

A/56271/72/AG/Ins(Coord)

15 Jun 2018

All Comd HQ

## **REVIEW OF HBA**

1. AGIF has been granting House Building Advance (HBA) since 1998. HBA was instituted with the aim of assisting members in realising their aspiration of owning a Dwelling Unit (DU). The HBA schemes are guided by the Central Govt. HBA rules and are reviewed periodically to ensure the best interests of the members.

2. In the recent past, the prevailing financial envt has adversely affected the capital intensive Real Estate Sector and the burden of the massive cash shortage faced by the builders has been tfr to the allottees, which manifested in PDCs being delayed for long durations/indefinitely. This resulted in significant financial losses to allottees in terms of Pre-EMIs paid and lost revenue from Rent as also the loanees lost out on the IT rebate on HBA offered by the govt. In view of the existing scenario, and with the aim of minimising losses to its members while continuing to enable them to acquire a DU, AGIF will provide the following concessions to its loanees:-

(a) **Grant of HBA in Case Loanee Withdraws from a Delayed Project.**

In the erstwhile Pre-EMI sys of recovery of HBA, loanees paid a monthly interest (Pre-EMI) on the amount disbursed, and EMI ex CDA (O)/PAO (OR) commenced after disbursement of last instalment (based on the offer of possession of DU by the builder). In some cases, however, possession was not offered to loanees due to delays in the PDC. As a result loanees would pay added interest with no reduction in liability, thus placing an addl financial burden on them. Prolonged delays in acquiring possession due to circumstances beyond the loanees control, i.e. inordinate delay in PDC, project being under litigation etc, lead to following disadvantages:-

(i) Accumulation of hy Pre-EMI amount.

(ii) Reduction in time available for repayment of loan resulting in higher amt of EMI.

(b) In these cases, an AGIF member who has been sanctioned and disbursed a loan in part decides to withdraw from a project could be considered as a fresh case for HBA subject to following:-

(i) The entire loan amount disbursed earlier alongwith interest is refunded to AGIF in full.

(ii) The loanee is able to est that he has not acquired possession of the DU and that the allotment of DU stands cancelled, by the builder. It should not be a case of disposal of property by sale of the allotted DU to a third party.

(c) **Flexibility to Enhance Loan Before Possession.** In the erstwhile Pre-EMI sys of recovery, loanees faced financial hardships due to delays in the PDC. To alleviate the said financial burden, and to stop levying of Pre-EMI,

AGIF allowed 'Old Cases' (cases where the moratorium pd exceeded 3 yrs) to be frozen and EMI commenced on the amount disbursed. While this measure provided financial respite to loanees at the time, it left them without the reqd funds when possession of the DU was finally offered. AGIF will permit such loanees to apply for the unpaid instalments of the already sanctioned loan not disbursed to the member yet. The above will be subject to furnishing the self attested demand letter by the builder. The EMI will be reworked.

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(d) **Change of AWHO Allotment.** In case a change in allotment of DU is permitted by AWHO, either within the same project or between projects, AGIF will permit tfr of the loan to the new DU. The change will be carried out on receipt of official intimation to this effect from AWHO. The docu pertaining to the DU will be returned to AWHO only on receipt of the fresh set of docu. No enhancement of loan will be permitted, and any difference in cost of the DUs will be borne by the loanees.

3. 'Delayed Projects' in the context of the concessions provided above are elaborated as follows:-

(a) An incomplete Project that has exceeded a pd of 5 yrs (60 months) since commencement of constr.

(b) A project that is yet to be completed after 1 year (12 months) of the PDC projected at the time of issuing the BBA.

4. The above concessions are only applicable to cases sanctioned before 01 Feb 2018, as the concessions pertain to cases affected by the erstwhile Pre-EMI sys of recovery.

5. This letter supersedes letter of even No dt 07 May 2018.

6. For info pl.

Sd/x-x-x-x-x-x-x  
(Somesh Jaswal)  
Col  
Dir AGI (Coord)  
for MD

**Internal**

Loan Div

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