

STAFF HOUSING LOAN / STAFF HOME EQUITY FINANCING - i SCHEME

DATE : **28 OCTOBER 2020**

STAFF CIRCULAR NO. : **HCM/SC4/2020/001**

APPLICABLE TO : **ALL STAFF**

SUBJECT : **i) STAFF HOUSING LOAN (SHL) SCHEME**
ii) STAFF HOME EQUITY FINANCING-i (SHEF-i) SCHEME (applicable for completed property only)

1. Introduction

The terms and conditions of the SHL and SHEF-i Schemes are outlined as follows :

2.1 Upon confirmation in service.

2.2 The loan/financing must be for the purchase of a house for the staff's residence. Purchase of property beyond 50km from place of work is strongly discouraged and prior approval is required.

2.3 Purchase of house from spouse, parents or parents-in-law will not be allowed under this Scheme.

2.4 Staff who wish to apply for SHEF-i must be a new applicant. Conversion of any existing loan under the conventional loan scheme to SHEF-i is not allowed.

3. **Loan/Financing**
Quantum

3.1 Up to 90% of the final purchase price after discount/rebate or market value of the property concerned whichever is lower subject to percentage of total deductions from the staff's salary including the SHL/SHEF-i repayment/payment not exceeding 75% of the staff's monthly salary.

3. Loan/Financing Quantum
(cont'd)

3.2 The valuation of the property shall be subject to Management's discretion and approval. As a guide, the purchase price indicated in the Sale and Purchase Agreement after discount/rebate inclusive of Bumi discount (if any) will be used.

Should the value of the property be RM25,000-00 and below, the loan/financing quantum to be granted will be 100% provided it does not exceed the statutory limit on salary deduction.

3.3 Staff whose spouse is also an employee in the Public Bank Group is allowed the option of jointly applying for a SHL/SHEF-i subject to limits stipulated above.

4. Rate of Interest/Profit

Approved Loan/ Financing Quantum	Rate of Interest/Profit per annum on monthly rests
RM100,000-00 & below	0%
RM250,000-00 & below	1%
More than RM250,000-00 to RM500,000-00	1.5%
More than RM500,000-00	2%

- 4.1 Management however reserves the right to review the rate of interest/profit at any time deemed necessary.
- 4.2 The following provisions are applicable for the **first SHL/SHEF-i** of **all unionised** and **non-unionised non-supervisory** staff.
- i) 0% interest/profit rate for first RM100,000 of the loan amount;
 - ii) balance of the loan/financing amount after deducting the first RM100,000 will be based on the prevailing rate corresponding to the total loan/financing quantum.
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5. Period of Repayment/Payment

Maximum period of repayment/payment is 35 years or up to age 65 whichever is earlier for purpose of calculating monthly repayments/payments.

6. Manner of Repayment/Payment

6.1 The Staff may opt to repay/pay the loan/financing either by Fixed Monthly Repayment/Payment or Graduated Repayment/ Payment Programme.

- 6.2 The first monthly repayment/payment for the SHL/SHEF-i shall commence in the month following full release of funds. The amount of instalment repayable/payable each month shall be deducted from the monthly salary of the staff concerned. Pending the full release of funds, the staff will be charged interest/profit rate on funds released which shall be calculated monthly and deducted from the monthly salary.
- 6.3 If the staff so prefers, the monthly repayment/payment on principal sum may commence after the initial release of funds upon written notification to Human Capital Management.
- 6.4 In the event deductions due are not made after release of funds, the staff concerned is required to make payment for the months not deducted direct to the Branch, failing which the Bank reserves the right to debit the payment from any monies due to the staff i.e. salary and wages/claims/incentive payments.
- 6.5 In the event that the staff is transferred to serve in another Company within the Public Bank Group and vice versa, then the existing loan/financing will be taken over by the new Company subject to the prevailing terms and conditions of the SHL/SHEF-i Schemes of the Company concerned.
- 6.6 The SHL/SHEF-i is to be fully settled in the event that the staff's employment within the Group ceases. Should the staff fail to settle the loan/financing after cessation of service with the Group, the interest/profit rate will be increased to the prevailing customer rate.

6. **Manner of Repayment/Payment (cont'd)**

6.7 SHL/SHEF-i may also be recalled on demand at any time should the performance and attitude of the staff deteriorate.

6.8 The Bank has the right to combine or consolidate all or any of the staff's account with the Bank and/or its subsidiaries and set off or transfer any sum outstanding to the credit of any one or more such accounts towards satisfaction of any of the staff's liabilities with the Bank and/or its subsidiaries at any time with prior notice to staff. The Bank shall also have a lien over the security of any account/facility to cover the staff's borrowing with the Bank and/or its subsidiaries of any other account under consolidation.

7. **Types of Property Allowed for Purchase**

7.1 Residential houses / flats / apartments / condominiums. Shophouses / shop apartments / offices are **not allowed** under this Scheme.

7.2 Purchase of land for construction of house for staff's residence.

7.3 Construction of house for staff's residence on land owned by staff.

For purchase of properties under construction, staff are reminded to ensure the project is under the Bank's List of Approved Developers. Staff should not commit themselves ie signing the Sale and Purchase Agreement prior to Management's approval.

Properties
Charged to
any of the
Companies
under the
Public Bank
Group

- i) Staff are not allowed to bid for or purchase any property charged to and auctioned by any of the Companies under the Public Bank Group unless prior approval is given by Management.
- ii) Staff are also discouraged from entering into any sale and purchase agreement with any customer whose property is charged to any of the Companies under the Public Bank Group.

<p><u>Properties Charged to any of the Companies under the Public Bank Group</u></p>	<p>iii) The above applies regardless of whether the staff is applying for a staff loan/financing or a commercial loan/financing.</p> <p>iv) In this respect, the definition of staff includes spouse, children, parents, brothers and sisters.</p>
<p>8. <u>Security Required Throughout Loan/ Financing Period</u></p>	<p>8 The SHL/SHEF-i must be secured by a Facilities Agreement and a registered open all monies/closed 1st/3rd (where applicable) party legal charge over the property in question until full settlement.</p> <p>1</p> <p>In cases where staff are granted approval to purchase properties without individual or strata titles, the loan/financing will be secured by the following:</p> <p>i) Facilities Agreement / Musharakah Mutanaqisah Master Agreement.</p> <p>ii) Deed of Assignment.</p> <p>iii) Comprehensive Power of Attorney from the borrower/customer or assignor to enable the Bank, among other things, to sign and register as attorney of the borrower/customer or assignor when the individual or strata title becomes available. This power of attorney must be registered in the High Court initially and later, in the relevant Land Office when the individual or strata title becomes available.</p>

- iv) Letter of Undertaking from the developer to forward to the Bank the individual or strata title upon its issuance and to refund all monies released in the event that the subdivision of the master title be not approved and the charge of the individual or strata title to the Bank be not registrable at the Land Office.

8. Security Required Throughout Loan/Financing Period
(cont'd)

- v) An undertaking from the chargee (Bank/other Financial Institutions) if any, to exclude the particular lot from their security upon receipt of the redemption sum and to execute and forward to us a registrable discharge of charge upon the issuance of the individual or strata title.

No funds will be released until the Bank is satisfied that all the legal and insurance/takaful formalities to secure its interest have been attended to. Any expenses incurred in this connection will be borne by the staff concerned.

- 8.2 The property can be registered either solely in the staff's name or jointly with the spouse.
- 8.3 The property should be comprehensively and adequately insured/covered with Mortgage Home Secure Plus (MHSP) Insurance policy / Ikhlas Home Protect (IHP) Takaful policy and other risks deemed necessary by the Bank with an endorsement favouring the Bank as a beneficiary until the loan/financing has been fully settled. The approved insurance companies in respect of MHSP policy / IHP Takaful policy are as follows :

Types of Loan	Policy	Insurance Company
i) SHL	MHSP	Lonpac Insurance Bhd
ii) SHEF-i	IHP	Takaful Ikhlas General Berhad

The premium/contribution for the insurance/takaful will have to be borne by the staff concerned. The Bank reserves the right to debit from the staff's salary account for the outstanding premium/contribution due to ensure that the MHSP/IHP policy is in force throughout the loan/financing period.

**8. Security Required
Throughout Loan/
Financing Period
(cont'd)**

Escalation clause is applied for MHSP/IHP policy, wherein the sum insured/covered shall be increased by 3 % per annum [premium rate as per prevailing Persatuan Insurans Am Malaysia (PIAM) Revised Fire Tariff] to avoid under insurance/inadequate coverage due to increase of the reconstruction cost of the property at the current cost of the construction material.

Notwithstanding the escalation clause and in the event that the sum insured/covered for the MHSP/IHP Policy of the Insured/Covered for any particular year is not increased for any reason whatsoever, the MHSP/IHP Policy shall continue to remain in full force and effect and the Bank shall not be held to have waived its rights to impose the escalation clause in the future and to increase the sum insured/covered and any delay or omission on the part of the Bank in taking any step to increase the sum insured/covered and/or to renew the MHSP/IHP Policy shall not be held to prejudice its right in respect thereof nor shall the Bank be held liable in any manner whatsoever for any such non-increase, delay or omission.

- 8.4 Should the property be insured/covered under a Master Fire Policy, the staff is to extend a copy of the sub-certificate to the Branch every year. The sub-certificate must state Public Bank Berhad as Chargee of the property. Until receipt of such sub-certificate, the Bank reserves the right to insure/cover the property under the MHSP/IHP Policy. This MHSP/IHP Policy is automatically renewed by the Branch and staff is responsible for the premium/contribution charged until such time proper documentation is submitted confirming that the property is adequately covered.

- 8.5 The staff concerned will also have to take up a mortgage reducing term assurance (MRTA) / mortgage reducing term takaful (MRTT) policy with the Bank's panel of MRTA/MRTT insurers/takaful operators in respect of the loan/financing. Please note for SHEF-i, the MRTT is to be taken up with the following :

8. **Security Required
Throughout Loan/
Financing Period**
(cont'd)

i) Syarikat Takaful Malaysia Keluarga Berhad for fixed payment scheme

OR

ii) Takaful Ikhlas Family Berhad (TIFB) for fixed and monthly instalment programme.

The policy, which should include total permanent disablement benefits coverage should commence from the estimated date of initial release of funds. No funds will be released until the MRTA/MRTT policy has been lodged with the Bank. The single premium/contribution for this will have to be borne by the staff concerned. If required, the staff concerned may at the time of applying for the SHL/SHEF-i also apply for an additional loan/financing to pay for this premium/contribution.

This additional loan/financing will not be included in the calculation of the staff's maximum loan/financing quantum for purchase of the property. However the interest/profit rate chargeable for both the SHL/SHEF-i and this additional loan/financing shall be determined based on the total loan/financing quantum for purchase of the property and the MRTA/MRTT. Repayment/payment for this loan/financing will also be deducted monthly from the applicant's salary. Assignment of life assurance or endowment policies to the Bank in lieu of the MRTA/MRTT policy is **not acceptable**.

- 8.6 The staff concerned will have to undertake to pay the quit rent and assessment for the property when due.
- 8.7 The title of the property, the MHSP/IHP policy, the MRTA/MRTT policy and photocopies of all receipts for quit rent and assessment in respect of the property and other relevant documents would have to be forwarded to the Branch or Jalan Raja Laut Branch in the case of Head Office staff for safe custody over the entire period of the loan/financing.
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9. Manner of
Application

- 9.1 The application form is available for download in the Lotus Notes Web Application - HCM Forms portlet. One copy of the application form is to be submitted to the Human Capital Management duly verified by the applicant's Head of Department / Division / Branch / HP Centre / HP Hub / Regional Office.
- 9.2 Approval of applications for SHL/SHEF-i shall be at the sole discretion of Management. Prior to approval of any application, Management shall also consider the following :
- i) Availability of funds under the Revolving Fund where applications will be subject to a queuing system based on the date of receipt of applications by Human Capital Management.
 - ii) Discounts/rebates in any form, (eg. bumi discount, early bird discount, additional/special discount, cash rebate/credit note, furnishing/vouchers, discounts offered under the Home Ownership Campaign [HOC]...etc) given by the Developer and the final purchase price must be accurately declared by the applicant.

Applications with inaccurate declaration on the abovementioned item (ii) will be rejected with a moratorium of 3 years before staff is eligible to apply again and approval will be at the Management's discretion.

In addition staff may be subject to disciplinary action on the misrepresentation of facts.

- iii) The applicant's existing liabilities and domestic commitments.
- iv) The staff's track record and whether any disciplinary action is pending.

**9. Manner of Application
(cont'd)**

9.3 Full compliance with the conditions of the SHL/SHEF-i Scheme does not mean that automatic approval will be given. Should any application be rejected, Management's decision will be final without having to assign any reason(s) thereof.

10. Other Terms and Conditions

All other terms and conditions are stipulated per Letter of Offer.

11. Subsequent Loan/Financing

A staff may apply for a subsequent loan/financing if there is a **REAL** need. However, the staff is required to seek **PRIOR APPROVAL** from Management stating reasons for the subsequent loan/financing before committing themselves to purchase the property. The request for approval in principle must be submitted to Human Capital Management.

A staff is allowed to apply for a subsequent loan/financing only **ONCE** during their service in the Public Bank Group. Only very deserving cases will be approved and it will be treated as the **FINAL** loan/financing.

11.1 Purpose of Loan/Financing

For purchase of a second property.

11.2 Terms and Conditions

- i) The tenure of the first SHL/SHEF-i must be more than 5 years, calculated from date of its initial disbursement.
- ii) The existing property has to be fully settled ie. each staff is eligible for one SHL/SHEF-i at any one time.

- iii) The difference between the current market value and the initial purchase price/market value of the first property will be ploughed back for computation of the subsequent SHL/SHEF-i quantum.

The valuation of the property shall be subject to Management's discretion and approval is final.

- iv) All other conditions governing the SHL/SHEF-i Scheme will continue to apply.
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12. Variation Clause

Management reserves the right to waive, amend, vary any condition(s) or introduce additional condition(s) or recall the SHL/SHEF-i as it deems fit without having to assign any reasons thereof. Any such variation / addition / amendment / notice of demand shall be made known in writing to the staff concerned.

**13. Cancellation of
Previous Circular**

This circular supersedes and cancels Staff Circular No. HCM/SC4/2019/002.

ISSUED BY HUMAN CAPITAL MANAGEMENT