

NAVAL GROUP INSURANCE FUND
(NGIF)

RULES FOR HOUSING LOAN

Introduction

1. The proposal for introducing a House Building Loan Scheme financed by the Naval Group Insurance Fund and its broad parameters were approved by the General Body of the Fund at its Annual General Meeting held at Vishakhapatnam on 20 October 87 and the Govt approval for the same was accorded on 26 May 88.
2. These rules have therefore, been framed to regulate the House Building Loan Scheme.

Admissibility of loan (Purposes)

3. The House Building Loan would be admissible to all members for the following purposes:-
 - (a) For purchase of a house/flat from Air Force Naval Housing Board (AFNHB) and Army Welfare Housing Organization (AWHO), on outright purchase basis or on installment basis under the Self Financing Scheme.
 - (b) For purchase of a house/flat under the Self Financing Scheme floated by the Central/State Government Housing Board.
 - (c) For construction of a house.
 - (d) For purchase of a house/flat from Registered Co-operative Group Housing Societies /approved Private Colonisers/Builders.
 - (e) For alteration/modification for houses owned by member.
 - (f) Purchase of old/new houses/flat.
 - (g) Land in Lal Dora will not be considered for HBL.

Note:

- (i) Loan would however not be admissible for purchase of a plot of land or registration/earnest money deposits.
- (ii) Repayment of housing loan to banks/financial institutions by NGIF is not permitted.

ELIGIBILITY

General

4. All regular Naval serving personnel who are members of Naval Group Insurance Scheme have rendered minimum 3 years service. Re-employed/ last 02 years of residual service Naval personnel are not eligible. However, unmarried sailors with minimum 5 years of service will be considered for housing loan.
5. The member must establish/satisfy that he would be in a position to meet the full cost of the house/flat (taking into consideration the escalation in the cost) after availing the loan sanctioned by the Govt. / NGIF and he would get a clear unencumbered title to the house/flat.
6. The property is to be mortgaged to the NGIF, as a first charge. Members who have availed housing loan from the Govt may take loan from NGIF on 2nd Charge. On liquidation of the Govt loan, the first charge will be transferred to NGIF.

Loan for Construction of a House

7.
 - (a) The land may be owned by the member or jointly with the member's spouse, with member being the First Executor.
 - (b) The title to the land should be clear and it should be free from encumbrances.
 - (c) The house must be constructed as per the approved plan and no deviation from the original plan would be permissible.
 - (d) Loan is not admissible for construction on Lal Dora land, or land which is not registered.
 - (e) Further, in case construction of house is being done on agricultural land, a change of land use certificate should be obtained from the competent revenue authority.

Loan for Addition / alteration

8. Registration of a house is mandatory requirement. It is a legal proof of ownership free hold of a house. Loan for addition / alteration is not admissible for a house that is not registered.

Loan for Purchase of Ready Built House/ Flat

9. The following are required to be fulfilled :-
 - (a) It is to be acquired on outright purchase basis or on installment basis under

Financing Scheme.

- (b) The member has to mortgage the house/flat to the Naval Group Insurance Fund.

Quantum of Loan.

10. Loans are granted up to 90% of the Basic cost (i.e. excluding Registration, Stamp duty, parking, other expenses etc) of house/flat limited to following maximum amount:-

- (a) Officers - Rs. 40,00,000/-
- (b) Sailors - Rs. 20,00,000/-
- (c) Officers - Rs. 6,00,000/- (for alteration/addition/modification)
- (d) Sailors - Rs. 3,00,000/- (for alteration/addition/modification)

11. The quantum of loan would however, depend on the repaying capacity of the individual member and residual service left.

12. The repaying capacity of a member would be ascertained as under:-

Repaying Capacity = {60% (Total Emoluments) minus total deductions}

Note:

(a) Total Emoluments consist of – Basic Pay + Grade Pay + MSP+DA+Flying/Sub marine Allowance/Tech Allowance /NPA+TPT+KMA

(b) Total deductions consist of – DSOP/AFPPF (Compulsory Subscription) + NGIF/INBA/INAF subscription + Income Tax + Income Tax Cess + Govt. HBA/other loans + License Fee etc.

13. Where lesser period of service is left (generally below 10 years), attachment of NGIF survival benefit/ DCRG can be considered for sanctioning higher quantum of loan. The quantum of loan sanctioned against attachment of DCRG/survival benefit, will be recovered at the time of retirement/release. The interest on this attached amount along with recovery of Equated Monthly Installments would continue till retirement/release of a member.

Second Loan

14. Second Loan is not permissible.

Interest on Loan

15. The interest on the loan would be charged @ 9% per annum on monthly reducing balance with **one time processing/ admin charges of 0.5% of the loan sanctioned.** The rate of interest is liable to change from time to time. In addition, Housing Loan to widows will be sanctioned at 1% below the prevailing rate of interest subject to investment of Insurance Benefits with NGIF.

Insurance of HBA Loan

16. The total loan sanctioned will be insured by NGIS and premium will be recovered at the time of release of 1st installment. It may be noted that the insurance cover will commence from the disbursement of first installment to the member.

Competent Authority to Sanction Loan

17. The Managing Committee of the Naval Group Insurance Fund is the competent authority to sanction housing loans.

Disbursement of Loan

18. The loan amount would be disbursed in one lump sum or in installment depending upon the circumstances of each case/type of dwelling unit/payment schedule. The amount would be disbursed as follows:-

(a) The loan amount for outright purchase of a ready built house will be paid to the Organization in lump sum as soon as the applicant executes an agreement and submits other requisite documents as called for. The member should ensure that the house/flat is purchased and mortgaged to the Naval Group Insurance Fund within three months of getting the possession of the house by registering the house/flat and forward to same to NGIF.

(b) In the case of loan for self construction of house, the amount would be paid to the member in convenient installments (not more than five) at the discretion of the Naval Group Insurance Fund on mortgage of the land, submission of the requisite agreement(s), scheme of construction and completion of each stage of construction. For the disbursement of IInd/subsequent installments, original bills for the expenditure incurred are required to be submitted along with the pre receipt. Members are also required to intimate at what stage, the construction presently stands.

(c) The loan amount for purchase of a house/flat through the Air Force Naval Housing Board (AFNHB)/Army Welfare Housing Board (AWHB) and Central/State Govt. Housing Boards under Self Financing Scheme would be paid directly to such Boards in installments (not more than five) as per payment schedule on submission of the requisite documents. It is mandatory to mention the Scheme in each pre-receipt document submitted by the member. The number of installments can be increased depending upon the schedule of particular scheme.

(d) In the case of a loan to acquire a house through membership of a Co-operative Group Housing societies / Private Colonizer, under Self Financing Scheme, the amount would also be paid in installments as per the payment schedule. For each disbursement, a demand

letter from builder indicating at what stage the construction stands needs to be forwarded to NGIF alongwith a pre-receipt duly signed by member (HBL/NGIF/7).

(e) For alteration/addition/modification, housing loan will be paid directly to the member.

(f) In case the member wishes to collect payment by hand then advance notice need to be given alongwith the authority letter for collection of DD/Cheque.

Enhancement of Loan

19. Enhancement of already granted and fully disbursed loan, will be considered only if it fulfills the following conditions and acceptability to the member.

- (a) Escalation in basic cost of flat/house.
- (b) The enhanced loan amount will be disbursed as one single amount to the builder/society/self.
- (c) The latest prevailing rate of interest will be charged on balance outstanding loan and the enhanced amount.

However, enhancement of loan cannot be granted on account of increase in repaying capacity/anticipated increase in income/promotion etc

Recovery of Loan and Interest

20. The amount of loan and interest would be recovered monthly through the member's IPA.

21. The principle amount and interest would be recovered in maximum of 240 Equated Monthly Installments. EMI chart at 9% is placed on page (29)

22. When the loan is disbursed in one lump sum, the EMI's would commence from the following month.

23. When the loan is disbursed in installments, the EMI's would commence from the pay of the following month from the date of disbursement of full amount, with a maximum moratorium period of 24 months. The recovery of interest on the amount of installments paid would however, commence from the pay of following month from date of disbursement of the first/subsequent installments.

24. The Equated Monthly Installments (EMI's) for repayment of the principal and interest once fixed will normally not be changed .

25. In case of members posted abroad/on deputation, when IPA's are not maintained by the Naval Pay Office, the individual member would be required to remit the requisite installments through account payee bank drafts in favour of the Naval Group Insurance Fund, Integrated Headquarters, Ministry of Defence (Navy), New Delhi so as to reach by 7th of the following month of the due date. In case of default, the member would be liable to pay a penal rate of interest @ 1% p.a. over and above the interest at which he/she is repaying the amount, on the entire amount of installment for the first default and for second and subsequent defaults the penal rate of interest would be enhanced to 2% p.a. over and above the interest rate of housing loan.

26. In the event of invalidment/pre-mature retirement/release/dismissal or unfortunate death of the member before repayment of the principal amount of the loan and interest in full, the outstanding amount would be recoverable from the amount of DCRG, Encashment of leave and balance in IPA (after adjustment of Govt. dues, if any) and the benefits that may become payable from the Naval Group Insurance Fund viz. disability / survival / death benefits etc.

General

27. If any time, it is found that the member has obtained a loan from the Fund by misrepresentation, misstatement or fraud or if he commits any breach of the terms and conditions of the lease/sub lease rules/ instructions issued from time to time by the Housing Boards/Naval Group Insurance Fund, he shall without prejudice to any other action against him, become liable to repay, in one lump sum, the entire amount of the outstanding loan together with interest to the Fund without any demur along with administrative action by the Department.

Creation of Mortgage

28. Members granted loan from NGIF on creation of first charge on the property would be required to create the mortgage by depositing the title deeds duly registered in original with the NGIF.

Insurance of the Property

29. Immediately on completion of construction/purchase of the house/flat, the member shall insure the house/ flat at his own cost against damage by fire, flood, lightning ,earthquake and rioting to the tune of the loan amount. The insurance policy shall be renewed by the every year till the loan is completely repaid.

Maintenance

30. The house/flat must be maintained in good condition with regular repair and maintenance undertaken by the member. He shall keep it free from all encumbrances. All Municipal and other local taxes/ charges shall be paid by the member regularly.

Creation of Second Charge

31. The members who avail the Govt. HBA should apply to the Govt.i.e. IHQ/ MOD (N)/DPA through proper channel for creation of second charge of the property in favour of the Naval Group Insurance Fund while applying for a Housing Building Loan from NGIF.

32. On liquidation of the Govt loan, the first charge will be transferred to NGIF. NGIF doesn't accept Second Charge if the first charge is held with the bank/financial institution except in case of Addition/Alteration Loans.

Interpretation of Rules etc.

33. If any dispute or difference of opinion arises regarding interpretation of the wordings of these rules in the agreements made there-under or any decisions taken in accordance with these rules or agreements, the Chairman, Managing Committee of the Naval Group Insurance Fund shall take a decision and such decision shall be final and binding on the member without any demur.

Jurisdiction of Courts

34. In the event of any dispute arising with regard to the rules, agreements and deeds executed there under, the same shall be subject to the jurisdiction of Delhi Courts only.

Amendments of the Rules

35. The General Committee of the Naval Group Insurance Fund may amend, alter and modify these rules from time to time.

Recovery of Housing Loan on Death

36. In case of an unfortunate death of NGIF member who had availed HBL, the outstanding loan amount principle will be adjusted from the Housing Loan Insurance Policy and nil recovery will be made from the insurance benefits due to NOK. This facility will be available to the members who availed HBL from NGIF after 01 Jan 2005.

Refund of Housing Loan

37. Members are permitted to make part refund of outstanding Housing Loan subject to minimum of Rs.01 Lac or in multiple of lacs. The DD/at par Cheque of outstanding loan amount be drawn in favour of NGIF, New Delhi and forwarded to this office. In case of full refunds, the member is to write to NGIF seeking the outstanding amount and once the refund is made, the original documents will be handed over/forwarded to the member or to the authorized representative.

Issue of EMI Chart

38. EMI Chart for claiming of IT relief will be issued on disbursement of full sanctioned Loan, subject to receipt of following documents.

- (a) House Registration Papers in original.
- (b) Completion certificate from the competent authority (in case of self construction).
- (c) Possession letter of the house/flat in original.

39. Breakup of recovery of principal and interest will be intimated to Naval Pay office every year in March. Naval Pay Office will include the same in annual salary statement and issue Form 16.

Note:- Members should take adequate photocopies of EMI Chart for claiming Income Tax Rebate.

Coast Guard

40 CG personnel are eligible for housing loans from NGIF. **Rate of interest and other rules/forms as applicable to Naval Personnel would be applicable to CG personnel.** Loans are granted up to 90% of the cost of house/flat subject to following maximum limit :-

- (a) Officers - Rs. 40,00,000/-
- (b) Naviks - Rs. 20,00,000/-
- (c) Officers - Rs. 6,00,000/- (for alteration/addition/modification)
- (d) Navik - Rs. 3,00,000/- (for alteration/addition/modification)

41. It may be noted that Housing Loan Applications of CG Officers/Naviks should **reach NGIF atleast 30 days in advance through CGHQ** for further processing. The disbursement will only be made in the first week of every month if all prerequisite documents are complete. Upon disbursement, CGHQ's is requested to liaise with CDA(CG) for timely recoveries of EMI through the IPA of the individual.