

National Bank for Agriculture and Rural  
Development employees' Housing Loan Rules, 1996.

1. TITLE

- i) These Rules shall be termed as the National Bank for Agriculture and Rural Development Employees' Housing Loan Rules, 1996.
- ii) These Rules shall come into force on the day on which the same are approved by the Board of Directors of the National Bank for Agriculture and Rural Development.

2. ELIGIBILITY

Housing loans shall be granted to employees of the Bank at the Bank's discretion and subject to such terms and conditions as laid down by it;

i) Individual Housing Loans

To permanent employees with a minimum of three years uninterrupted service, including temporary service. This requirement is relaxable having regard to such factors as the Bank may consider fit.

ii) Society Loans

To co-operative housing societies formed by confirmed employees of the National Bank for Agriculture and Rural Development and registered under any law relating to co-operative societies for the time being in force in India. The Bank may, at its discretion, permit a co-operative housing society to admit as a member, a person who is not an employee of the Bank, subject to such conditions as it may impose.

3. PURPOSES

A) Main Purposes Individual as well as society loans will be granted for any one of the following purposes;

- i) to acquire land and construct a house thereon;

- ii) to construct a new house on the land already owned or obtained on long lease basis for not less than 30 years by the employee either solely or jointly with any other person;
- iii) to purchase a ready built flat/house;
- iv) to acquire a flat/house in a co-operative housing society;
- v) to acquire a flat/house offered for sale including those offered on hire purchase or long lease for at least 30 years by a Government /Statutory Body provided that the conditions of sale/lease allow the buyer to mortgage or assign the flat/house in favour of the Bank.

#### B) Other purposes

Alternatively, loans subject to the limits indicated in the second proviso to Rule 4A shall be granted once during the service of an employee for enlarging living accommodation/carrying out essential items of work in an existing house owned by the employee or by his/her spouse either solely or jointly or by the employee jointly with any other person,

Provided that if the house is owned solely by the spouse or jointly by the employee and his/her spouse or jointly by the employee with any other person, they shall be required to jointly execute the mortgage in favour of the Bank;

Provided also that the items of work deemed to be essential for the purpose of this Rule shall be specified by the Bank from time to time.

Provided further that such loans may be granted for acquiring land and/or constructing flats/houses or purchase of flats/houses anywhere in India.

#### 4. LOAN LIMITS

##### A) Individual Housing Loans

Loan limits shall be fixed with reference to :

- i) 90% of the estimated cost of land and/or building/flat or house (95% in the case of Group 'C' employees); or
- ii) rate of loan i.e. number of times of pay as may be specified by the Bank from time to time; or
- iii) the maximum quantum of housing loan admissible, as specified by the Bank from time to time; or
- iv) the balance amount payable by the employee to the builder/vendor; or
- v) the amount applied for by the employee, whichever is the lowest

Provided that employees in Group 'B' and Group 'C' shall be entitled to such minimum quantum of loan as may be specified by the Bank from time to time, taking into consideration the above criteria;

Provided also that the limits for individual loans for enlarging existing accommodation/carrying out essential items of work in the existing accommodation owned by the employee or his/her spouse or jointly by the employee and his/her spouse or jointly by the employee with any other person shall be fixed with reference to clause A above and shall also be subject to such limit as the Bank may fix for the purpose from time to time, whichever is lower. Provided further that the loan limits shall be calculated with reference to the substantive post of the employee and shall be fixed having regard to factors such as pay, financial position and repaying capacity, extent of superannuation benefits admissible, period of service rendered and remaining years of service in the Bank.

#### B) Society Loans

Limits for society loans shall be fixed with reference to the amount of loan admissible to each employee member of the society, on the basis of the criteria spelt out in Rule 4A.

#### C) Additional loans

An employee can utilise only one of the above facilities viz. Individual or Society Loan, which will be granted only once during his/her service in the Bank, subject to Rule 4D herein

below. However, the Bank may, within the limits prescribed in Rule 4A, grant an additional loan to an employee who has already availed of a housing loan, either as a society loan or as an individual loan under any of the following circumstances;

- i) if there is escalation in acquisition/construction cost and the employee has been unable to complete the acquisition/construction with the help of the original loan and his/her own resources. In such cases, application for the additional loan should be made not earlier than six months and not later than twenty four months from the date of disbursement of the first instalment of the loan, which period may be reduced or extended, as the case may be, by the sanctioning authority, having regard to the circumstances of the case;
- ii) if the flat/house is still under construction and there has been an increase in the employee's emoluments due to revision in pay scales or promotion to a higher grade and the employee becomes eligible for a higher loan limit;
- iii) for providing such essential items of work as may be specified by the Bank from time to time, or work not included in the original estimates which is subsequently required to be undertaken, and the employee is unable to meet the cost of such additional items of work with the help of original loan and his/her own resources;
- iv) for enlarging existing accommodation acquired with the aid of housing loan;
- v) for payment of stamp duty/registration charges in respect of property acquired with the aid of housing loan;
- vi) for any other purpose as may be approved by the Bank from time to time.

#### D) Fresh loan

- i) Notwithstanding anything contained in these Rules, the Bank may, at its discretion, sanction a fresh loan upto the limit laid down in clause (v) hereof, to an employee who has already been granted a loan under these Rules, either as society loan or as an individual loan. In deciding whether or not a fresh loan may be sanctioned, the bank may take into account the following factors;

a) the employee has not been able to utilise the first loan even though the loan was sanctioned and disbursed to him/her but for genuine reasons he/she could not occupy the house and had refunded the loan, with interest, if any, accrued thereon;

b) loan for acquisition of land only was availed of and for reasons which are considered by the Bank to be genuine, the employee proposes to dispose of the land and acquire residential accommodation/join a co-operative housing society at another place;

c) the flat already acquired has become inadequate/unsuitable for his/her residence/residence of his/her dependents on account of increase in the size of his/her family, change in his/her status in the Bank or some other ground acceptable to the Bank, necessitating his/her moving into a larger accommodation;

d) on grounds of health of the employee or his/her dependents permanently residing with him/her, it becomes necessary for the employee to acquire accommodation in another locality in the city or in another place where he/she proposes to settle after retirement;

ii) A request for a fresh loan to acquire another property in the same place will not ordinarily be considered except on the grounds of health of the employee/his or her dependents permanently residing with him/her or any other ground of extreme hardship acceptable to the Bank;

iii) Transfer alone will not be an acceptable ground for seeking a fresh loan;

iv) The conditions subject to which a fresh loan will be sanctioned are;

a) a minimum period of five years should have elapsed from the date on which the property with the help of first loan was acquired/was ready for occupation. The period of five years may, however, be relaxed in cases where the request for a ~~fresh~~ loan to acquire another accommodation is based on medical grounds or any other ground of extreme hardship acceptable to the Bank;

b) (i) the property is disposed of to another employee of the Bank with the Bank's permission; or

(ii) the property is disposed of to an outsider on grounds of undue hardship with the Bank's permission;

c) the outstanding liability in respect of the first loan is fully repaid with interest at such rate as may be determined by the Bank;

d) the sale proceeds of the first property are fully utilised towards the cost of acquisition of the new property,

v) subject to what is stated above, the quantum of fresh loan shall be restricted to ;

a) the difference between the cost of the new accommodation and the sale proceeds of the accommodation/property acquired with the help of first loan; or

b) 90% of the cost of the new property ( 95% in the case of Group 'C' employees ); or

c) the rate of loan i.e. number of times of pay or

d) the maximum quantum of loan as may be specified by the Bank from time to time; whichever is the lowest.

#### E) Aggregate ceiling

An employee may be permitted to avail of a loan and have recourse to his/her Provident Fund balance subject to an aggregate ceiling on housing loan and advance/withdrawal from Provident Fund as may be specified by the Bank from time to time.

#### 5. INTEREST

The loans shall carry interest as may be decided by the Bank from time to time. The amount of interest shall be calculated on the balance of the loan outstanding as on the last day of each month and shall be payable as part of the instalment or in such manner as the Bank may direct.

#### 6. SECURITY

(i) The property including the employee's interest in the land or the entire apartment together with the employee's undivided interest in the land, common areas and facilities appurtenant to such apartment acquired with the aid of the loan shall be mortgaged to the Bank by a registered English mortgage as security for the loan and interest thereon.

Where the loan for enlarging an existing house or apartment has been granted, the house or apartment shall be so mortgaged; Where the property offered as security is jointly owned by the employee with any other person including his/her spouse, mortgage shall be executed jointly with such person in favour of the Bank. Provided that the sanctioning authority may, at his discretion, accept the security of an equitable mortgage of the above said property with

- a) an undertaking to execute a registered deed of mortgage in such form as may be required by the sanctioning authority;
- b) an undertaking not to create or permit creation of any other mortgage or encumbrance on the property without the prior written approval of the Bank;
- c) a demand promissory note in favour of the Bank for the outstanding housing loan liability, in the prescribed format, renewable every three years;
- d) such other additional security as may be considered necessary by the Bank.

ii) In the case of society loans granted under Rule 2(ii), the entire property including the land and flats/houses constructed thereon shall be mortgaged to the Bank by a registered English mortgage as security for the loan and interest thereon.

The sanctioning authority may, however, at his discretion, accept the security of an equitable mortgage of the said property on the terms and conditions as specified in proviso to sub-clause (i) of this Rule.

iii) In the case of society loans, the society may create a charge or charges in favour of approved institutions of which the other members of the society are employees, in respect of flats acquired by such members, such other charge or charges to rank pari passu with the charge in favour of the Bank in respect of the loan advanced to the society by the Bank, in regard to those members who are confirmed employees of the Bank.

iv) Creation of second/pari passu charge by employees who have availed of the Bank's housing loan under these Rules may be allowed, subject to the following conditions;

a) prior written permission of the Bank shall be obtained for creating second/pari passu charge;

b) the second/pari passu charge shall be created only in respect of additional finance to be raised for meeting the balance cost of the flat/house or for meeting the cost towards additions/alterations to the said flat/house;

c) the loans should be obtained only from financial institutions approved by the Bank.

v) The deposit of title deeds may be accepted on behalf of the Bank by the sanctioning authority or such other official of the Bank who is competent to do so under the National Bank for Agriculture and Rural Development General regulations or under a power of Attorney executed in his or her favour.

vi) While a comprehensive report as to the title to the property from an advocate or firm of solicitors/ advocates showing that the title to the property is clear, marketable and free from all encumbrances and plans and estimates approved by the competent authority will be prima facie acceptable, the Bank reserves the right to have further investigation regarding the title to the property, at the cost of the borrower. A search report in respect of the land for a period of at least 12 years prior to the execution of agreement for sale in favour of the employee and for a subsequent period till the amount of loan is disbursed to the employee and the mortgage of the property is created in the Bank's favour is required to be submitted. However, the Bank reserves the right to call for a search report for any period prior to the said period of 12 years.

(vii) The Bank shall not undertake any liability in regard to costs, charges or expenses arising out of loans or mortgages such as stamp duty, etc. These charges shall be borne by the borrowing employee or society concerned.

#### 7. DISBURSEMENT OF LOAN

i) Disbursement of the loan shall be at the discretion of the Bank and shall be co-related to actual progress in acquisition of land and in purchase/construction/extension/enlargement of the flat/house except in the case of self construction. The employee

shall be required to create a mortgage of the property in favour of the Bank and produce such documents/certificates/information as may be required by the Bank before each disbursement.

ii) In case of self construction either by way of individual loan or society loan the first instalment shall be disbursed at 30% of the sanctioned loan on creating mortgage in favour of the Bank, of the land alongwith the house to be constructed thereon. The second instalment at 40% of the sanctioned loan shall be disbursed on the construction of house reaching plinth level. The balance instalment of 30% shall be disbursed when the construction reaches the stage of completion.

iii) Before disbursement of the third/final instalment of the loan, inspection will be carried out by the Bank's engineer to ascertain whether the construction has reached the stage of completion.

#### EXPLANATION

"Stage of completion" for the purpose of this Rule means construction with all walls, frames of doors and windows fixed and roof slab cast, leaving internal and external sanitary, plumbing and electrical installation, plastering, flooring and shutters for doors and windows yet to be done.

#### 8. PERIOD AND MODE OF REPAYMENT OF LOAN

i) The principal amount of the loan shall be recovered first in a maximum of 180 monthly instalments and the interest thereafter in a maximum of 120 monthly instalments, with the portion of the loan carrying higher rate of interest treated as having been repaid first. The employee may, if he/she so desires, repay the loan at an amount higher than the stipulated monthly instalment.

ii) The instalments of repayment shall be deducted from the monthly pay and allowances of the employee. If, for any reason, the pay and allowances of an employee in any month are insufficient to meet the monthly instalment payable, or the employee proceeds on leave without pay and allowances, he/she shall arrange to pay the full instalment or any shortfall therein directly to the Bank.

iii) The first instalment of repayment shall be payable before the end of the month following the month in which the acquisition,

construction or enlargement of the land/flat/house is completed or twenty four months from the date of disbursement of the loan (or first instalment thereof) whichever is earlier.

This period may be extended by such further period as the Bank may decide, if it is satisfied that the delay in acquisition, construction or enlargement is for reasons beyond the control of the borrowing employee or society.

iv) The outstanding amount in respect of the loan and interest thereon payable by an employee on account of a loan taken through a society or directly from the Bank shall be liable to be adjusted on his/her death or earlier cessation of service in the Bank from the contribution to the Provident Fund, the amount of gratuity, commutation value of pension payable or from the monthly pension/family pension payable, or any other amount payable by the Bank to or in respect of the employee or by enforcing the security of the mortgage.

#### 9. INSURANCE, VALUATION, INSPECTION AND MAINTENANCE

##### i) Insurance

The employee or the society concerned shall insure the property mortgaged in favour of the Bank as required by the Bank.

##### ii) Final Valuation

After the construction of the flat/house/building, the employee or the society as the case may be, shall arrange for its final valuation by a qualified engineer and submit the relative report to the Bank.

##### iii) Inspection

The employee or the society concerned shall allow inspection of the property and submit information as may be called for by the Bank. The society shall also allow the Bank to inspect its books of account.

##### iv) Maintenance

The employee or the society concerned shall maintain the flat/house/building acquired, constructed or enlarged with the help of the Bank's housing loan in good tenantable repair and condition, free from all encumbrances (other than those created

with the approval of the Bank) and pay Municipal or other local rates and taxes regularly. An annual certificate (July-June) in this regard shall be submitted by the employee/society to the Bank till the loan together with interest is fully repaid to the Bank.

#### 10. SPECIAL CONDITIONS FOR SOCIETIES

i) The bye-laws of the society availing of housing loan under these Rules, shall require the prior written approval of the Bank. Also, during the continuance of the mortgage, the borrowing society shall not add to, alter or amend any of its bye-laws, rules or regulations, without the prior written consent of the Bank.

ii) The society shall not borrow any money from outside agencies without the prior written approval of the Bank.

iii) The Bank may, at its discretion, if requested by the Managing Committee of the society, deduct from the pay and allowances of employee members of the society, such amount as may be notified by the Managing Committee or other authority managing the affairs of the society, as are payable by the employee members to the society. The employee members will not be entitled to question the Bank's action in deducting such amounts from their pay and allowances. However, the right of the employee members to recover from the society any amount due to them, including any sum wrongly intimated to the Bank by the society, is not affected in any manner by this rule.

iv) If an employee member of the society dies or ceases to be in service, the borrowing society is required to take, wherever necessary, all steps to ensure that the outstanding loan in respect of such an employee together with interest thereon is fully repaid. In case full repayment is not possible for any reason or if the death or cessation of service occurs before the mortgage of the property borrowing society may be required to arrange for substitution of another eligible employee of the Bank, subject to the mortgage being executed in favour of the Bank and on such terms and conditions as the Bank may stipulate.

#### 11. GENERAL TERMS AND CONDITIONS

The following terms and conditions will be applicable to society loans as well as individual loans;

i) Acquisition/construction of flats/houses shall ordinarily be for the bonafide personal use of the employee and/or members of his/her family.

ii) The borrowing employee or society shall be deemed to have covenanted with the Bank that he/she or the society, as the case may be, will comply with the provisions of the Urban Land (Ceiling and Regulation) Act, 1976, in so far as they may be applicable, or any other law for the time being in force, regulating the acquisition or use of urban land and shall absolve the Bank against the consequences of any failure to comply with the provisions of the said act or such other law, as the case may be.

iii) An employee or in case such employee has died, his/her heirs or legal representatives, shall not, without the prior permission of the Bank, transfer or otherwise dispose of, or create any interest, whether by way of sale, mortgage, lease, license or in any other manner, in the residential accommodation constructed or purchased or otherwise acquired with a loan from the Bank, which loan together with interest thereon has not been repaid in full. The Bank may, while granting such permission, impose such conditions as it may deem fit.

iv) Partial letting out of the flat/house will in no case be permitted by the Bank.

v) The property mortgaged to the Bank by the society or the employee concerned, shall be reconveyed by the Bank after the entire amount of the loan has been fully repaid with interest, at the cost of the society or the employee concerned.

vi) The Bank is entitled to recall any loan governed by these Rules, if it is satisfied that the loan has not been properly obtained or utilised.

vii) All applications, correspondence, etc. and disbursement and repayment of loans shall be routed through or made by or adjusted in the office in which the employee concerned is for the time being attached.

viii) An employee desirous of transferring or disposing of in any manner, the residential accommodation acquired with a loan from the Bank, which loan has not been repaid in full, shall not

do so unless permitted in writing by the Bank. While granting such permission, the Bank may stipulate such terms and conditions as it may deem fit including repayment of the outstanding balance of the loan with interest thereon, in one lumpsum. An employee desirous of letting out or creating interest in any manner, in the residential accommodation acquired with a loan from the Bank, which loan has not been repaid in full, shall be required to obtain Bank's prior permission and pay additional interest at such rate as may be stipulated by the Bank and which together with the prescribed rate shall not exceed 18 percent per annum. The permission of the Bank shall not be required for the transfer or disposal or creation of any interest in the residential accommodation constructed or purchased or otherwise acquired with the help of a loan from the Bank, if the loan, with interest due thereon, has been repaid in full and charge in respect of the property has been duly discharged by the Bank. However, in the case of transfer of a flat in a building owned by a society, the society shall not admit a transferee as a member, without the prior written permission of the Bank, so long as the mortgage in favour of the Bank in respect of the property is subsisting.

## 12. DEFAULTS AND PENALTIES

i) A default shall be deemed to have occurred on the happening of any of the following events, namely;

- a) failure to create within the time stipulated by the Bank, a mortgage in favour of the Bank as security for the loan and interest thereon, after making out a marketable title to the land and complying with all other conditions and ensuring, in the case of a legal mortgage, that the mortgage deed is duly registered;
- b) failure to pay on the due date an instalment of principal or an instalment of the interest;
- c) transfer of a house or building or apartment constructed or acquired with the help of a loan taken from the Bank, whether by way of sale or otherwise, without prior approval in writing of the Bank.
- d) construction of a house or building except in accordance with the plans as accepted by the Bank, or making any additions or alterations to the house or building constructed with the help of the loan taken from the Bank without the prior approval in writing of the Bank;

- e) failure to comply with any of the provisions of these rules or the terms and conditions of the various documents executed in favour of the Bank;
  - f) if, in the opinion of the Bank, the loan has not been properly obtained or properly utilised;
  - g) if, in the opinion of the Bank, the accommodation has been used for any purpose other than for accommodation of the employee and/or his/her family members, without the previous written permission of the sanctioning authority.
- ii) Notwithstanding anything to the contrary in these Rules or in any document executed in respect of the loan, on the occurrence of a default, the entire outstanding balance of the loan due from the employee committing the default, shall, at the option of the Bank, become repayable forthwith together with normal interest payable under Rule 5, and penal interest on the entire housing loan availed of, so however, that the aggregate of such interest shall be 18 percent per annum, from the date of default or the date of disbursement of the first instalment of the loan, as may be decided by the Bank, till the date of repayment thereof in full.
- iii) Furnishing wrong or false information or certificates, etc. will render the employee concerned liable for dismissal or such other penalty as may be levied for breach of discipline and misconduct and the entire outstanding loan with penal interest will become repayable forthwith.
- iv) Any misuse of facilities will also be considered breach of discipline/misconduct for purpose of the National Bank for Agriculture and Rural Development (Staff) Regulations, 1982, and will be liable to be dealt with accordingly,
- v) The provisions of these Rules shall be without prejudice to the right of the Bank to institute disciplinary proceedings against an employee for having committed a default in complying with the provisions of these Rules or any agreement executed thereunder, such a default being construed as misconduct under the National Bank for Agriculture and Rural Development (Staff) Regulations 1982.

### 13. SANCTIONING AUTHORITY

A society loan or an individual loan may be sanctioned by the Executive Director or Chief General Manager of General Administration and Premises Department in Head Office or Chief General Manager/General Manager or Officer-in-Charge of a

Regional Office or Training Establishment or Head Office Department located outside Mumbai (not below the rank of an officer in Grade 'E') in accordance with the powers as may be delegated to them by the Chairman from time to time.

14. POWER TO AMEND THE RULES

The Bank reserves the right to amend these Rules from time to time in such manner as it deems fit. However, no such amendment will operate to affect the amount and period of loan, rate of interest, and the manner of recovery of loan with interest already agreed upon or given effect to.

15. INTERPRETATION OF RULES

The power to interpret these Rules rests with the Chairman and in his absence the Managing Director, who shall issue such instructions as may be necessary to give effect to the provisions of these Rules. In case of any doubt/dispute regarding the interpretations of the Rules, the decision of Chairman/Managing Director shall be final and binding upon the society or the employee concerned.

16. REPEAL OF THE NATIONAL BANK FOR AGRICULTURE AND  
RURAL DEVELOPMENT EMPLOYEES' HOUSING LOAN RULES, 1983

With the coming into force of these Rules, the National Bank for Agriculture and Rural Development Employees' Housing Loan Rules, 1983, stand repealed. The interests, rights and liabilities of the employees and the interests and rights of the Bank in respect of loans already granted under the captioned Rules, shall not be affected by this repeal.

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