

**GOVERNMENT OF WEST BENGAL
FINANCE DEPARTMENT
AUDIT BRANCH**

No. 1456-FB

Bate: 08.11.2006

Sub: Housing Loan Scheme for the employees of the Government of W.B. in the association with the United Bank of India.

MEMORANDUM

The undersigned is directed to say that in terms of the contents of G. O. No. 214-F.B. dated 28.01.2003, the State Government invited further offers for providing Housing Loan to State Government employees from different Nationalised Banks. The terms and conditions offered by the United Bank of India are acceptable for implementation of an alternative scheme. Accordingly, a new Housing Loan Scheme is drawn up in association with the United Bank of India. The undersigned is further directed by order of Governor to say that the Governor has been pleased to accord sanction to the implementation of said Housing loan Scheme to extend Housing Loan facility to be employees/officers of the State Government under the said scheme with immediate effect in association with the United Bank of India.

2) Purpose of Loan :

The Loan will be granted for the following purposes :

- a) For purchase of land and construction of residential house thereon ; For construction of residential house on land in name of the Employee ; For purchase of a ready-built house/flat ; (old/new) ; For purchase of a flat under construction ;
- b) For additions and alterations or repairs and renovation of existing own residential house ;
- c) i) The United Bank of India will also extend loans to the employees who have got the first charge only with Government of West Bengal insisted upon. In such cases State Government will certify that they are holding the first charge and they have no objection to place the property under equitable mortgage. It will be executed by an Tripartite Agreement for obtaining of 2nd charge over the property provided the residual value of the property will cover adequately the Bank Amount after meeting the liability on the first charge.
ii) Arrangements will be made for the Tripartite Agreement signed by the Competent Authority, where loan is to be sanctioned against 2nd charge.
iii) Quantum of loan is determined in such a way that under no circumstances, total deduction from gross salary of the applicant including EMI of the proposed loan exceeds 60% of the gross emoluments.

3) Application form :

<http://wbxpress.com/>

The Application forms (Annexure-A) to obtain Housing loan will be available from all the branches of United Bank of India in West Bengal as per list (Annexure-AI).

In case of Kolkata, the Directorate of Treasuries & Accounts will prepare a list of DDOs who may be linked to different concerned branches. In Sub Divisions UBI has nominated linked branches (Annexure-AI) for the said purpose. The completed application Form along with other requisite papers and Declaration Form (Annexure-B) duly filled in and signed by the Applicant will be accepted in the concerned Branch as mentioned above. List of Branches for purpose is shown in Annexure-AI.

4) Modalities of processing at the end of State Govt. Office :

i) The Branch in turn being satisfied that the application is in order will forward the same to the respective Drawing and Disbursing Officer with full address declared by the applicant for verification and further necessary action.

a) In case of Constituted Cadres : The processed applications will be sent to the Cadre Controlling Authority by the DDO concerned to verify the service records for determining the eligibility. The Cadre Controlling Authority/Head of the Department or such office on behalf of them duly authorized will verify the bonafied status of the applicant-employee and to UBI for the loan in a Certificate Form on the body of the application as per format in Annexure-C. The Controlling Officer of the Department where the applicant-employee is posted may also act accordingly on specific authorization.

b) In case of order Services : The processed applications will be sent to the Head of the Office/Controlling Officer by the concerned DDO to verify the service records for determination of the eligibility, who will verify the bonafide status of the applicant-employee and recommend to UBI for the loan in a Certificate Form as per format in Annexure-C.

(ii) On completion of the above formalities, the vetted application will be sent back to the originating Branch of UBI.

5) Modalities of processing at end of the concerned Branch of UBI :

The concerned Branch on receiving the application along with requisite assurance and declaration as per proforma in Application form will process the loan. The branch after completion of the formalities will sanction and disburse the loan to the respective Government employee and inform the respective D.D.O. about the amount of EMI and starting date of repayment to enable him to remit the EMI after deducting the same from the Salary of the State Government employee every month till repayment of the loan to the concerned Branch is made.

6) Eligibility criteria :

State Government employee who have completed at least one year's continuous service in a regular post will be eligible to apply for the housing loans.

7) Loan Amount :

- i) The maximum loan amount for construction of House on a land purchased/to be purchased for construction of a residential house there on/purchase of ready-built house (old or new) flat(old or new) which is free from all encumbrances and free hold title Deed/Saleable property will be 75 (seventy five) times the Basic pay of the employee.
- ii) In respect of Additions and Alterations/renovation the maximum/amount will be 25 (twenty five) times Basic pay of the employee.
- iii) for repair the maximum amount shall be 15 (fifteen) times the Basic pay of the employee.

8) Loan Disbursement :

- i) Disbursement will be made to the employee concerned by cheque credited to his Account in case of purchase of ready-built house/flat after contribution of booking amount as advance by the employee.
- ii) In all other case, the disbursement will be made in a phased manner co-related with the progress made in the construction and/or as per the disbursement schedule, as the case may be, to the employee concerned by cheque credited to his Account.
- iii) All subsequent installments shall be disbursed after receipts of request letter certifying the utilization of previous disbursement in full and enclosing the receipt from the Builder/Promoter, wherever applicable.

9) Insurance :

- i) The loan outstanding will be covered by SBI Life/TATA AIG for the employee's (loanee) life/life TPD (Total & Permanent Disability). The one time premium will be given as loan along with amount of housing loan.
- ii) Quantum of premium (one time) under SBI Life/TATA AIG for the employee's (loanee) life will be intimated by the concerned Bank Branch. (Premium rate Table-Annexure-E for SBI Life & Annexure E (i) & E (ii) for TATA AIG.
- iii) The Property shall be insured under United Insurance Company Ltd/ Bajaj Allianz Insurance Company Ltd by the employee against the risks of fire/earthquake/flood/riot/war etc., miscellaneous perils. The Payment of premium (one time) for property insurance may be made from the Loan Account. (Premium norms-Annexure-E) (iii).

10) Mortgage/Security :

- i) The property being financed by the UBI shall be placed under equitable mortgage by deposit of title deeds with UBI. Agreement deed for purchase of flat under construction, in original, shall be deposited to the UBI before receiving loan.
- ii) Second charge mortgage may be executed by a Tripartite Agreement for obtaining of 2nd charge over the property as per prescribed format (Annexure-D).
- iii) Registered mortgage over the property may be made in all cases where considered necessary

by the sanctioning authority in consultation with State Government (Head of the Department/Controlling Officer, if necessary, with the concurrence of Finance Department).

iv) The Bank will obtain a search report by an Advocate empaneled with UBI to the effect that the title is clear and valid and that an equitable mortgage can be created. The Panel Advocate shall examine the documents of the property and furnish the search report. The charges will be borne by the employee concerned. No other processing fees will be payable by the employee.

v) Wherever creation of equitable mortgage is likely to be delayed, suitable third party guarantee or collaterals may be accepted by UBI besides obtaining an agreement to create mortgage. The mortgage should subsequently be created at the earliest.

11) Interest :

i) Upto 5 years 8.50% p.a.

Above 5 years and upto 20 years 9.00% p.a.

The interest shall be applicable only at fixed rate under this arrangement. The actual rate to be applied shall remain valid for two years with effect from the date of issue of this G. O. Concerned Bank shall inform the rates of interest to Govt, of West Bengal after the expiry of two years from the date of introduction of the Scheme.

ii) The interest shall be calculated as per usual UBI norms as per schedule to be provided by UBI.

iii) The rates shall be applicable to all loans sanctioned during the year and fixed throughout the repayment period of such loans.

12) Recovery of Housing Loan from State Govt. Employee :

i) The principal and interest will be recovered in Equated Monthly Installments (EMI) as per repayment schedule to be furnished by Bank for recovery from Monthly Salary Bill of the incumbent concerned. The Drawing & Disbursing Officer of the concerned employee shall recover the EMI from the salary of the employee and remit the amount every month to the concerned Link Branch of UBI to be specified separately as per declaration of the incumbent concerned with the Application Form. The Form of assent of employee about deduction of EMI is to be furnished by the employee on the body of the Application Form as per format (Annexure-B). DDO of the employee's (Loanee's, office) will send the total amount recovered for the cases of the Office monthly by the 15th working day of the following month to the Link Bank of UBI with a statement showing the position of recovery for all cases.

ii) The EMI will be so fixed so that the loan will be fully repaid within a maximum period of 240 months or the remaining period of service of the State Govt. employee whichever is earlier. Repayment of the Housing loan shall commence from the next month by way of deducting from Salary bill after the month of receiving of first installment of Housing loan by the loanee employee.

In case of Deputation in Foreign Service, modalities of the recovery will be incorporated into the terms of deputation.

iii) In the event of transfer of the employee, the amount to be recovered and the link Branch where the EMI is to be remitted being one of the designated link Branches tagged to the D.D.O.

concerned will have to be incorporated in the employee's Last Pay Certificate (LPC).

iv) If for any reason the employed salary for recovery of EMI in any month, the payment of usual EMI shall be decided in consultation with the Finance Department of the State Govt. and UBI in due course.

In case the employee commits breach of conditions under which the loan is sanctioned, the entire amount of loan with interest shall become payable in lump sum and shall be recoverable under the provisions of the Public Demand Recovery Act.

v) Balance from the superannuation benefits. An undertaking to that effect will be obtained from employee concerned by the Branch processing the loan (Annexure-B).

13) Remittance of UBI :

i) The DDO concerned will arrange to deduct the EMI from the Monthly Salary Bill of concerned employee as per repayment schedule given by UBI and as authorized by the employee concerned and prefer the bill to the respective Pay and Accounts Officer/Treasury/Sub-Treasury/ Post Audit cheque Drawing Officer. A copy of the repayment Broadsheet is to be prepared separately as per specimen appended herewith (Annexure-G). The Broadsheet will indicate the name of the loanee employee with Designation and name of the Office where he is posted at the time of deduction, employee's code number will be the same as the General Provident Fund Account Number of respective employee. UBI may also use the same with the Housing Loan Account of respective Govt. employee.

ii) After giving effect of deduction of EMI of Housing Loan, a consolidated cheque will be drawn in favour of Branch Manager of concerned Link Bank Branch of UBI as will be indicated in the repayment schedule, covering all loaner employees containing in such Acquaintance Rolls. Cheque Drawing authorities as indicated under (i) above will issue two separate cheques. One will cover salary components (net) and other the EMI of Housing Loan of the employees. The concerned DDO will send the cheque along with repayment broadsheet mentioned at 13- (i) to the concerned Link Bank Branch of UBI to whom it has been drawn for remittance to each loaner employee's loan account towards recovery of EMI on housing loan by 15th working day of the subsequent month.

iii) In the event of transfer of the loanee employee, the bank-branch after receipt of the proceeds of EMI of the concerned employee from the DDO of the new office to which the employee is presently attached on his transfer will end the amount of EMI by the internal mechanism of bank to their branch from where the employee has originally taken his housing loan and where record is maintained thereunder. The original to the Home Loan Account of the concerned employee. At the same time, DDOs should invariably mention the 'Home Loan Account' number together with other particulars in the concerned employee's Last pay Certificate. They may also keep the UBI branch apprised of the employees transfer to the new station. This will enable the two branches (both transferer and transferee) to arrange for smooth transfer/acceptance and credit of the EMI in the loanee employee's Home Loan Account.

14) Return of Mortgage Deeds/Agreement :

After full repayment of the Housing Loan along with interest accrued thereon, UBI will issue a complete recovery certificate. UBI will return all requisite papers and Deeds/Agreement duly mortgaged and deposited with them against Housing Loan to the loanee State Govt. employee immediately along with complete loan recovery certificate. Concerned Branch of UBI where from loan would be sanctioned and equitable mortgage would be created, will issue the certificate showing complete repayment of Housing Loan along with interest and discharge the mortgaged deed after all the EMIs are paid to the loanee employee concerned direct on the basis of authority given by the DDO concerned.

15) Validity :

The Housing Loan Scheme involved herein will normally be valid for 5 years from the date of MOU whereafter it may be reviewed. However, it may be modified as and when necessary at any time with mutual consent between UBI and the State Government.

16) E.M.I. Table (Annexure-F):

Application Form, Declaration Form (Annexure-A), Form of Declaration (Annexure-B), Form of certificate (Annexure-C) and Specimen of Tripartite Agreement (Annexure-D) will be available from the concerned Branch of UBI.

Existing Order No. 90-FB dt. 13.01.2005 of Finance Deptt., Budget Branch will remain valid until further orders along with present order.

Sd/- D. Chattopadhyay

O.S.D. & E.O. Joint Secretary
to the Government of West Bengal.