

United Bank of India

Housing Loan for Slum Dwellers under BSUP/IHSDP from UBI

OBJECTIVE



- Providing financial assistance to the slum dwellers @ 4% interest Differential Rate of Interest Scheme (DRI) to enable beneficiaries to afford their contribution for up gradation / construction of housing unit in slum areas with an objective of the upliftment of welfare of economically & socially disadvantaged section of the slum population who do not possess adequate shelter & reside in dilapidated condition.
- BSUP & IHSDP scheme have been introduced by Govt. of India under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for improvement of slums in the Cities and Towns.

COVERAGE

- Loan will be extended from Designated Branches where Municipality maintains the account of BSUP/ IHSDP Fund.

ELIGIBILITY

- Individuals, aged minimum 21 years, must be permanent domicile in slum area under the Municipality having voter card & BPL card.
- Beneficiary should have clear Land ownership /tenure slip secured by patta. Title of land should be preferably in the name of the wife & alternatively jointly in the names of husband & wife. In exceptional cases, title in the name of male beneficiary may be permitted.
- Loan will be sanctioned in the joint names of husband & wife or in exceptional cases, in the name of female beneficiary whose name appears in title deed.

PURPOSE

- Upgradation of existing Housing unit or construction of new Housing unit. In both cases, the applicants should own land.

PROJECT COST

No land acquisition cost will be financed under the scheme. Details of the construction based on the estimation and housing plan approved by concerned Municipality should be submitted along with application. Minimum covered floor area of each unit shall be 25 sq mts with two-room accommodation plus kitchen & toilet and where it is under flat arrangement, the construction should be maximum of G+3 building,

a) Max. Rs. 100000/- for BSUP

b) Max. Rs. 80000/- for IHSDP

plus one time premium of life policy of SBI Life / Tata AIG/ any other insurance co and property insurance from Bajaj Allianz / any other insurance co.

MARGIN MONEY

- 80% of cost of project will be contributed by Central & State Govt. under BSUP / IHSDP Scheme (90% of project cost in case of SC/ST/OBC/PH & other weaker section)
- Fund will be released from BSUP / IHSDP a/c being maintained by the Municipality with the financing branch

OWN CONTRIBUTION OF BENEFICIARY & BANK LOAN

- 20% of cost of project subject to own contribution in the range of Rs 5000/- to Rs 6000/- & the balance amount will be financed by the bank.

QUANTUM LOAN

- Maximum Rs 15000/- per beneficiary for upgradation or construction of House.

REPAYMENT OF LOAN

- Max. 10 years or before completion of 65 years in age, whichever is earlier.

RATE OF INTEREST

- 4% p.a (Fixed) with monthly rest.

SECURITY

- Primary: Equitable Mortgage of property to be financed by the bank. Where mortgage is either delayed or not possible, loan may be covered by adequate tangible security.
- Additional: Entire loan under the scheme should be covered by a cross guarantee of beneficiaries of the slum cluster.

SEARCH MARKETABILITY REPORT

- No search and Marketability report is required.
- Land should be in possession of borrower with supportive documents viz., title deed / patta / porcha / etc which will serve the purpose for creation of mortgage.
- However, applicant should submit latest tax receipt, approved plan along with mutation certificate issued by Municipal Authority. Authenticity of these documents should be verified and certified by the municipality.

VALUATION REPORT

- No professional valuer will be engaged to obtain Valuation Report.

INSURANCE

- Entire loan amount should be covered by Life Policy on the borrower's life (Tata A1G / SBI life/ other Insurance Co. as one time premium.
- Property should be mandatorily insured under Home care scheme of Bajaj Alliance or other Insurance Co.

(Insurance Premium for coverage of both life and property may be given as additional amount of loan)

PROCESSING & MORTGAGE CHARGES

NIL

PREPAYMENT CHARGES

NIL

VALIDITY

Concerned Municipality & Designated Branch of UBI will enter into a tie-up arrangement to fix the validity of the scheme as per terms and conditions laid down in the agreement formulated by both parties.

OPERATIONAL GUIDELINES

Sourcing of Applications

- Simplified Application Form will be available from all Designated Branches in the city / town where Municipality maintains account of BSUP / IHSDP Fund
- The completed application form along with required documents in duplicate duly filled in and signed by eligible beneficiary would be deposited with concerned financing branch
At the time of receiving application form and other relevant papers,
- branch should arrange for a preliminary interview with applicant and scrutinize all papers produced by the applicant.

Vetting of application by concerned Municipality

- The financing branch immediately will send one set of application to the concerned Municipality by a forwarding letter for verification and necessary action at their end
- Recommendation in Certificate Form : The Competent Authority of concerned Municipality will verify the bonafide status of the applicant and recommends for sanction of loan, issuing a certificate. On completion of above formalities, vetted application form will come back to the originating Designated Branch.

Processing of application

The financing branch should complete the pre-sanction inspection of property and permanent residence of applicant. At the time of inspection, Branch official should verify that slum cluster is close to major road network of the town and major public transport facilities are also available.

Sanction

After receiving vetted application form from competent authority of concerned Municipality & verifying the authenticity of vetting, the branch will process the loan and sanction the loan by issuing sanction letter to the beneficiary (A copy will be sent to the Municipal Authority).

Documentation

After being accepted the sanction letter by the beneficiary, the selected branch will arrange for documentation, creation of mortgage & cross guarantee and initiative should be undertaken to make it hassle free as far as possible.

Disbursement of loan

- For Construction / Upgradation of house by borrower: Disbursement will be made in one stroke by crediting SB a/c of the applicant and completion certificate shall be submitted to the branch within 6 months from the date of disbursement
- For construction/ Upgradation of house by Other Agency: Disbursement will be made by issuing DD/PO in the name of agency directly after netting advance amount paid, if any and branch should ensure that the proceed goes to the agency
- On the day of disbursement of loan, both borrower and property should be covered by life insurance (SBI Life / TATA AIG) and property insurance (Bajaj Allianz Co.) respectively and one time premium may be collected by debiting the loan account or as the case may be as per terms of sanction of loan.

Recovery of Loan

i) Information to concerned Municipality

Immediately after disbursement of loan, the Designated Branch should

intimate concerned office of Municipality about terms and conditions of loan to beneficiary and liability of Municipality for recovery in case of default in repayment of EMI by the borrower.

ii) Repayment of EMI

Borrower-beneficiary will start repayment of EMI one month after completion of construction or after 12 months from date of its disbursement whichever is earlier and Bank will exercise its usual follow-up & recovery measures. Despite Bank's normal recovery efforts, if borrower defaults to repay EMI of loan regularly. Municipality in coordination with the branch will undertake and enforce all necessary administrative measures for regularization of Loan a/c. In this regard, an undertaking and consent letter will be obtained from the Municipal Authority.

iii) Early Recall of Loan

In case borrower commits breach of any terms and conditions laid down in the sanction of loan, entire amount of loan with interest shall become payable in lump sum and shall be recoverable under the provisions of the Public Demand Recovery Act in coordination with Municipal Authority.

iv) Reschedule of EMI

Due to happening of unavoidable circumstances viz., long illness or accident or any other reasons beyond his/her control, the branch in consultation with concerned office of Municipality, may reschedule payment of usual EMI or overdue EMI.

v) Liquidation of loan

After full repayment of loan, financing branch will issue complete recovery certificate intimating the concerned office of Municipality and discharge all required papers to the borrower

DOCUMENTS REQUIRED

- Application Form in duplicate
- Proof of identification (voter's card / ration card / letter from municipality/ EB bill/ Telephone bill)
- Proof of residence (voter's card / ration card / letter from municipality EB bill/ Telephone bill)
- Recent Passport size photograph (3 copies) including those affixed in application
- Income Certificate from Municipality
- Sanctioned Plan along with a copy of deed (patta) & Mutation Certificate
- Demand Promisory Note
- Memorandum evidencing deposit of title deeds
- Certificate Form to be issued by Concerned Municipality duly recommended
- Housing Loan Agreement
- Agreement of cross guarantee