

NAVAL GROUP INSURANCE FUND
(NGIF)

RULES FOR HOUSE BUILDING ADVANCE

Introduction

1. The proposal for introducing a House Building Advance 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 Advance Scheme.

Admissibility of House Building Advance (Purposes)

3. The House Building Advance would be admissible to all serving 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 Purchase a Plot/land and construction a house thereon.**
- (d) **For construction a house on plot/land already owned.**
- (e) For purchase of a house/flat from Registered Co-operative Group Housing Societies /approved Private Colonisers/Builders.
- (f) For alteration/modification for houses owned by member.
- (g) Purchase of old/new houses/flat.

4. House Building Advance would not be given from NGIF in following cases:-

- a) Land in Lal Dora will not be considered for HBA
- b) Registration/earnest money deposits
- c) Repayment of housing loan from other sources

ELIGIBILITY

General

5. All regular Naval serving personnel who are members of Naval Group Insurance Scheme have rendered minimum 3 years service. Re-employed officers/ officers & sailors with less than 02 years of residual service are not eligible. However, unmarried sailors rendered with minimum 5 years of service will be considered for House Building Advance.
6. 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 House Building Advance sanctioned by the Govt. / NGIF and he would get a clear unencumbered title to the house/flat.
7. The property is to be mortgaged to the NGIF, as a first charge. Members who have availed House Building Advance from the Govt may take House Building Advance from NGIF on 2nd Charge. On liquidation of the Govt House Building Advance, the first charge will be transferred to NGIF.

House Building Advance for purchase a Plot/Land and construction a house thereon

8. (a) Members can avail loan from NGIF for purchase of Plot/Land subject to construction of house with in a year of disbursement of loan amount taken for purchase of loan for plot/land.
 - (i) Maximum 40% of loan amount may be taken to purchase a plot/land.
 - (ii) Balance amount of loan sanctioned earlier may be taken for construction of house.
- (b) Agreement of purchase of plot in prescribed form is to be submitted to NGIF by the applicant.
- (c) Photo copy of Registered Sale Deed/Conveyance Deed in favour of seller should be provided.
- (d) Plot/land should be in approved area.
- (e) The title to the plot/land should be clear and it should be free from all encumbrances.
- (f) The house must be constructed as per the approved plan and no deviation from the original plan would be permissible.
- (g) On scrutinisation of above documents, if, in order, maximum 40% of advance or actual cost of plot/land will be disbursed.
- (h) If construction of house on above plot/land not started within stipulated period of one year than penalty @ 2% over and above on prevailing rate of interest will be charged on disbursed amount for delayed period.
- (J) Member should deposit original sale deed of plot in his favour (after having plot

registered in his name) and other documents (**as per Sl.No.9,construction of house on already owned plot/land**) for further payment for construction of house.

House Building Advance for Construction of a House on already owned Plot/Land

9. (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) House Building Advance 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.

House Building Advance for Addition / alteration

10. Registration of a house is mandatory requirement. It is a legal proof of ownership free hold of a house. House Building Advance for addition / alteration is not admissible for a house that is not registered.

House Building Advance for Purchase of Ready Built House/ Flat

11. 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 House Building Advance.

12. House Building Advances are granted up to 90% of the Basic cost (i.e. excluding Registration, Stamp duty, Parking, Govt. levies etc) of house/flat limited to maximum amount as approved by administrators from time to time:-

- (a) **Officers - Rs. 1,00,00,000/-**
- (b) **Sailors - Rs. 50,00,000/-**

- (c) **Officers - Rs. 25,00,000/- (for alteration/addition/modification)**
 (d) **Sailors - Rs. 15,00,000/- (for alteration/addition/modification)**

13. The quantum of House Building Advance would however, depend on the repaying capacity (at the time of applying) of the member and residual service.

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

Repaying Capacity = { 60% (total emoluments) - total deductions }

Note:

(a) Total emoluments consist of → Basic Pay + MSP+DA+Flying/Sub marine Allowance/Tech Allowance /NPA+TPT

(b) Total deductions consist of → DSOP/AFPPF (Compulsory Subscription) + NGIF/INBA/INAF subscription + Income Tax + Income Tax Cess + Govt. HBA/other House Building Loans + License Fee, INBA Loan etc.

Concurrent House Building Advance

15. Concurrent House Building Advance is not permissible. However, member may apply for 2nd house building loan for 2nd house after liquidation of 1st house building advance.

Interest on House Building Advance

16. The interest on the House Building Advance would be charged @ 8.25% per annum on monthly reducing balance. The rate of interest is liable to change from time to time. In addition, House Building Advance to widows will be sanctioned at 1% below the prevailing rate of interest subject to investment of Insurance Benefits with NGIF.

Insurance of House Building Advance

17. The total House Building Advance 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 House Building Advance

18. The Managing Committee of the Naval Group Insurance Fund is the competent authority to sanction House Building Advance.

Disbursement of House Building Advance

19. The House Building Advance 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 House Building Advance amount for outright purchase of a ready built house will be paid to the member 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 House Building Advance 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 Ind/subsequent installments, original bills for the expenditure incurred are required to be submitted along with the pre receipt(form no. 5) and other requisite documents. Members are also required to intimate at what stage, the construction presently stands.

(c) The House Building Advance amount for purchase of a house/flat through the Air Force Naval Housing Board (AFNHB)/Army Welfare Housing Organisation (AWHO) 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 House Building Advance 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/5) and other requisite documents.

(e) For alteration/addition/modification, House Building Advance will be paid directly to the member.

(f) Following points are to be incorporated in NGIF House Building Advance forms/instructions for members taking House Building Advance :-

Self Construction

i. Payment will be made to members requesting House Building Advance on self construction basis in three installments on production of colored photographs of the house for each stage of construction as follows :-

- ✓ 1st installment (40% of sanctioned amount) – Plinth to roof level.
- ✓ 2nd installment (40% of sanctioned amount) – House plastered from outside.

- ✓ 3rd installment (20% of sanctioned amount) – for internal works
- ii. While submitting **colored photographs** of the house following to be ensured by the members :-
 - ✓ Photographs should be taken from a reasonable distance so that neighboring building/reference points can be seen.
 - ✓ Photographs should be **self attested (with name, rank and personal no.) and should endorse details of location of the property behind the photos.**
 - ✓ Subsequent photos for other installments should be taken from the same angle as earlier to enable this office to co-relate the progress of construction.

Private Builders

- ✓ Original demand letter issued by the builder/scanned copy of Demand Letter duly self attested.
- ✓ Original receipts of payment made to builder of the previous installment paid.

Enhancement of House Building Advance

20. Enhancement of already granted and fully disbursed House Building Advance, will normally not given. It may be considered as an exception on a case to case basis if it fulfills the following conditions.

- (a) Enhancement would be allowed only once.
- (b) Escalation in basic cost of flat/house with due justification.
- (c) The enhanced House Building Advance amount will be disbursed as one single amount to the member.
- (d) The latest prevailing rate of interest will be charged on balance outstanding House Building Advance and the enhanced amount.

NOTE :- Enhancement of House Building Advance shall not be granted on account of increase in repaying capacity/anticipated increase in income/promotion etc

Recovery of House Building Advance and Interest

21. The amount of House Building Advance and interest would be recovered monthly through the member's IPA.

22. The principle amount and interest would be recovered in maximum of 240 Equated Monthly Installments. EMI chart at 8.25% is placed on page (29)

23. When the House Building Advance is disbursed in one lump sum, the EMI's would

commence from the following month.

24. When the House Building Advance 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.

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

26. In case of members posted abroad/on deputation, where IPA's are not maintained by 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 House Building Advance.

27. In the event of invalidment/pre-mature retirement/release/dismissal of the member before repayment of the principal amount of the House Building Advance 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

28. If any time, it is found that the member has obtained a House Building Advance 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 House Building Advance together with interest to the Fund without any demur along with administrative action by the Department.

Creation of Mortgage

29. Members granted House Building Advance 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

30. 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 House Building Advance amount. The insurance policy shall be renewed by the every year till the House Building Advance is completely repaid.

Maintenance

31. 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

32. 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 House Building Advance from NGIF.

33. On liquidation of the Govt House Building Advance , 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 House Building Advance.

Interpretation of Rules etc.

34. 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

35. 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

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

Recovery of House Building Advance on Death

37. In case of an unfortunate death of NGIF member who had availed HBL, the outstanding House Building Advance amount principle will be adjusted from the House Building Advance 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 House Building Advance

38. Members are permitted to make part refund upto 25% of outstanding principal as on date subject to minimum of Rs. 50,000/-. Maximum 06 refunds are permissible (inclusive of one final refund). The DD/Cheque at par should be drawn in favour of NGIF, payable at New Delhi. Facility of online refund through NEFT/RTGS are also available. Members may send an e-mail on ngif-advance@navy.gov.in to seek outstanding HBA amount and bank details. On receipt of full/final refund, the original documents will be handed over/forwarded to the member or to the authorized representative.

Issue of EMI Chart

39. EMI Chart for claiming of IT relief will be issued on disbursement of full sanctioned House Building Advance, subject to receipt of following documents.

- (a) House Registration Papers in original.
- (b) Completion certificate from the competent authority (in case of self construction), on proper letterhead of authority viz. Sarpanch/Municipality with name, full address and mobile number.
- (c) Possession letter of the house/flat in original.

40. 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.