

NAVAL GROUP INSURANCE FUND

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BA/GIS/3000

05 May 16

The Flag Officer Commanding -in-Chief
(for CSO(P&A))
Western Naval Command
Mumbai

The Flag Officer Commanding -in-Chief
(for CSO(P&A))
Eastern Naval Command
Visakhapatnam

The Flag Officer Commanding -in-Chief
(for CSO(P&A))
Southern Naval Command
Kochi

The Commander -in-Chief
(for CSO(L,A&P))
Andaman & Nicobar Command
Port Blair

MOU WITH DCB BANK FOR HOUSE BUILDING ADVANCE

1. Refer to IG 194 of 05 May 2016.
2. **Background.** At present, Naval Group Insurance Fund (NGIF) provides House Building advance (HBA) to its members, which is recovered through monthly EMI deducted by NAVPAY. The outstanding HBA, which is attached to terminal benefits are fully recovered in one lumpsum at the time of retirement. A need was felt, wherein HBA extended by NGIF could be continued even after the retirement. In order to address this issue, NGIF had been interacting with DCB Bank to evolve a suitable framework for smooth takeover of HBA by DCB bank from NGIF. A Memorandum of Understanding (MOU) between NGIF and DCB bank on house building advance has been concluded recently. The MOU will facilitate take over of existing HBA from NGIF by DCB bank at the time of retirement. HBA can be repaid after retirement upto 65 years of age. The MOU facilitates additional housing loan by DCB bank over and above the permissible limits of HBA from NGIF where the cost of dwelling unit is higher than the HBA given by NGIF, subject to repayment capacity of personnel.

3. **Applicability of MOU.** Serving Naval personnel having service reckonable for pension with running HBA from NGIF and holding DSP-Navy Salary account with any branch of DCB bank or any scheduled commercial bank in India.
4. **Salient Aspects of MOU.** The MOU is uploaded on /IN website on NEWN. Salient aspects of the MOU are enumerated below :-
- (a) Take over of HBA of Naval personnel by DCB bank at the time of retirement.
 - (b) Tenure of loan financed by DCB bank will be upto 65 years of age.
 - (c) Additional Housing loan by DCB bank, over and above HBA limit of NGIF, subject to repaying capacity of the individual.
 - (d) NGIF will have the 1st charge of the property and therefore will hold the original papers. However, at the time of retirement these documents would be transferred to DCB bank.
5. **Insurance.**
- (a) **Insurance of Property.** The house/flat purchased/constructed with the Bank's finance shall be insured against the risk of fire/riots/earthquake/lightning, floods, etc. In the joint names of the borrower and the Bank for the value of the construction. However, value of the land will not be included in the sum insured. The cost of the insurance shall be borne by the borrowers.
 - (b) **Life Insurance of Borrower.** Life cover equivalent to loan amount from any Insurance company with whom DCB Bank may have a tie-up arrangement will be made available to all Home Loan borrowers under this arrangement. The amount of Insurance premium payable to Insurance Company may be added to loan amount and the same will then be payable by way of EMI's.
6. **Security.** Home loan/Home top-up loan will be secured by Parri-passu charge on the property mortgaged to NGIF to secure the home loan availed by the Indian Naval personnel from NGIF. NGIF shall note the Parri-passu charge of DCB bank in its records over and above the outstanding in their books.
7. **Loan From DCB Bank.** It would be mandatory for the individual to have DSP-Navy salary/pension account with any branch of DCB bank or any scheduled commercial bank in India.
8. **Modalities regarding loan granted on Pari-passu charge basis for loans over and above the limit provided by the NGIF**

(a) The member may directly approach DCB Bank for purpose of availing Housing loan as enumerated in the MOU along with all necessary documents as may be required by DCB bank for the loan sanction process.

(b) DCB Bank will have the option of confirming the details of the loan including sanction amount, current loan outstanding and property documents submitted by individual, directly from NGIF. DCB bank will also be given access on specific request to all photographs of the property as may be available with NGIF at the time of loan sanction as well as during subsequent disbursements in case of part constructed or self constructed properties.

(c) The eligible loan amount will be decided by the bank based upon the age of the applicant, eligibility criteria, repayment capacity, value of the property etc. at the time of sanctioning of loan. The discretion of the bank will be final and binding on all parties concerned and the bank has the right to decline and proposal, which does not meet the eligibility criteria stipulated by the bank.

(d) The bank will advise NGIF of loan amount sanctioned in respect of the forwarded proposal. The NGIF would record Bank's exposue in its books and would send confirmation having noted *pari passu* in favour of DCB bank.

(e) If the proposed property is held jointly with spouse, then spouse has to join as co-borrower. In case where the property is held in single name of the borrower, the spouse/children/parents/siblings may join as co-borrower or as guarantors, if so required by the bank for purpose of loan sanction.

9. Modalities regarding takeover of outstanding loans in the books of NGIF at the superannuation/retirement of Indian Naval personnel

a) NGIF will provide a list of documents and copies the property documents deposited with them regarding title of the property and a certificate regarding current outstanding and regularity of repayment in the Home Loan account of the retiring personnel three months before due date of retirement to DCB Bank.

(b) On receipt of intimation from NGIF together with the loan application of the retiring personnel, Bank will scrutinize the proposal and eligible loan amount will be decided by the DCB bank as per Home Loan Scheme and will be advised to NGIF.

(c) In cases where eligibility of Home Loan amount in terms of Bank's norms is lower than the outstanding in the books of NGIF, the retiring personnel will repay the excess amount directly to the NGIF from their superannuation/retirement benefit before taking over Home loan by the bank from NGIF.

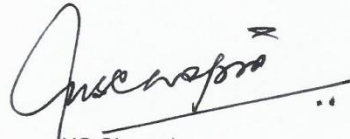
(d) The bank will complete the documentation process and remit the outstanding loan amount to NGIF. Upon receipt of outstanding amount from

the Bank, NGIF will immediately handover the original title deeds of property and other documents, if any to the representative of DCB Bank.

(e) The pension account of the borrower has necessarily to be maintained with DCB Bank branch or any other scheduled commercial bank to recover EMIs till full recovery of the loan. An irrevocable Standing Instructions would be obtained from the borrower(s) towards deduction of monthly EMI.

10. As stated above , copy of MOU with DCB bank is made available on the *IN* website on NEWN. Naval personnel are advised to go through it carefully whilst applying in order to avoid infructuous overload on both NGIF and DCB bank. It may be noted the loan under this arrangement is an add on facility and in order to take this forward in a smooth manner all such requests need to be well planned and it order to take this forward in atleast three months prior to retirement.

11. Command HQ's are requested to give wide publicity to all ships/establishments under their command.



(HS Chopra)
Commodore
PDNPF

Encls : As above

Copy to:-

The Flag Officer Commanding
Western Fleet
Mumbai – 400 001

The Flag Officer Commanding
Eastern Fleet
Visakhapatnam – 530 014

The Flag Officer Commanding
Maharashtra & Gujarat Naval Area
Mumbai – 400 001

The Flag Officer Commanding
Goa Naval Area
Goa – 403 801

The Commanding Officer
INS India

The Commodore
Bureau of Sailors
Cheetah Camp, Mankhurd
Mumbai – 400 088

The Logistics Officer-in-Charge
Naval Pay Office
Mumbai – 400 023