shorter period, if he so desires.

12.2 The amount of advance and interest thereon, to be recovered from the employee, shall be fixed in whole rupees except in the case of last instalment when the remaining balance including any fraction of rupee shall be recovered.

12.3 **COMMENCEMENT OF RECOVERY**

12.3.1 Recovery of advance granted for repayment under sub rule 5.1.6 shall commence from the pay of the month following that in which the advance is drawn.

12.3.2 Recovery of advance granted for purchase of a ready build house shall commence from the month following the month in which the possession is taken or immediately on the expiry of two months from the date on which the advance is paid to the employee, whichever is earlier.

- 12.3.3 Recovery of advance granted for constructing a new house or enlarging living accommodation in an existing house shall commence from the month following the completion of the house or immediately on the expiry of 18 months from the date on which the first instalment of the advance is paid to the employee, whichever is earlier. The Competent Authority may relax this time limit keeping in view the merits of a case.
- 12.3.4 Recovery of advance granted for constructing a new house including purchase of land shall commence from the month following the completion of the house or immediately on the expiry of 24 months from the date on which the first instalment of the advance is paid to the employee, whichever is earlier. The competent authority may relax this time limit keeping in view the merits of a case.
- 12.3.5 Recovery of advance granted for purchase of a ready built house under the Self Financing Scheme shall Commence from the pay of the month following that in which the possession of the house is taken by the employee or immediately on the expiry of 36 months from the date on which the first instalment of the advance is paid to the employee, whichever is earlier. The Competent Authority may relax this time limit keeping in view the merits of a case.
- 12.4 Recovery of the advance shall be effected through the monthly pay/leave salary, subsistence allowance bills or any other dues (except Provident Fund and Gratuity amount) of the employee concerned by the Corporation. The recovery may also be effected from the gratuity amount due to the concerned employee, provided, a written undertaking is given to that effect by him and he agrees to the incorporation of a suitable clause in the prescribed Agreement and Mortgage Deed to the effect that the company shall be entitled to recover the balance of the said advance with interest remaining unpaid at the time of his termination or death preceding termination from the whole or any specified part of the gratuity that may be due to him.
- 12.4.1 For computing the maximum amount of gratuity due to an employee, the total period of service likely to be put in by an employee till his superannuation/separation and the salary/wages as presently drawn by him are to be taken into consideration.
- 12.5 If an employee resigns from the services of the Corporation or his services are terminated for any reason whatsoever before repayment of the advance together with accrued interest thereon in full, the entire outstanding amount shall become payable to the Corporation forthwith. When the termination of service is due to involuntary act on the part of the employee concerned the Corporation may, in

deserving case, permit him or his successors-in-interest, as the case may be, to repay the outstanding amount together with interest thereon in suitable instalments after safeguarding Corporation's interest. Failure on the part of the employee concerned or his successors, as the case may be, to repay the advance for any reason whatsoever, will entitle the Corporation to enforce the mortgage without intervention of the Court and take such other action to effect recovery of the outstanding amount as may be permissible under the law.

13.0 **RECONVEYANCE**

13.1 The property mortgaged to the Corporation shall be reconveyed in the prescribed form at Annexure-K to the employee concerned (or his successor-in-interest, as the case may be) after the advance together with the interest thereon has been repaid to the Corporation in full.

14.0 **PAYMENT OF SUBSIDY**

14.1 Such employees of the Corporation as are otherwise, eligible for grant of House Building Advance under these Rules, may avail of the House Building Loan Scheme sponsored by the recognized housing finance Institutions such as LIC, HDFC or any other such agency operating in Govt./Public Sector. In such cases, the Corporation will grant subsidy to them to meet the difference between the Government rate of interest and the interest rate actually being charged by the agency concerned from time to time subject to the conditions that the subsidy will be limited on the amount which would have been admissible to the employee under these rules. No subsidy shall be allowed on the interest levied by these agencies for default and/or delay in payments.

14.2 The subsidy will be paid after actual verification of receipts issued by the concerned Housing Finance Institution/Agency for payment of interest. The original receipt will also be endorsed suitably to guard against a second claim.

14.3 Subsidy may be paid on interest on House Building loan drawn by employees from Government/Recognised Financial Institutions in addition to LIC, HDFC subject to the conditions mentioned hereunder :

14.4 The subsidy for interest shall be limited on the amount of advance for which the employee is otherwise entitled or on the amount of loan taken by the employee from the Financial Institution, whichever is less.

14.5 Before grant of the subsidy on interest, the sanctioning authority should satisfy himself that the loan obtained by the employee from the Financial Institution was entirely for the purpose of construction/purchase of the house/flat.

14.6 The subsidy will be granted to the employee to meet the difference between the Govt. rate of interest and the interest rate actually paid to the Financial Institution from time to time.

14.7 The Claim for reimbursement or Interest subsidy shall be entertained based on proof of Actual payment of interest by the employee to the concerned Financial Institution either on monthly/quarterly basis or on annual basis. Since the terms and conditions of housing loans, followed by various Institution are not uniform, admissible amount of subsidy has to be ascertained on case to case basis.

15.0 **GENERAL**

15.1 The competent authority shall ensure that the purchase/construction/enlargement of the house is completed within the period prescribed in the rule and that :

15.1.1. The prescribed mortgage deed is executed immediately on purchase of the house/land after the document kept in safe custody after registration.

15.1.2 The house is insured in the manner indicated in rule 10.2 immediately on its purchase/completion and that the premium receipts are regularly produced for inspection.

15.1.3 The house is maintained in good condition and that the necessary insurance premium and municipal taxes and rates are paid regularly and the requisite certificate(s) furnished annually until the advance has been repaid in full.

15.1.4 Monthly recovery of instalments of repayment of the advance commence from the due date and is made regularly from the pay/leave salary etc. bill of the employee concerned thereafter.

15.1.5 Any amount drawn in excess of the said expenditure incurred is refunded by the employee concerned to the Corporation forthwith together with the interest, if any, due thereon.

15.2 Even in the case of employee's transfer from one unit etc. to another, the documents such as title deed, mortgage deed etc. submitted by an employee should continue to be kept in the safe custody of the authority which sanctioned the advance. This is with a view to safeguarding against loss or misplacement of precious documents in transit.

15.3 Stamp duty chargeable on all documents and Registration fee to be incurred for the completion of legal formalities required in connection with the grant of HBA may be granted as advance to the concerned employees, subject, however, to the

condition that total amount of House Building Advance shall not exceed their entitlement as per Rules. The employees concerned will complete all formalities within a period of three months from the date of drawal of the advance granted for stamp duty charges etc. failing which the amount drawn for the said purpose will be refunded by the employees together with interest thereon.

- 15.4 The grant of advance under these Rules shall always be subject to availability of funds.
- 15.5 The power to interpret and administer the rules shall rest with the chairman and Managing Director of the Corporation whose decision shall be final and binding. The chairman and Managing Director is also empowered to make any supplementary rules/orders as envisaged under rule 10.8.
- 15.6 The Corporation reserves the right to modify, cancel, add or amend any of these Rules.