

RULES AND REGULATIONS FOR GRANT OF HOUSE BUILDING ADVANCE (HBA)

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RULES AND REGULATIONS FOR GRANT OF HOUSE BUILDING ADVANCE (HBA)

1.0 Scheme

1.1 Welfare measure

The rules and regulations as set out hereunder are framed and laid down entirely as a welfare measure and do not confer any claim, right or benefit to any employee, nor impose any liability, responsibility or obligation on the Corporation and shall not be deemed to be a condition of service between the Corporation and any such employee.

1.2 Grant of HBA at the discretion of the Corporation

The grant of HBA under this scheme shall be at the absolute discretion of the Corporation and subject to availability of funds and priorities for various categories of employees as may be determined and decided from time to time.

1.3 Corporation's right to suspend/abrogate etc.

The Corporation reserves to itself the right to totally suspend or abrogate the scheme or add, alter or in any other manner modify the rules and regulations at any time and from time to time without assigning any reason whatsoever.

2.0 Eligibility

2.1 Grant of HBA:

HBA may be granted under this scheme to an employee provided the employee meets and fulfils the following conditions of eligibility :

- (a) The employee is in continuous service of the Corporation in one of its regular scales of pay and has completed a minimum of 5 years of such service.
- (b) The service put in by the employee in other PSU/Govt. Deptt. in continuation of service in IOC will be counted for this purpose. The break in service equivalent to normal joining time as admissible to an IOC employee while on transfer from one location to another shall be allowed for reckoning continuity of service.
- (c) The service put in by an employee in other PSU/Government Department, even though not in continuation of the service in IOC, will be counted, provided the employee has put in a minimum of 3 years' of continuous service in IOC and that by age he is 35 years or more.
- (d) Casual employees, who were earlier serving for IOC and have been subsequently regularised in the service of IOC, a similar relaxation in eligibility as mentioned under (c) above will apply provided such an employee has put in a minimum 3 years' of continuous service in IOC and by age such an employee is of 35 years or more.
- (e) An employee or his dependent who has inherited/acquired property with his own resources may be granted HBA limited to the employee's current maximum HBA entitlement provided the new property proposed to be acquired with HBA is at city/town other than the city/town of the existing property.

2.2 Grant of HBA to husband & wife both employees of the Corporation

In case where both husband and wife are employees of the corporation and are otherwise eligible for grant of HBA, the advance shall be admissible to only one of them.

3.0 Purpose for which HBA can be granted

3.1 Various purposes

With a view to own a residential accommodation for his own use, HBA may be granted to an employee for any of the following purpose:

- (a) Outright purchase of a complete house/flat which is ready for possession and occupation.
- (b) Instalment purchase (not being hire purchase) of a house/flat which is yet to be constructed/completed, from a Government/Semi-Government Housing Board/Authority.
- (c) Instalment purchase (not being hire purchase) of a house/flat, which is under construction/completion from a limited company or from an existing/proposed Co-operative Society, or from a registered private Builder/Promoter.
- (d) Purchase of a piece of land (freehold or leasehold) and construction of house thereon.
- (e) Construction of a house on a piece of land (freehold or leasehold) owned by the employee exclusively.
- (f) Purchase of a partly finished house (provided the complete plan is approved by the Competent Authority for a single unit) and completion of construction of the house.
- (g) Extension, enlargement and/or modification of a house/flat owned by the employee.
- (h) Provision of additions and alterations, and/or fixtures and fittings.
- (i) An employee may be granted HBA for the purpose of repaying the outstanding loan drawn from HDFC or other Govt./private financial institutions like ICICI, subject to completion of the required formalities and meeting the prescribed terms and conditions for grant of HBA by the Corporation. Loanee employee may be permitted to create 2nd charge of the property mortgaged to IOC in favour of the said financial institutions.
- (j) An employee who has drawn loan from his Provident Fund Accumulations for construction/purchase of house/flat, may be granted HBA for repaying outstanding housing loan to his Provident Fund Account in the same manner and under the same terms and conditions as applicable under (i) above.

3.2 Purchase/construction of a "Kutcha" house.

The HBA under the scheme shall not be admissible for purchase/construction of a "Kutcha" house.

3.3 Purchase from family member/dependent relations

Employee shall be eligible for grant of HBA for purchase of property and registering the same jointly in his/her and his/her spouse's name, provided the borrowing employee submits

an additional declaration/undertaking from his/her spouse over and above the normal legal documents as approved for the purpose of grant of HBA.

3.4 Responsibility for fulfillment of various conditions/stipulation of the Scheme:

It shall be the responsibility of the employee to ascertain for himself and ensure on behalf of the Corporation that the purpose for which HBA is sought from the Corporation is in accordance with the scheme and that the various conditions, stipulations, obligations and requirements under this scheme can be fully met, discharged and complied with by the employee in relation to the HBA vis-a-vis the piece of land/house/flat purchased/constructed with the aid of such HBA.

3.5 Transfer of ownership of piece of land/house proposed to be purchased:

It shall be the responsibility of the employee to ensure and satisfy that the piece of land/house/flat proposed to be purchased with the aid of HBA from the Corporation has clear, marketable title; is free from any kind of charges, liabilities or encumbrances and that vacant and peaceful possession is available immediately, and above all, that the ownership can be legally transferred immediately.

3.6 Land/house/flat purchased to be owned, registered and maintained by the employee's own name

It shall be ensured by the employee that throughout the entire period of service, the piece of land/house/flat purchased/constructed with the aid of HBA is owned, registered and maintained in his own sole name or jointly in his and his spouses' name, and not in the name or in favour of an HUF or any other legal person or Corporate body.

4.0 Purchase of property from dependent relations

4.1 An employee shall not be permitted to purchase a piece of land/house/property with the aid of HBA from the Corporation from spouse, father, mother, son, daughter, brother, sister or dependent relations of such employee.

5.0 HBA Entitlement

5.1 Maximum entitlement

The maximum ceiling of HBA entitlement of an employee shall be 100 months' Basic, Personal Pay, if any, plus Dearness Allowance, NPA (in case of Medical Officers) as on the date of sanction or the cost of house/flat whichever is less. Grade wise entitlement is as under:

Non-Officers	:	Rs.10.00 lakhs
Officers Grade A to C	:	Rs.12.00 lakhs
Officers Grade D to F	:	Rs.14.00 lakhs
Officers Grade G and above	:	Rs.16.00 lakhs

5.2 For extension, enlargement:

For the purpose of extension, enlargement and/or modification of a house/flat already owned by the employee, the HBA entitlement shall be restricted to 50% of the maximum ceiling indicated at 5.1 above.

5.3 Actual amount of HBA disbursable:

If the actual cost of purchase/construction/extension/enlargement is less than the HBA entitlement as indicated at 5.1 and 5.2 above, the amount of HBA disbursement to the employee shall be limited to such actual cost.

5.4 Expenses incurred towards earnest money/token money:

Within the overall HBA entitlement of the employee, expenses incurred by him towards earnest money/token money for purchase of property, to the extent of 10% of the value of the property or the HBA entitlement of the employee, whichever is less, may be reimbursed to the employee along with first instalment of HBA.

5.5 Additional HBA

Within the overall entitlement, additional HBA will be admissible to an employee for purchase of a better/bigger house/flat, or for enlargement of the existing house/flat, after a period of 5 years from the date of sanction of the previous HBA.. In case of enlargement, the existing house/flat should have been purchased earlier with HBA assistance from the Corporation, and such enlargement should be for increasing the original carpet area and not for enclosing balconies or other alterations and modification.

5.6 Additional HBA on new property

- (a) In case of acquisition of a new property, the quantum of additional HBA will be limited to the difference between the employee's current maximum HBA entitlement and the amount of HBA drawn earlier, plus the outstanding HBA refunded by the employee in lumpsum, or the cost of new property, whichever is lower. In case of enlargement of existing property, the quantum of additional HBA will be limited to the difference between the employee's current maximum HBA entitlement and the amount of HBA drawn earlier, or the cost of enlargement, whichever is lower.
- (b) In case of acquisition of a better/bigger house/flat, the employee will be required to sell the existing house/flat purchased with HBA assistance from the Corporation after obtaining prior written permission from the Corporation, and by giving complete details of the new property proposed to be acquired. Similarly, in case of enlargement of existing house/flat, the employee will submit complete details of such enlargement.

5.7 HBA for Fixtures & Fittings /major repairs & renovations

Within the overall HBA entitlement of an employee,

- (a) a maximum of 25% of the HBA sanctioned towards the cost of ready built house/flat or Rs.1.50 lac or the actual cost whichever is less, shall be admissible for the purpose of provision of additions and alterations and/ or fixtures and fittings in a ready-built house/flat purchased by the employee. The advance for this purpose shall, however, be drawn not later than 12 months from the date the house/flat is available for possession.
- (b) In case of construction of the house / purchase of a partly semi finished house, the construction of which has been completed by the employee with HBA from the Corporation, loanee employee may be granted additional HBA, within the overall HBA entitlement, limited to Rs.50, 000/- for providing fixtures and fittings such as fans, geysers, exhaust fans and such other essential items, the individual cost of which is not less than Rs.100/-.

- (c) HBA upto the following ceiling or the actual cost whichever is less, shall be admissible for undertaking major repairs/renovations in a flat purchased from State Housing Boards/DDA/Private Builders/Co-operative Societies etc. to a loanee employee after expiry of 5 years from the date of the taking over the possession of the flat:

Non-Officers	Rs.2.0 lakhs
Officers Grade A-C	Rs.2.5 lakhs
Officers Grade D-F	Rs.3.0 lakhs
Officers Grade G & above	Rs.3.5 lakhs

The amount of HBA that can be sanctioned to an employee for various purposes is given in column 3 of Annexure-I.

5.8 Repayment of HBA amount sanctioned:

Irrespective of what has been mentioned in the paras above the following shall be ensured:

- (a) In respect of an employee who has less than 5 years of service for superannuation, the HBA entitlement shall be so worked out(after taking the gratuity amount into account)so that the employee is in a position to repay the HBA amount together with accrued interest through monthly installments from the salary.
- (b) In respect of employees covered under the Payment of Wages Act, the normal recovery from salary, including monthly instalment of HBA shall not exceed 50% of the wages and therefore the HBA entitlement shall be suitably worked out and the installments of recovery clearly specified before the sanction is issued.
- (d) In respect of any other employee, the total recoveries from salary, including monthly installment of HBA, shall not exceed 65% of the salary, and the entitlement shall be accordingly worked out and the installments of recovery clearly specified before the sanction is issued.
- (e) The following components of salary / deductions will be considered for determining the 35% of take home pay :
- i) All payments received by the employee from the Corporation during the preceding 12 months including PIS / PLI. The payment of overtime, extended hours, all reimbursements like medical, conveyance, furniture, lease, computer maintenance etc. will not be taken into consideration.
 - ii) All deductions made through salary including the housing loan recovery, if any, during the preceding 12 months but excluding VPF, and
 - iii) The net income of spouse in case the spouse is on permanent employment for which proof may be called for , if necessary.

5.9 Computation of value of purchase/cost of construction/extension:

For the purpose of computing the value of purchase/cost of construction/extension/enlargement/modification of the house/flat, the employee shall be required to provide adequate documentary proof by way of detailed plans, estimates, specifications, certificates of valuers, bills of Architects/Contractors, etc. The decision of the Corporation on the purchase value/construction cost for the purpose of granting HBA shall be final and shall not be called into question under any circumstances whatsoever.

5.10 Expenses on valuation, mortgage, insurance:

Expenses incurred by the employee in connection with valuation, mortgage, insurance etc. of the property shall not form part of the purchase value/construction cost.

6.0 HBA disbursement and utilisation

6.1 Stages of disbursement:

The sanctioned HBA amount shall be disbursed to the employee in lumpsum or at different stages as indicated in the Schedule mentioned under Column-4 of **Annexure-I**.

6.2 In case of time-lag of 3 years or more between disbursement of 1st instalment and subsequent instalments:

Wherever a time lag of 3 years or more is involved between the disbursement of first installment of HBA and subsequent installment / installments, the repayment capacity of the employee in terms of monthly recovery from salary shall be verified afresh prior to disbursement of subsequent installment/ installments of HBA.

6.3 Schedule of utilization on HBA amount by the employee:

The HBA amount disbursed to an employee shall be utilized by the employee, as per Schedule mentioned under Column-5 of **Annexure-I**.

6.4 The additional HBA comprising of the refunded amount (i.e. the amount refunded on sale of previous property) plus increased loan entitlement admissible in case of purchase of a new property, or the increased loan entitlement in case of enlargement of existing property, will be disbursed to the employee on his completing the necessary formalities required under the HBA rules.

7.0 Refund of HBA

7.1 Inability to utilize HBA amount after drawal:

If an employee after drawal of HBA is unable to utilize the advance for the purpose for which it was drawn, due to reasons proved to the satisfaction of the Corporation as beyond the control of the employee, such an employee may be allowed to refund the HBA already drawn, in one lumpsum, within a period of 30 days from the date of drawal of the advance.

7.2 Refund of HBA amount on rejection of application by Government/Semi-Government/Housing Board:

If the application of an employee, who has registered with a Govt./Semi-Govt. Housing Board/Authority for purchase of house/flat/piece of land is rejected by such Housing Board/Authority, such an employee may be allowed to refund the HBA, in one lumpsum within a period of 30 days of the refund of the registration money by the Housing Board/Authority to such employee.

7.3 Entitlement to the facility of availing HBA on a subsequent date:

An employee refunding the HBA as mentioned in 7.1 and 7.2 above shall be entitled to the facility of availing the HBA on a subsequent date, subject to availability of funds and other conditions as may be prevailing at that time.

7.4 Permission to obtain refund from Government/Semi-Government Housing Board and purchase of alternative house:

An employee may be allowed, with prior written permission from the Corporation, to obtain refund of the amount already deposited with a Government/Semi-Government Housing Board/Authority or Limited Company/Co-operative Society/Private Builder/Promoter and utilise the same for purchase/construction of an alternative house/flat strictly on the merit of compelling grounds that the employee may advance to the satisfaction of the Corporation.

8.0 Interest on HBA

8.1 Interest on the HBA amount disbursed to the employee shall be charged at the rates as may be fixed from time to time by the Corporation calculated on the outstanding amount on the last day of each month. At present Interest on HBA disbursed to the loanee employee is 5% per annum (simple interest) on the total HBA amount. Interest for a particular month shall be chargeable provided the balance is outstanding for more than 15 days of that month. The interest rate would be liable to be reviewed pursuant to the upward movement of rate of PLR in future.

8.2 In case of officers who have been sanctioned loan on or after August, 13, 1997, choosing to leave the services of the Corporation against the specific consent of the Management, the total advance will be repaid by him / her with interest at the borrowing rate as applicable on that date to the Corporation irrespective of the fact that the total amount / interest if fully or partly refunded to the Corporation at the time resignation.

9.0 HBA Mortgage Redemption Scheme

Borrowing employees are compulsorily covered under the Corporation's HBA Mortgage Redemption Scheme. Under the in-house Mortgage Redemption Scheme, the liability for running the scheme will be borne by the employees for which 0.3% interest of the outstanding housing loan will be recovered from each loanee employee.

Coverage under the Mortgage Redemption Scheme (MRS) will cease to operate in respect of old property from the date the outstanding loan and accrued interest is refunded to the Corporation. From the date of disbursement of additional loan, coverage under MRS will operate in respect of the new property.

9.1 Interest accrued on instalment deposit/registration deposit paid out of HBA amount:

Any interest over and above the interest payable by the employee to the Corporation that may accrue and become payable to the employee on any instalment deposit, registration deposit, earnest money, etc. that the employee has paid to the Housing Board/Authority out of the HBA amount disbursed by the Corporation, will accrue to the Corporation and not to the employee.

In case of acquisition of a second property after disposal of first property, although agreement for the additional HBA will be for the total amount disbursed to the employee, which includes the refunded amount comprising of principal plus interest, only the portion of principal amount included in the additional HBA will attract the applicable rate of interest.

9.2 Rate of interest in case of misutilisation/non-utilisation of HBA:

In case of misutilisation/non-utilisation of HBA by an employee, the entire amount of HBA drawn shall become repayable immediately, for which the employee shall be liable to pay interest @ 1% over and above the Corporation's borrowing rate as applicable to its cash

credit account with State Bank of India from time to time from the date of drawal till the date of deposit. The employee shall be debarred from taking any further HBA and shall also be liable for disciplinary action. The above provision shall also apply in the event of failure to execute either initial charge, if permissible under clause 11.6(b) or final mortgage in favour of the Corporation or completion of construction within the period as per column 5 of **Annexure-I**. Charging of higher interest at the above rate shall continue till such time the employee adheres to or complies with the provisions of the scheme/instructions.

Note: Depending on the merits of each individual case, Director may approve waiver of higher rate of interest for a specified period but such waiver shall confine only to those specified cases where extension of time for completion of the house or for the final mortgage has been permitted.

10.0 Recovery

10.1 Recovery of principal amount together with accrued interest:

The recovery of the principal amount of HBA together with interest accrued thereon shall be effected within a repayment period of maximum 25 years or the period left for the employee to retire on superannuation from the services of the Corporation, whichever is earlier. The number of installments of recovery shall be calculated in such a way that the entire principal and interest on HBA shall be fully recovered from the employee one month before his/her retirement.

10.2 Commencement of recovery:

The monthly instalment recovery towards repayment of the HBA and accrued interest thereon shall commence as per Schedule mentioned under column 6 of **Annexure-I**.

10.3 Recovery period of principal amount/accrued interest:

The recovery of principal amount of HBA shall be effected during the initial three - fourth portion of the recovery period and the recovery of the accrued interest shall be effected during the subsequent one-fourth portion of the recovery period.

In case of those employees who sell their house/flat and opt for revised HBA for acquiring better or bigger accommodation, recovery of principal amount of HBA and accrued interest will be made in left over service maximum being 25 years. However, ratio of principal and interest installments would remain the same at 3/4th and 1/4th of total number of installments.

10.4 Monthly instalment recovery:

The monthly instalment recovery shall be subject to a minimum amount of Rs.100 on account of principal amount, and a minimum of Rs.50 on account of accrued interest amount.

Note: Where an employee seeks to adjust the gratuity amount under provision of clause 10.6, the monthly instalment recovery shall be subject to a minimum of Rs. 50 on account of both the principal amount of HBA as also the accrued interest thereon.

Further, in the event of recovery of principal amount of HBA at an earlier date within the initial three-fourth portion of the recovery period, which might result on account of minimum recovery amount as indicated above, the instalment recovery in respect of accrued interest amount shall have to be recalculated, and may be commenced forthwith after the recovery of principal amount irrespective of the one fourth period.

10.5 Repayment of HBA either in part or full:

An employee may at his option repay to the Corporation the HBA amount either in part (in multiples of thousands), or in full.

10.6 Option to adjust gratuity amount:

While submitting the HBA application, an employee shall have the option to adjust his gratuity amount against the HBA in which case monthly quantum of recovery on account of principal amount of HBA shall be calculated on the basis of the total HBA amount as reduced by the gratuity amount worked out on the basis of maximum stage of the salary scale at the time of sanction and subject to the ceilings applicable to the total amount of gratuity admissible. An employee who has not exercised such option at the time of submitting the HBA application may do so at later date. The gratuity amount for this purpose shall be computed on the basis of maximum stage of the salary scale of the employee as existing at the time of such option subject to other ceilings applicable to the total amount of gratuity admissible.

Note: The gratuity adjusted against HBA shall bear interest @ 5% per annum in addition to 0.3% per annum towards Mortgage Redemption Scheme of the Corporation.

10.7 Recovery of principal amount/accrued interest through deductions from the salary of the employee:

The monthly quantum of recovery of principal amount of HBA and interest accrued thereon shall be effected through deductions from the salary of the employee every month. For any reason, if the employee does not draw salary either in full or in part, any deficiency in the monthly quantum of recovery shall be made up through additional recoveries in the next and subsequent months. In case of persistent deficiency of salary to the effect the monthly quantum of recovery on account of HBA, any non-statutory deductions from the salary of the employee shall be discontinued to the extent required.

10.8 Alternative arrangements for payment of monthly HBA instalments by the employee who does not draw salary for a period exceeding 6 months:

In case an employee does not draw salary for a period exceeding six months for any reason whatsoever, the employee shall make alternative arrangement for payment of the monthly HBA installments, to the satisfaction of the Corporation, failing which the Corporation shall be at liberty to enforce the recoveries through such actions as may be deemed fit, which, inter-alia, shall include realisation of the amount from the Surety/disposal of the property.

10.9 Repayment of HBA amount/accrued interest in the event of pre-mature cessation of employment:

In the event of premature cessation of employment for any reason, the employee shall be liable to repay in one full lumpsum, the entire outstanding HBA amount together with accrued interest thereon failing which the Corporation shall be at liberty to enforce its right and take such other measures and actions as deemed fit to effect full recovery of outstanding dues. The rate of interest payable on such outstanding dues shall be the current bank rate of interest.

11.0 Documents

11.1 Required documents:

An employee seeking grant of HBA shall be required to fill up/file/execute/ present the following documents :-

- (a) Application for grant of HBA
- (b) Declaration
- (c) Agreement
- (d) Surety Bond
- (e) Promissory Note
- (f) Undertaking for adjustment of gratuity
- (g) Agreement to sell
- (h) Following documents, wherever required :
 - (i) The clearance certificate
 - (ii) Valuation certificate
 - (iii) Plan and layout of the plot/house/flat
 - (iv) Cost estimate
 - (v) Permission under Urban Land(Ceiling & Regulations) Act
 - (vi) Non-encumbrance certificate
 - (vii) Mutation certificate
- (i) Mortgage Documents as prescribed
- (j) Any other documents as may be prescribed from time to time.

Note: The requirement of Promissory Note may not be insisted upon after the borrowing employee creates mortgage/initial charge.

11.2 The formal sanction of HBA shall be conveyed to the employee.

11.3 **Employee to obtain written consent of lessor for mortgaging the right/title, etc. in case plot of land/house/flat is of a lease hold tenure:**

In case of plot of land/owned/purchased by the employee and on which the house /flat is proposed to be constructed is of a lease-hold tenure, the employee shall obtain the prior written consent of the lessor (promoter/builder of the existing/proposed Co-operative Society in respect of a Co-operative Society) for mortgaging the right, title and interest of the lessee in favour of the Corporation. In such cases, the lease should be valid and subsisting at least for a period of 30 years or 5 years beyond the superannuation of the employee, whichever is less.

11.4 **Execution of surety bond:**

An employee applying for HBA shall be required to produce a Surety Bond executed by another employee of the Corporation holding similar or superior rank or an employee who is eligible for equivalent HBA amount as applied for by the applicant employee. The surety shall remain bound and in force till the final mortgage documents are presented and executed or he creates Initial charge of the property in favour of the Corporation. Also in respect of purchase from Co-operative society, conveyance of the property has duly been made in favour of the Co-operative Society.

11.5 Grant of HBA to subsisting surety:

An employee shall be permitted to stand as Surety against one loanee employee only at a time. In case the subsisting Surety obligation is discharged, the discharged surety may stand as Surety again for another loanee employee. A loanee employee can, however, stand as Surety for another loanee employee only after completing the final mortgage formalities. A subsisting Surety shall be eligible for grant of HBA by providing another Surety.

11.6 Execution of equitable mortgage:

The employee shall be required to execute an equitable mortgage by deposit of Title Deeds of the entire land/house/ flat purchased/constructed/extended/enlarged/modified with the aid of HBA, in favour of the Corporation together with all rights, titles and interest of the employee therein.

- (a) In case the employee owns or purchases a piece of land and on which a house is proposed to be constructed, mortgage shall be executed of the land together with all constructions that may come up thereon in future before any/further installments of HBA can be disbursed for the purpose of the proposed construction.
- (b) In case of purchase of land/house/flat in a proposed/existing Co-operative Society or from a Government/Semi-Govt. Housing Board/Authority, where genuine difficulties are experienced for execution of mortgage and which have been proved to the satisfaction of the Administering Authority, the employee may be permitted to create an "Initial charge" by deposit of agreement, offer letter, allotment letter, money receipts and such other documents, title deeds etc. as are available with the employee and any other documents as may be prescribed by the Corporation from time to time. The Surety shall, however, remain bound and in force till the final mortgage requirements are completed including conveyance in the case of Cooperative Society.
- (c) In case of purchase of land/house/flat from private builder the loanee employee must comply with the following conditions :
 - i) Deposit with the Corporation the stamped receipt for payment of full amount to the builder as also the occupancy certificate and the tax-paid receipts.
 - ii) Execute an agreement with the builder after completion of the construction and deposits the same with IOC.

12.0 Steps to be taken for creation of 'Initial Charge'/Mortgage

12.1 Various steps required to be taken for creation of initial charge have been indicated in **Annexure-II**.

13.0 Occupation, Subletting, Alienation

13.1 Occupation after completion of construction/purchase:

An employee who has a house/flat purchased/constructed/extended /enlarged/ modified with the aid of HBA from the Corporation and which is located at the station of posting, shall be required to occupy such house/flat for his own residence, as expeditiously as possible and in any case not later than 6 months from the date of completion of purchase/construction/extension/enlargement/ modification. Failure to do so would result in non-payment of HRA/HRS or self lease by the Corporation for employee's residence, besides other disciplinary actions. Any exception can be authorized by Functional Directors, in Corporation's interest or on the merit of any compelling grounds that the employee may advance.

13.2 Non-occupation under exceptional circumstances:

In exceptional circumstances, and in Corporation Interest, an employee may however, be permitted to let out the house/flat purchased/constructed/ extended/enlarged/modified with the aid of HBA from the Corporation and which is located in the same station of his posting, and be permitted to occupy a Corporation's owned/hired accommodation.

13.3 Permission to let-out house/flat:

An employee may be permitted to let out the house/flat purchased/extended/ enlarged/ modified with the aid of HBA from the Corporation, which is located at the same station of his posting subject to the following conditions:

- i) The employee shall repay 50% of gross actual rent to the Corporation in addition to normal installments towards recovery of HBA (to hasten the process of HBA recovery). Where the accommodation is permitted to be let out or taken by the Corporation on rent or licence, the loanee employee will not be eligible for Company's leased/owned accommodation, if posted at the same station. He will, however, be entitled to get house rent allowance as per HRA rules.
- ii) In such cases, the employee shall first offer the house on lease/rent to the Corporation and only in case the Corporation refuses to avail the offer within a period of 2 months, he shall be allowed to rent out the house to any outside party on the same terms and conditions as offered to the Corporation.
- iii) In the event of refusal by the Corporation, permission may be granted to the employee to rent/lease out the accommodation in full or part to outside parties on such terms and conditions as may be approved by the Management, for which the intending tenant be required to execute necessary documents so as to effectually preserve and not prejudicially affect the securities and other rights of the Corporation.
- iv) An employee owning an additional house in his / her or his / her spouse's name at the place of posting may be permitted to avail self –lease facility either for house purchased through HBA or for the house acquired through own resources. However, in order to hasten the process of HBA recovery, he / she would be required to repay, in addition to his/ her regular installments of HBA recovery, (a) 50% of the gross actual rent received by him / her for the property purchased / constructed / extended / enlarged / modified with HBA from the Corporation and rented by him / her or (b) 50% of the rent received by him / her for the self –lease facility in respect of the house acquired through own resources, whichever being the higher amount.

14.0 Sale of Property

- 14.1 An employee who has purchased/constructed/extended/modified the house/flat with the aid of HBA from the Corporation, shall not be permitted and shall remain restrained to mortgage,

lease, transfer, licence, sell or in any other manner alienate the property, or in any other manner create any charge or liability thereon. An employee may, however, be allowed to do so, in an exceptional case, subject to the specific approval of ED(HR), depending on the merits of compelling grounds that the employee may advance. Such permission for sale may be valid for one year from the date of grant of the same. However, extension beyond one year, on six monthly basis, may be granted. This restriction shall apply irrespective of whether the employee has repaid the HBA in full or not. The employee shall also fully adhere to the provision of the CDA Rules/Standing orders, as the case may be and as applicable to him. An employee who has been permitted to sell or in any other manner alienate the property as mentioned above shall, however, not be entitled to Corporation owned or leased accommodation in the same station where the property is situated.

An employee who has been permitted to sell the house/flat as per clause 3.13.1 shall not transfer/sell the house/flat to spouse, father, mother, son, daughter, brother, sister or any dependent relation of such employee.

15.0 Availability of funds

15.1 Each Division/Unit shall make its own budget provision for grant of HBA.

15.2 Ten percent of the HBA budget allocated to the Units/Offices shall be reserved for sanctioning loan to such of the employees who have attained the age of 50 years and above. If, however, funds reserved for this category of employees remain unutilised upto the month of January of financial year in any unit, the said utilised funds shall be made available for sanction to other employees whose applications might be pending.

16.0 Insurance

16.1 The borrower employee at his cost shall insure the house/flat purchased/ constructed/ extended/enlarged/modified with the aid of HBA from the Corporation against the risk of fire for an amount not less than the principal amount of HBA. The insurance policy shall be assigned in favour of the Corporation and which fact shall also be registered with the Insurance Company. The Corporation may, however, enter into an agreement with an Insurance Company under which the house/flat that the employee has purchased/constructed/enlarged/modified may be insured on behalf of the employee and in that event, the employee shall be liable to be governed by such Scheme, and the premium amount shall also be recovered from the salary of the employee concerned.

The employee shall also be liable and bound to submit all details and execute such documents as are required by the Corporation to arrange for the Insurance Cover in the manner prescribed above.

17.0 General conditions

17.1 **Construction/extension, etc. to be carried out as per approved plans/estimates:**

Construction/extension/enlargement/modification of a house/flat with the aid of HBA from the Corporation shall be carried out strictly in accordance with the approved plans, by-laws, etc. wherever the same are applicable. Further, it shall be carried out according to the plans, specifications, estimates, etc. that have been submitted to the Corporation and on the basis of which the HBA has been sanctioned to the employee. The Corporation shall be entitled to arrange to have site inspection and verification in this regard at any time.

17.2 **Responsibility of borrower employee to keep the property under good maintenance/habitable conditions:**

It shall be the responsibility of the borrower employee to keep the property purchased/constructed/extended/enlarged/modified with the aid of HBA at all time under good maintenance and habitable conditions, and shall pay up all rates, taxes, cesses, rents and any other contributions and charges as and when due. Above all it shall be the paramount responsibility of the employee to ensure that the Corporation's interest in the property is not interfered with, jeopardised or in any other manner prejudicially affected. The Corporation shall be entitled to have free entry into and inspection of the property at any time.

17.3 Right to the Corporation to formulate and prescribe any procedure relating to the scheme:

The Corporation shall have the right to formulate and prescribe, as considered necessary from time to time, any procedures with respect to any matter relating to or connected with the administration and implementation of this Scheme and the borrower-employee shall be liable to adhere to and comply with the same.

17.4 Breach, non-compliance or misuse of the Rules & Regulations under the scheme:

In case of any breach, non-compliance or misuse of any of the Rules and Regulations under this Scheme, notwithstanding anything to the contrary contained herein, the Corporation shall have absolute right to immediately recall the outstanding HBA together with accrued interest thereon, which upon such demand, the employee shall render himself liable to disciplinary action involving major penalties.

17.5 Any interpretation or clarification of Rules & Regulations to be issued only by Corporate Office:

Any interpretation or clarification of these Rules and Regulations shall be issued only by the Corporate Office. Any other instructions of administrative or procedural nature shall also be issued likewise.

Annexure-I

Sl. No.	Purpose for which HBA can be availed from the Corporation	Extent upto which HBA can be sanctioned	HBA Disbursement Schedule	HBA Utilization Schedule	HBA Recovery Schedule	Time schedule for execution of initial charge(if permissible vide clause 3.10.6(b) or final mortgage of the property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Outright purchase of a complete house/flat which is avail-able for ready possession and occupation	100% of HBA entitlement, or cost of purchase, whichever is less.	100% sanctioned HBA in one lump sum	Purchase to be completed within two months from disbursement of HBA	From 2nd month following the month in which HBA is disbursed.	Within 3 months of disbursement of HBA. (Surety to continue till execution of Mortgage)
2.	Installment purchase of a house/ flat, which is yet to be constructed/completed, from a Govt./Semi Govt. Housing Board/ Authority.	100% of HBA entitlement or cost of purchase, whichever is less.	Actual installment amount as demanded by the Housing Board/Authority	Disbursed HBA to be immediately paid over to the vendor & purchase to be completed within 60 months from the date of disbursement of initial installment of HBA.(can be extended by 6 months at a time on merits of each individual case by Functional Directors).	From the month following the month in which possession is available and in any case from the 60th month prior to the month in which the employee superannuates.	Within 3 months of disbursement of full/ final Installment of HBA. (Surety to continue till execution of l/c or final mortgage.
3.	Installment purchase of house/ flat, which is under construction/ completion from a Ltd. Co. or from an existing/pro-posed Cooperative Society or from a registered Pvt, Builder	100% of HBA entitlement or cost of purchase/ construction/ estimated cost whichever is less	Actual installment as demanded by the Ltd. Co/Co-Op. Society/ Registered Pvt. Builder/ Promoter to be released as per contractual obligation but restricted to the percentage of completed work as certified by Govt. approved valuer or by the Builder's/Promoter's architect or by the Corporation's engineer.	Disbursed HBA to be immediately paid over to the vendor and purchase to be completed within 36 months from the date of disbursement of initial installment of HBA	From the month following the month in which possession is available or the 36th month from the month in which initial installment of HBA has been disbursed whichever is earlier.	Within 3 months of disbursement of full/final installment of HBA (Surety to continue till execution of l/c or final mortgage)
4.	Purchase of a piece of land and construction of a house there on	100% of HBA entitlement or estimated cost of purchase/construction, whichever is less.	<ul style="list-style-type: none"> ▪ 40% of sanctioned HBA for purchase of land. ▪ 20% of sanctioned HBA after completion of mortgage for commencement of construction. ▪ Additional 20% of sanctioned HBA after completion of construction of plinth level. ▪ Balance 20% of the sanctioned HBA after completion of construction of roof level. 	Purchase and construction to be completed within 18 months from the date of disbursement of initial installment of HBA(can be extended by six months on merits of each individual case by Functional Directors).	From the month following the month in which construction is completed, or the 18th month following the month in which the initial installment of HBA has been disbursed, whichever is earlier.	Within 3 months of purchase of land and prior to disbursement of second installment of HBA (Surety to continue till execution of final mortgage).

5.	Construction of house on a piece of land already owned by the employee.	100% of HBA entitlement or estimated cost of construction, whichever is less.	<ul style="list-style-type: none"> ▪ 30% of sanctioned HBA for commencement of construction. ▪ Additional 30% of sanctioned HBA after completion of construction of plinth level. ▪ Balance 40% of sanctioned HBA after completion of construction of roof level. 	Construction to be completed within 18 months from the date of disbursement of initial installment of HBA. (Can be extended by six months on merits of each individual case, by Functional Directors).	From the month following the month in which construction is completed, or the 18th month following the month in which the initial installment of HBA has been disbursed, whichever is earlier.	Prior to disbursement of initial installment of HBA.
6.	Purchase of partly finished house for completion and construction of house provided the complete plan is approved by the Competent Authority.	100% of HBA entitlement or estimated cost of purchase and construction whichever is less.	Actual installment amount as demanded by the vendor 50% of balance HBA for commencement of work. Remaining sanctioned HBA on certification by an authorized representative of the Corporation that 50% of work has been completed.	Purchase and construction to be completed within 18 months from the date of disbursement of initial installment of HBA (can be extended by six months on merits of individual case by Functional Directors).	From the month following the month in which construction is completed, or the 18th month in which the initial installment of HBA has been disbursed.	Within 3 months of purchase of house and prior to disbursement of second installment of HBA.
7.	For extension, enlargement and/or modifications	50% of HBA entitlement or estimated cost of extension/enlargement/modification whichever is less.	50% of HBA entitlement for commencement of construction work. Balance 50% of sanctioned HBA on certification by an authorised representative of the Corporation that 50% of the work has been completed.	The work on extension/enlargement/modification to be completed within 12 months from the date of disbursement of initial installment.	From the month following the month in which construction is completed, or the 18th month following the month in which the initial installment of HBA has been disbursed, whichever is earlier.	Prior to disbursement of initial installment of HBA.
8	Provision of additions, alterations, modification and/ or fixtures and fittings.	Supplementary advance of maximum of Rs.1, 50,000/- or 25% of the HBA sanctioned towards the cost of house/ flat, whichever is less, within the total HBA entitlement.	100% of supplementary advance in one lump sum immediately prior to or soon after taking possession of house/flat.	The work of additions and alterations/or fixture and fittings to be completed within 6 months from the date of disbursement	From the month following the month in which supplementary HBA has been disbursed.	Prior to disbursement of supplementary advance
9.	For repaying the outstanding loan drawn from HDFC or other Govt. Financial Institutions	100% of HBA entitlement or the amount payable to HDFC or other Govt. Financial Institutions whichever is less	Actual amount as demanded by HDFC or Govt. Financial Institutions in one lump sum.	Disbursed HBA to be immediately paid over to HDFC or Govt. Financial Institutions.	From the following the month in which HBA has been disbursed.	Within 3 months of disbursement of full and final installment of HBA (surety to continue till execution of mortgage).

PROCEDURE FOR CREATION OF INITIAL MORTGAGE BY DEPOSIT OF SOME DOCUMENTS

Step - 1: The borrowing employee should sign the letter of intention as per Form IC/A, say on 1st Jan., 2007.

Note: At this stage, the deposit of the Share Certificates and other title documents should not be made by the borrowing employee and Form IC/ A is to be executed as being the first stage.

Step - 2: On the next day, say on 2nd Jan, 2007 the borrowing employee shall deposit all the available title deeds, i.e.

- (i) Offer Letter/Allotment Letter.
- (ii) Original Purchase Agreement with Vendor or certified copy of Agreement with Original Acknowledgement Receipt.
- (iii) Money Receipt(s).
- (iv) No objection Certificate from the Builder/Vendor/DDA/Housing Board Authority for mortgaging proposed property with IOC.
- (v) Permission under the ULC Act in case employee is desirous of creating mortgage in respect of the land.
- (vi) Such other documents/title deeds etc. e.g. possession receipt, record of rights showing name of owner, no encumbrance certificate, copies of previous title deeds, if any, as are available with the employee.

- Notes
- 1 Normally the agreement for purchase of the flat in favour of the borrowing employee is being handed over to the Corporation at the time of the sanction of the loan and the same should form part of the initial mortgage as above.
 - 2 The deposit of the title documents should only be made in any of the principal cities and specified District Headquarters as provided under the Transfer of Property Act, irrespective of the place where the immovable property is situated.
 - 3 At this stage, the employee shall only hand over the documents and the authorized officer should not under any circumstances make entry on that day regarding the said deposit in the Register of Initial Mortgages.

Step - 3: On the 3rd day, say 3rd of Jan. 2007 i.e. to say after the borrowing employee deposited the title deeds as above he would issue a letter of confirmation as per Form IC/B.

Note: The date of deposit to be incorporated in the body of the form should be the same as per Step 2.

Step - 4: After the creation of Initial Mortgage as above, the borrowing employee should execute the declaration as per Form IC/C which is to be affirmed before the Notary Public or a Magistrate. The same need not be registered.

Step – 5: On the 4th day in the month of Jan. 2007 or thereafter as the case may be after the borrowing employee has given the letter of confirmation as per Form IC/B and the declaration as per Form IC/C, the authorized officer of the Corporation should complete the Memorandum of Entry as per Form IC/D.

Notes 1. This form IC/D may be kept in the Initial Mortgage.

2. This form should not be signed by the borrowing employee.

3. The authorised officer would incorporate in this Form IC/D the date on which he makes the entry or note the date on which the borrowing employee deposited title documents as above.

Step 6 : The Authorised Officer after the completion of memorandum of entry as per Form IC/D should make the entry in the Initial Mortgage Register and sign the same.

Note : This entry form should not be signed by the borrowing employee.

Step-7: The Authorised Officer should issue Form IC/E after the recording of memorandum of entry in the Register clearly specifying that the deposit of the such title documents was made prior to the date of issue of Form IC/E.

Note: The date to be incorporated in the Form IC/E should be the date on which the borrowing employee deposited the title documents i.e. 3rd Jan. 1992 as illustrated in Step - 2.