

CHAPTER – IV

POSITION OF PNBHFL AND LOAN PROCEDURE

4.1 Position of PNBHFL :

4.11 History of PNB Housing Finance Limited:

PNB Housing Finance Ltd.¹ is a wholly owned subsidiary of Punjab National Bank. This company is mainly providing housing finance to individuals as well as corporate bodies. They have also entered in to investment in shares and securities. PNB Housing Financing Ltd. established in the year 1988. Its subsidiary of the 2nd largest PNB bank in India, over the last 24 years of its existence. PHBHFL has become a name to be reckoned with amongst the seasoned housing loan companies in the home finance industry. Transparency, integrity and consistency are strength of this company. In Dec. 2009 Punjab National Bank divested 26% of its stake in favour of testimony enterprise Pvt. Ltd. A specialized retail financial service company. PNB Housing is a primarily engage in granting house loans. PNB Housing offer loan for purchase/construction of houses and commercial properties, loans for repairs/renovations/upgradations of the immovable residential properties. The company also offers non-housing loans to builders and body corporate houses and loans against mortgage of existing residential properties to individuals for their personal requirements such as for education/marriage of children, family functions, foreign travels, Medical expenses, furnishing the houses buying a computer or other consumer durables etc. Some of the loans scheme includes 'APNA GHAR YOJNA', 'GRIH SUDHAR YOJNA', 'LOAN AGAINST PROPERTY', 'COMMERCIAL PROPERTY' etc. Besides this PNB housing also provided fixed deposits facilities and home loan insurance in association with TATA AIG Life Insurance Co. Ltd.

¹ Staff Training manual of PNBHFL.

PNB housing finance ltd. provides a wide array home loans to address varied customer needs, the bank provides loans to individuals against mortgage of their existing residential immovable property situated in urban/semi-urban/metro centers.

4.12 Objectives of PNBHFL :

'To each one a home of his own' is the main objective of PNBHFL. It renders liberal financial assistance for purchase / construction of residential houses / flats. The following are objectives of PNBHFL:

These objectives are divided into three parts these are:-

- People oriented
- Customer Oriented
- Ethical Oriented

People Oriented:

- To feel people are our only assets.
- To grow talent, work inclusively with humility, continuously learning.
- To empower our people
- To enable high performance, recognize and reward only performance.
- To give responsibility and demand accountability
- To believes work in teams and take complete ownership of our doings.
- To provides great places for employees to work.

Customer Oriented:

- To build long term relationship – “Ghar ki Baat”
- To understanding expectations of the real estate developers and also gives solutions.
- To try to understand interest of customers and also give responsible advice.
- To deliver “Attithi Deva Bhava:
- To satisfied customers because they are brand ambassadors.

Ethical Oriented:-

- To believes in our professional ethics – ‘we do the right things, we do things right’.
- To encourage and respond for open communication.
- To take prudent business risk.
- To contribute nation & well-being.

4.13 Awards to PNBHFL :

PNB Housing Limited proudly marches into its Silver Jubilee year abler completing 24 years of impeccable record of serving its customer since its inception in the year 1988. PHBHFL a subsidiary of the 2nd largest bank in India, Punjab National Bank, takes pride in being one of the pioneers in public sectors housing finance companies of India.

Over the last 24 years of its existence, PNBHFL has become a name to be reckoned with amongst the seasoned housing loan companies in the home finance industry.

- As per NHB refinance guideline the company is required to submit half yearly certificate as on 30th September and 31st March disclosing therein the difference hypothecated book debts and refinance outstanding. The Adverse balance if nay is being paid within two months of close of half year as per NHB direction [Advance Balance as on 31-03-06 is Rs. 95,770,658 previous year Rs. 109, 985, 223/-]
- The company has been complying with the guidelines and direction issued by the NHB on assets classification, accounting standers, income recognition, provisioning, capital adequacy, concentration of credit rating etc. as amended from time to time during the year, NHB has reduce the risk weight from 75% to 50% on housing loan below Rs. 20 lacs.
- The company has complied with the provision of section 58A, Section 58AA or nay other relevant provision of the Companies Act

1956 and the companies [Acceptance of Deposit] Rules, 1975 to the extent applicable and the Housing Finance Companies [NHB] Directions 2010 with regard to acceptance of deposit from the public.

- The company does not give any loan and advance against pledge of shares debentures or other securities as primary security.
- The demand loan granted by the company under Public Deposit Scheme complies with requirements of the NHB guidelines and that of section 58A and section 58AA of the Companies Act 1956.
- The Company did not avail refinance assistance from National Housing Bank, the total outstanding of refinance from NHB was Rs. 171.63 crores as on 31st March 08 as against Rs. 258.00 crores in the previous year.

4.14 Physical & Organizational Structure of PNBHFL:

To enable the organization to achieve its set objective, it must go on spreading regionally on some geographical criteria. As it was established in 1988, the head office of the PNBHFL called “Corporate Office” is located in Delhi.

Table 4.1
Physical Structure of PNBHFL

S.No.	Offices	Number	Places
1.	Corporate Offices	01	Delhi
2.	Area Offices	31	Different Place in India

Source : Staff training manual of PNBHFL.

According to Table 4.1 corporate office the next link of the PNBHFL is area office, generally there is an area office in every divisional center of the PNBHFL and present 31 area offices are in operational nationwide.

Chart 4.1
Organizational Structure of Corporate Level

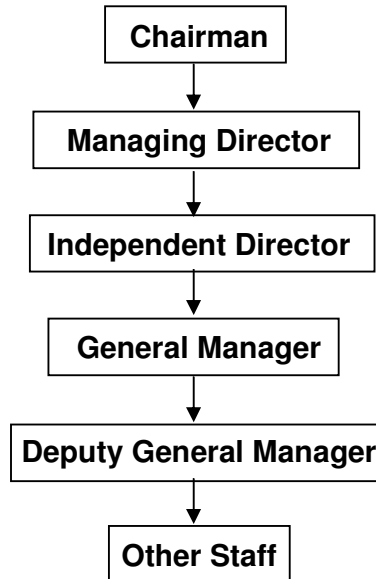
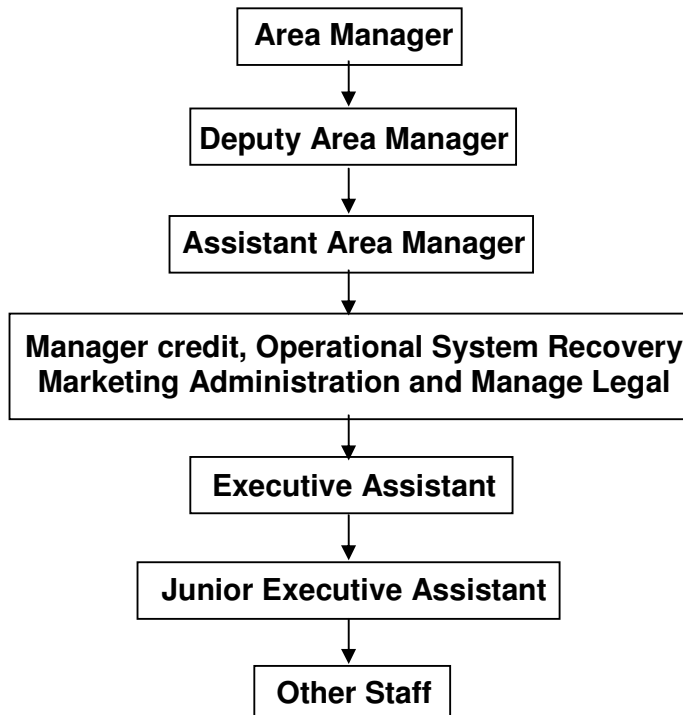


Chart 4.2
Organizational Structure at Area Office



4.15 Prudential Norms for PNBHFL :

- The NHB has issued guidelines to Housing Finance Companies [HFCs] on prudential norms for income recognition, provisioning assets classification, provisioning for bad and doubtful debts and capital adequacy ratio.
- The capital adequacy ratio was 16.51% as against National Housing Bank [NHB] requirement of minimum 12% of total risk weighted assets.

4.16 Human Resources :

As on 31-03-2008 the company had 209 employees [including 36 employees on deputation from PNB and 26 outsourced]. In terms of provision of section 217(2A) of the Companies Act 1956 read with companies rules, no employee of the company whether employed for the full financial year or for a part of the year was in receipt of remuneration as prescribed under the said provisions.

4.2 TERMS AND CONDITION OF PNBHFL :

4.21 COST OF CONSTRUCTION AND PROPORTION OF LOAN :

Utilization of Loan Amount :

The Borrower shall utilize the entire Loan Amount for the Purpose as indicated by him/her/them in the Loan Application and for no other purpose whatsoever. Further PNBHFL may require end use certificate/declaration by the chartered accountant and/or from the Borrower at sole discretion of PNBHFL.

Construction & Purchase :

The Property shall be acquired and/or constructed on the land comprising the Property as indicated in the Loan Application /Schedule and in accordance with the sanctioned plan for the same, and the

Borrower shall obtain and produce to PNBHFL a proper true copy of such sanction plan. In case the construction of the Property is being undertaken by the Borrower, the Borrower covenants that he/ she/they shall complete the said construction of the Property strictly as indicated by him/her/them in his/her/their Loan Application and not otherwise, and obtain and produce to PNBHFL a proper occupation/completion certificate issued by the concerned Municipal Corporation/Municipality or other Government Authority concerned. Further, the Borrower shall complete the purchase of the Property as stated in the Loan Application and produce to PNBHFL a proof of proper completion certificate issued by the relevant Statutory Authority, municipal corporation, municipality or other local authority and all other documents PNBHFL may require in connection with the purchase of the Property.

The maximum amount that you can borrow depends on factors such as

- The purpose of the loan.
- Whether it is for purchase of property or improvement or renovation.
- Or purchase of land for development etc.
- Beside your residential status (whether resident Indian or non resident Indian) will also be significant on the maximum quantum of loan that you can borrow typically home loans are provided for in the range 75-85% of the cost of property including cost of land.
- PNB provides home loans for the construction or purchase of house / flat, purchase of house/flat on first power of attorney basis from the original allottee
- The home loan can also be availed for carrying out repairs renovations, additions, after alterations to the existing house or flat of the applicant.
- A special feature of PNB Housing Loan is that it provides life insurance cover on payment of one time premium.

- The bank finances 75% money required for the construction of house or for the purchase of house / flat.
- If an individual avails home loan from the bank for the purpose of repairs / renovation / addition / alteration of his / her home, then 75% of estimated cost is finance by the bank, subject to a maximum limit of 20 lakhs.
- The bank provides loan up to Rs. 20 lakhs for the purchase of land or plot.
- If the applicant wants to furnish his / her house, then he/she can opt PNB Home Loan and avail of a maximum of Rs. 2 lakh loan amounts.

4.22 Security for Loan :

- **Additional Security** : Bank usually take some additional security which are called collateral securities. Collateral could be in the form of guarantee from one or two persons assignment of life insurance policies the surrender value of which should be equal to the loan amount deposit of shares and units or other securities, these additional securities are taken just incase a loan is not paid back, recourse may be taken to such securities instead of depending upon the mortgage of the property.
- The Borrower shall create / cause to be created such Security, and/or such other assets of the Borrower, and/or any other Person acceptable to PNBHFL, and/or cause such guarantee to be furnished, as may be considered appropriate by PNBHFL, in favour of PNBHFL, in a form and manner satisfactory to PNBHFL, as Security for payment/Repayment of Principal Amount, Interest, Commitment Charges, Other Charges and all other monies whatsoever stipulated in, or due, or payable by the Borrower under this Agreement.

- For the consideration aforesaid and as continuing security for the performance of the obligations hereunder and to secure the Outstanding Amount, the Borrower, as legal and beneficial owner of the Property and/or Receivables, hereby hypothecates all the Receivables by way of hypothecation charge in favor of PNBHFL in the manner and/or on the basis as specified in Schedule attached hereto and hereby further creates irrevocable right of lien and set off over the monies lying and credited into the Escrow Account.
- In case when the Loan is sanctioned/granted/continued to the Borrower by PNBHFL in consortium or multiple banking arrangements with other banks/entities (the “ Other Banks”/”Other Entities”) then the first/ second charge by way of hypothecation over the Receivables created by the Borrower in favour of PNBHFL, will be treated as pari passu charge thereon, subject to the Other Banks also confirming/conferring/ceding similar pari passu charge over the Receivables created/to be created in their respective favour by the Borrower, to PNBHFL and this Agreement will read and be construed to mention the exclusive / first / second pari passu charge by way of hypothecation accordingly.
- PNBHFL shall have right to ask the Borrower to provide such necessary documents executed in favour of PNBHFL in order to create Security in the form, manner and within period satisfactory to PNBHFL which may inter alia, include deed of hypothecation, declaration for creating equitable mortgage, escrow agreement, demand promissory note, letter of continuity, deed of guarantee, deed of pledge, letter of lien and set off, and/or any other document required by PNBHFL in relation to creation of Security.

- The Borrower agrees to create/execute/extend Security within the period initially specified solely by PNBHFL or such extended period as PNBHFL may in its sole discretion allow.
- In case the Borrower does not create/execute the Security within the time specified by PNBHFL or duly extended, PNBHFL shall be entitled to charge Additional Interest as may be prescribed by PNBHFL, so long as the said Security is not created/executed/extended to the satisfaction of PNBHFL. The Additional Interest payable by the Borrower under this Article shall be in addition to any other Additional Interest payable by the Borrower in respect of delay in payment of EMI, PEMII or any other Outstanding Amount in terms of Article 2.6¹.
- In case of Borrower defaults in creation of Security within the time so specified or extended, PNBHFL shall be entitled, in addition and without prejudice to the charge of Additional Interest under Article 3.5(b) to recall the amount outstanding under the Loan.
- In case the Property is under construction, the Borrower shall hypothecate all amounts deposited/to be deposited with the vendor/builder from whom the Borrower has purchase d/agreed to purchase the Property, present and future, which are due or may become due to the Borrower, for the purchase of such Property, by executing a deed of hypothecation in the form and manner satisfactory to PNBHFL.
- In case the Property is under construction, the Borrower hereby agrees confirms and undertakes that on the completion of construction of the Property, the Property shall stand charged in

¹ <http://www.pnbhfl.com/pdf/Terms-and-conditions.pdf>

favour of PNBHFL as mentioned in the Schedule, and the Borrower shall do all necessary acts, or comply with necessary formalities/procedural requirements in relation to the same, as may be required by PNBHFL.

- In case the title of the Property is to be transferred in the name of the Borrower at a future date the Borrower undertakes to create/execute the mortgage/hypothecation/pledge of the Property, when the title is transferred in his/her/their favour after fulfilling all the terms and conditions antecedent to it or within the time limit as prescribed by PNBHFL and mentioned in the Schedule, or such further time as PNBHFL may allow in its discretion.
- Registration of Charges: Where the Borrower is a body corporate, it shall cause the charges created under this Agreement to be registered with the Registrar of Companies in accordance with the provisions of section 125 of the Companies Act, 1956 within the prescribed time and furnish the certificate of registration to PNBHFL.
- Sufficiency of Security Where PNBHFL, in its sole discretion during the subsistence of this Agreement, is of the opinion that the security(ies) provided/to be provided by the Borrower has become inadequate/ insufficient to cover the Loan and/or Outstanding Amount and/or other dues, the Borrower shall, on demand, provide and furnish to PNBHFL such additional/alternate security(ies), as may be acceptable to PNBHFL. PNBHFL shall, after giving written notice to the Borrower, be entitled to recover any of its dues under this Agreement from the Security(ies)/Additional Security(ies). The Borrower shall execute all relevant documents which are necessary for such recovery and asked by PNBHFL.

- Continuing Security: Security furnished/to be furnished or procured or to be procured by the Borrower in connection with the Loan shall remain a continuing Security to PNBHFL and binding upon the Borrower.
- Shall not be discharged by intermediate payment or Repayment by the Borrower or any settlement of accounts by the Borrower so far as any part of the Outstanding Amount remains outstanding to be paid by the Borrower;
- Shall be in addition to and not in derogation of any other Security which PNBHFL may at any time hold in respect of the dues of Borrower;
- Shall be available to PNBHFL until all accounts between PNBHFL and the Borrower in respect of the Outstanding Amount/Loan are ultimately settled to the satisfaction of PNBHFL; and
- The Security Interest also secures any other loans which the Borrower has availed earlier or receive in future from PNBHFL and any other amounts the Borrower owes PNBHFL for any reason now or in future.
- It will be the duty and responsibility of the Borrower to obtain all necessary permission of any authority / bank / financial institution / any other Person, if required for the creation/extension of the Security hereby agreed by her / him / their to be created in favour of PNBHFL and it will be open to PNBHFL to refuse to Disburse the Loan Amount, stop making further Disbursement and/or recall the Outstanding Amount under the Loan, until and unless such permission is procured and Security is created within the period as specified by PNBHFL in this Agreement or otherwise.

- The Borrower agrees and acknowledges that each Security secures all amounts the Borrower owes to PNBHFL at any time on any account (including in connection with the Loan). Even if the Borrower repays the balance owing, PNBHFL need not release any Security until PNBHFL is satisfied that no other amount is due or may become due for payment to PNBHFL by the Borrower..
- The Borrower agrees to execute an irrevocable power of attorney in favour of PNBHFL to carry out his/her/their obligations in respect of creation of Security, and all matters incidental thereto. It is clearly understood and agreed by the Parties that execution of the Power of Attorney shall not absolve the Borrower from her/ his/their obligations and undertakings to create mortgage within the period specified. Further, execution of the Power of Attorney shall not prejudice any of the rights of PNBHFL to recall the Outstanding Amount for non-creation of Security, or for charging of Additional Interest for delay in creation of Security.
- It is further understood and agreed that PNBHFL shall not be bound to exercise its powers and shall not be liable in any manner whatsoever for the exercise or non-exercise of the powers under the Power of Attorney executed/to be executed by the Borrower.
- The Borrower further agrees that in addition to creation of Security for the Loan, and executing any power of attorney, the Borrower shall also.
- Execute demand promissory note in favour of PNBHFL for the Loan Amount, in the form and manner satisfactory to PNBHFL;
- Assign any life insurance policy on the life of the Borrower, in favour of PNBHFL, under such plan and for such sum assured as may be required and approved by PNBHFL;

- Execute agreement, undertaking, bond, deed of guarantee by surety of sound financial standing in the form and manner satisfactory to PNBHFL, and execute such other agreement, along with an irrevocable power of attorney, inter alia, authorizing PNBHFL to sell/transfer/convey the Property on the occurrence of any Event of Default during the currency of this Loan and/or on the occurrence of any event of default under any other loan granted to Borrower, whether by PNBHFL or any other Person, to the Borrower before or hereafter.
- The Borrower agrees/consents that the Borrower shall not have any objection for PNBHFL to avail refinance from NHB/financial institutions and the Borrower hereby permits PNBHFL to avail refinance from NHB and other financial institution and the Borrower hereby permits PNBHFL as a Security holder to transfer its interest in the Security (charged to PNBHFL), to the NHB or any other financial institution as security for the refinance to PNBH.

4.23 Tenure of Loan :

- You will get the housing loan for a maximum period upto 25 years, inclusive of moratorium period, if any, or upto your age of 65 years, whichever is earlier. The bank may, at its discretion, subject to maximum repayment period of 25 years, permit the repayment.
- Upto your age of 70 years. Moratorium or repayment holiday may be permitted where the house is constructed till completion of construction or 18 months (6 months in case of repair / renovation / addition / alteration) from the date of disbursement of first installment of the loan, whichever is earlier.
- However, in case of finance for under construction house / flat from private builders, maximum moratorium of 36 months or possession whichever is earlier may be permitted subject to monthly servicing of interest.

- In case of joint-borrower, the repayment period is fixed according to the age of younger borrower, depending upon the repaying capacity.
- The term of the Loan shall be the period as stated in the Schedule or the period as revised/increased by PNBHFL, from time to time, at its sole discretion keeping in mind the increase in PNBHFR and/or increase in the time period to complete the construction of the Property and/or any other reason as PNBHFL may deem fit (hereinafter referred to as the “ Loan Term”).
- The Loan Term may be extended by PNBHFL, at the sole discretion of PNBHFL, upon written request from the Borrower, for such period as PNBHFL may deem fit.
- If the Borrower does not fully draw down the funds by the end of Availability Period, PNBHFL may vary the term of the Loan Agreement (including the PEMII, the EMI or the number of EMIs) and it would be sole discretion of PNBHFL to even downsize the Loan Amount

4.24 Interest rate :

- Most banks follow the yearly reducing-balance method, which accounts for your principal repayments only at the end of their financial year. As a result, you pay interest on the principal that you have already returned to the bank. The effective interest rate is therefore higher than the quoted interest rate by around 0.7%. Some banks may also follow the daily or monthly reducing balance method, which results in a lower interest burden.
- The interest on home loans is usually calculated on monthly reducing or yearly reducing balance. In monthly reducing balance, the principal on which you pay interest reduces every month as you

pay your EMI. However in yearly reducing balance, the principal is reduced at the end of the year, therefore you continue to pay interest on a certain part of the principal which you have actually paid back to the bank, which basically means the EMI for the monthly reducing system is effectively lesser than the yearly reducing system of calculating the interest.

- Fixed rate of interest means that the interest rates remain FIXED for the entire duration the loan. This basically means that you do not benefit, even if the rates of interest drop in the market.
- This is the rate of interest that fluctuates according to the market lending rate.

Interest rate structure

Bank Name	Floating interest rate	Per Lakh EMI	Processing Fees
PNB Housing finance	10.50% (for salaried / SEP), 11% (SENP)	Rs. 998 (For Salaried / SEP), Rs. 1032	0.5

- The Borrower shall be liable to pay fixed rate of interest on the Loan Amount and Outstanding Amount as per Schedule to the Agreement. Or The Borrower shall be liable to pay fixed rate of interest for initial period and after initial period at floating rate of interest on the Loan Amount and Outstanding Amount as per Schedule to the Agreement. Or The Borrower shall be liable to pay floating rate of interest at a rate as varied by PNBHFL in terms of this Agreement and the PNBHFR applicable to the Loan as at the date of execution of this Agreement and as stated in the Schedule.

- The Parties agree that PNBHFL, at its sole judgment and discretion, may resolve to increase or decrease or change rate of interest based on applicable PNBHFR and PNBHFL shall intimate or provide notice in this regard to the Borrower and as updated on web site of PNBHFL from time to time for information to the Borrower and public at large. The Borrower further agrees and undertakes that the change in any of the rates of Interest and the periodicity thereof shall also be binding upon any Guarantor(s) in terms of any agreement of guarantee executed/to be executed by such Guarantor(s). Further, the Borrower agrees, undertakes and covenants with PNBHFL, to reimburse or pay to PNBHFL, such amount as may have been paid or become payable by PNBHFL, to any Government Authority, on account of any Tax and/or Other Charges levied on Interest paid by the Borrower (including any Interest on any PEMII / Installment on the Loan), by any Government Authority. The reimbursement or payment shall be made by the Borrower as and when called upon to do so by PNBHFL or by such Government Authority

4.25 Equated Monthly Installment:

Equated Monthly Installment or “EMI” means the amount payable by the Borrower in each calendar month, which is necessary to repay all Outstanding Amount, during the Repayment period of the Loan and described in the Schedule.

4.26 Cost of Loan:

Banks charge fees at the time of application (processing fee) and at the time of loan sanction (administrative fees). The processing fee is either a fixed amount not linked to the loan or it may be a percentage fee. And as for the administrative fee, 1% of the loan amount sanctioned will have to be paid. Both the processing fees and administration fees are payable upfront.

Home loans may also be accompanied by the following extra costs :

- **Interest Tax** : is the tax payable on the interest paid on a home loan and not be principal. This tax is some times included in the interest rate of the loan or may be charged separately as interest tax.
- **Commitment fees** : Some banks levy a commitment fee in case the loan is not availed of within a stipulated period of time after it is processed and sanctioned.
- **Miscellaneous costs** : It is somewhat possible that some banks may levy a documentation or consultant charges.

Processing fees and documentation fees

Loan amount	Processing fees
Upto 30,00,000	0.50% (Max 20,000)
Above Upto 30,00,000	50,000 + taxes as applicable
Documentation charges	1350 + all other out of pocket charge viz. advocate fees, valuation charges, central registry etc.

4.27 LOAN SANCTION PROCEDURE :

- Submit your loan application along with required set of documents.
- Your application would be accessed on the basis of various eligibility and funding norms.
- A property valuation ad title check may be carried out by the company representative to determine the property value and legal clearance of the property to arrive at the loan amount.
- Based on the internal and regulatory guidelines, PNBHFL may approve or reject the loan application.
- Submission of the original property documents are required along with signing of agreements, handing over of registered property papers and submission of post-dated cheques / ECS.

- Upon finding all the documents in order, PNBHFL will disburse the loan amount to the developer / contractor based on the progress of construction. The EMI / Pre-EMI will commence after the disbursement.

Your home loan eligibility is determined by your repayment capacity, taking into consideration factors such as : Your :

- Income.
- Qualifications.
- Age.
- Spouse's income.
- No. of dependants.
- Stability and continuity of occupation.
- Assets / Liabilities

While applying for housing loan, customer required to furnish the following information / documents :

- Loan application form, duly completed, with photograph.
- Identity proof.
- Address / Residence proof.
- Age proof.
- Education qualification proof.
- Home proof.

Salaries class : Salary certificate issued by the employer (indicating gross and net salary), Income tax return, bank statement of salary account for last six months.

Agriculturist : Record of land holding and cropping pattern or any other proof of income.

For all other individuals : Last 3 years income tax returns or assessment order and computation of income statement, bank statement of account for last six months.

- Income proof of spouse / earning children co-borrowers (if applicable).
- Undertaking of the borrower / co-borrower as to whether he / she owns residential property in -

Salaried Employees	Self Employed / Professionals
Duly filed application form with photograph.	Duly filed application form with photograph.
Age proof (PAN card, passport, any other certificate from statutory authority).	Age proof (Pan card, passport, any other certificate from statutory authority).
Residence proof (Passport, driving license, telephone bill, ration card, election card, any other certificate from statutory authority).	Residence proof (Passport, driving license, telephone bill, ration card, election card, any other certificate from statutory authority).
Educational qualification proof (last degree)	Educational qualification proof (last degree) (for professionals)
Latest Salary slips for last 3 months.	Certificate of proof of business existence along with business profile
Form 16 for last 2 years.	Last 3 years income tax returns (self and business) with profit and loss account and balance sheets duly certified / audited by a chartered accountant.
Last 6 months bank statements (salary account)	Last 12 months bank account statements (self and business)
Processing fee cheque in favour of PNB housing finance ltd.	Processing fee cheque in favour of PNB housing finance ltd.
Photocopy of title documents of the property, approved plan etc.	Photocopy of title documents of the property, approved plan etc.

- A Disbursement under this Agreement shall mean any payment of the Loan Amount, or any part thereof, made by PNBHFL in terms of Article 2.8 (Mode of Disbursement) of this Agreement.
- The Disbursement under the Loan shall be made through account payee cheque drawn in favor of the Borrower/ Designated Representative/vendor of the Property/supplier of material, goods or services or by credit to the Designated Account or, as the case may be, at the sole discretion of PNBHFL.
- Disbursements shall be deemed to have been made to the Borrower on the date of cheque or pay order as the case may be. Interest on the Loan will begin to accrue in favor of PNBHFL from the date of cheque or pay order, irrespective of the time taken in transit/collection/realization of the cheque by the Borrower or the payee of such cheque.
- The Loan Amount, or any part thereof, shall be disbursed either in lump sum, or in installments as requested by the Borrower and agreed by PNBHFL.
- The number of installments shall be decided by PNBHFL with reference to the need or progress of construction of the Property, which decision of PNBHFL shall be final, conclusive and binding on the Borrower.
- Any disbursal request made by the Borrower shall form integral part of this Agreement. The Borrower undertakes to acknowledge the receipt of every Disbursement and shall agree to acknowledge receipts of all future disbursements (as applicable) in the form acceptable to PNBHFL.

- In case Disbursement are in installments, PNBHFL shall have the right to demand that, before any Disbursement by PNBHFL; the Borrower shall make full non-funded contribution towards the Purpose as specified by PNBHFL at its sole discretion and provide documentary proof thereof to PNBHFL.
- Collection charges, if any, in respect of all such disbursements shall be borne by the Borrower and to be decided on sole discretion of PNBHFL.
- PNBHFL shall be entitled, at its sole discretion, to pre-pone or postpone any Disbursement, either at the request of the Borrower, or otherwise.
- In the event PNBHFL does not receive or otherwise accede to any request made by the Borrower in accordance with Article 2.7 within reasonable time period, in such case PNBHFL shall not be bound to entertain any further request of disbursement of the Borrower after reasonable period, at sole discretion of PNBHFL.

Mode of Disbursement:

- All disbursements to be made by PNBHFL under or in terms of this Agreement shall be in the name of the Borrower or the Person, as authorised by the Borrower in writing, and shall be made by way of cheque crossed as “A/c payee only” or any other mode i.e. RTGS, NEFT, direct transfer etc., at sole discretion of PNBHFL.
- All Disbursement shall be received by, and duly acknowledged by the Borrower or by the Person for and on behalf of the Borrower as authorized by the Borrower in writing. The Borrower hereby confirms that such authorised Person will be fully authorized to accept the Disbursement for and on behalf of the Borrower.

- Any Disbursement made shall be subject to the minimum Disbursement amount as specified by PNBHFL at its sole discretion.
- In case, the Borrower opts for payment to be made by postdated cheques, the Borrower confirms and agrees that the applicable rate of interest and terms thereof will be as on the date of execution of this Agreement and as on the date of the cheque which is only relevant for the purposes of accrual of interest. Therefore, any reduction in interest rate prior to the realization of the cheque and after the date of execution of this Agreement will not be available to the Borrower. Similarly any increase in the interest rate prior to the realisation of the cheque and after the date of the execution of this Agreement will not be passed on the Borrower.
- In case any Disbursement is required to be utilized for the construction of the Property and/or payment of purchase consideration to the vendor/seller of that Property, then in that event or situation the Disbursement shall be made directly to the vendor/seller of the Property and/or designated representative of the Borrower, as the case may be.
- In case any Disbursement is required to be utilized for the construction of the Property and/or payment of purchase consideration to the vendor/seller of that Property, then in that event or situation the Disbursement shall be made directly to the vendor/seller of the Property, as the case may be.

Repayment :

- The Borrower undertakes to Repay the Loan Amount along with Interest, Additional Interest and/or Other Charges during the Loan Term, in the manner and when due, as stated in this Agreement, and as detailed in the Schedule.

- The Borrower undertakes to make all Repayments of the Loan Amount, Interest and Additional interest and other charges, in EMI subject however, that in the event of any delay or advancement of Disbursement for any reasons whatsoever, PNBHFL shall have the discretion to refix the EMI and the due date for Repayment.
- The Borrower shall pay every EMI during every English calendar month from the month of commencement of the Loan.
- The Borrower shall pay PEMII to PNBHFL on monthly basis during every English calendar month on the Disbursement made until the commencement of EMI.
- Notwithstanding the provision of Article 5.3(a) of this Agreement, in the event that PNBHFL permits the Borrower, in writing, to let out the Property, the Borrower hereby agrees, in addition to the payment of EMI as mentioned above, to deposit the specified percentage of the amount of rent or profits accruing to the Borrower (as specified by PNBHFL at its sole discretion) every month in respect of the Property in the Loan Account towards the reduction of Borrower's liability. Further, the Borrower covenants and undertakes that the Property shall be let out by a proper legal instrument (lease or rent deed/agreement) and further that the Borrower shall submit a copy of such instrument with PNBHFL within 7 (seven) days of execution of such legal instrument.
- The Borrower further agrees to pay, within seven (7) days of any demand for the same by PNBHFL, the Other Charges payable by the Borrower irrespective of PEMII or EMI fixed by PNBHFL, failing which the Borrower shall be liable to pay Interest and Additional Interest or such Other Charges at the rate as may be applicable under Articles 2.5 and 2.6 of this Agreement.

- The Borrower hereby undertakes to pay the Outstanding Amount on the terms and conditions mentioned herein and/or in the manner as stated in the Repayment Schedule as otherwise stated by PNBHFL time to time at its sole discretion.
- The Borrower hereby agrees, confirms and undertakes that the payment of Outstanding Amount shall be made either by account payee cheque/demand draft drawn in favour of PNBHFL or by debit to the Escrow Account or RTGS/NEFT/ECS and/or any other mode as may be specified by PNBHFL at its sole discretion.
- The Borrower hereby agrees, confirms and undertakes to replenish Repayment mode (ECS or Post Dated Cheques) after initial set of PDCs are used by PNBHFL. The Borrower further agrees and undertakes to submit new set of ECS documents for the repayment, in case the same is required by the bankers of both the parties. In case Borrower does not replenish the Repayment mode on time, monthly service fee as mentioned in Schedule of Charges shall be levied to Borrower's loan account.
- In case the payment of the Outstanding Amount is required to be made to PNBHFL through Escrow Account, the Borrower shall.
- issue necessary irrevocable instruction to its/his/her/their banker in the prescribed manner to debit the Escrow Account with the Outstanding Amount due on the relevant date as per Repayment and/or as otherwise specified by PNBHFL ("Letter of Instruction") and shall provide copy of such Letter of Instruction to PNBHFL as acknowledged by such banker and/or if required by PNBHFL, shall provide an original copy of letter issued by such banker stating the compliance of the Article 6 of this Agreement; and shall submit the copy of Repayment Schedule and/or any other document(s) as required by PNBHFL to be submitted to its/his/her/their banker.

- Notwithstanding the Repayment of the Loan Amount and Interest in installments and Other Charges in the manner as stipulated herein, the Borrower shall remain liable to pay all Outstanding Amount after adjustment of the above Repayments.
- Notwithstanding Article 2.9 above, PNBHFL shall have the right at any time or from time to time to review and reschedule the Repayment terms of the Loan Amount or of the Outstanding Amount thereof. However, PNBHFL shall inform the Borrower regarding such rescheduling of the Repayment terms of the Loan Amount.

Delay in Payment:

- No notice, reminder or intimation shall be given to the Borrower regarding his/her/their obligation(s) to pay the EMI or PEMII regularly on due date. It shall be entirely the responsibility of the Borrower to ensure prompt and regular payment of EMI or PEMII.
- Any delay or default in payment of EMI or PEMII or Other Charges shall render the Borrower liable to pay Additional Interest on the amount in default as per the rate decided by PNBHFL at its sole discretion, or at such other rate as may be prescribed by PNBHFL treating default for any part of month as a default for the full month.
- It is agreed to between the Parties that levy of the additional interest by PNBHFL on account of any delay by the Borrower in not making timely payments under the Agreement shall be over and above the applicable penal charges. Any default by the Borrower in making payments for EMI or PEMII and/or any other payments due and payable by the Borrower to PNBHFL shall be treated as an “Event of Default” under Article 7.1 of this Agreement

4.3 HOUSING FINANCE BY PNBHFL :

- **4.31** PNB Housing Finance Limited is a wholly owned subsidiary of Punjab National Bank one of the leading Nationalized banks of India. PNB provide a wide away of home loans to address varied customer needs the bank provides loans to individuals against mortgage of their existing residential immovable property situated in urban / semi-urban / metro centers.

Table 4.2
Housing Loan schemes of PNBHFL

S.No.	Name of the Scheme	Description
RESIDENTIAL INDIAN		
1 (a)	Apna Ghar Yojana	Loan for purchase a flat, villa apartment or an independent floor.
(b)	Apna Ghar Yojana	Loan for the purpose of self construction of residential house.
(c)	Apna Ghar Yojana	Loan for the purpose of residential premises, we provide loan for purchase of a residential plot in an urban area.
2 (a)	Ghar Sudhar Yojana	Loan for the purpose of complete renovation of an already owned residential property, up gradation or funds for repair of house / flat.
(b)	Ghar Sudhar Yojana	Loan for repayment options available you can easily add more
NON-RESIDENTIAL INDIAN		
3.	Home Loans for NRI	Loan for purchase, construction, repairs & renovation

1. APANA GHAR YOJANA :

We provide housing finance to individuals for construction or for acquisition / purchase of house / flat from development authorities such as DDA/HUDA/PUDA/RHB etc. and also from private builders / groups housing societies. We consider enhancement in loan amount in the event of escalations in cost.¹

ELIGIBILITY :

- a) Individuals in permanent service or having their own business (Resident or non-resident)
- b) Actual loan eligibility shall be on the basis of repayment capacity as determined by PNBHFL taking into account income, age, qualification and occupation.
- c) Income of borrower(s) / co-borrowers(s) shall be clubbed together for calculation of loan eligibility / the level of finance in case of joint application. Subject to guidelines of the company.

MARGIN :

The borrower's contribution shall be minimum 20% of the total cost of project, including stamp duty and registration charges.

INTEREST RATES: (Effective from 1.8.2011) (Present PNBHFR 14.25%)

Loan Amount	Salaried and Self employed Professionals	Self employed non-professionals
Up to Rs. 30 Lacs	11.75%	11.25%
Above Rs. 30 Lacs to Rs. 75 Lacs	11.00%	11.50%
Above Rs. 75 Lacs	11.25%	11.75%

¹ <http://www.pnbhfl.com/Service/ApnaGhar.aspx>

SECURITY:

Security for the loan is first charged by way of equitable/registered mortgage of the property to

2. GHAR SUDHAR YOJNA :

Under “Ghar Sudhar Yojna”, we make available housing finance to individuals for up gradation, renovation or repair of house/flat. It includes among others, internal & external repairs, water proofing, roofing, flooring, electrical, woodwork etc.

ELIGIBILITY:

Individuals who are in permanent service or self employed or have their own business. Age of the applicant should not be more than 60 years.

LOAN AMOUNT:

Minimum amount of loan is Rs. 50,000. Maximum amount of loan shall not exceed Rs. 10, 00,000. Borrower’s minimum contribution will be 25% of the estimated cost of repairs/renovations. Actual loan amount shall be calculated on the basis of repayment capacity of the borrower as determined by PNBHFL.

INTEREST RATES: (Effective from 1.8.2011)

(Present PNBHFR 14.25%)

For loans up to Rs. 30 Lacs

	Rate of Interest (%)
Salaried and self employees professionals	10.75%
Self employed non professionals	11.25%

SECURITY:

Normally, the security for the loan shall be first charge by way of Equitable/Registered mortgage of the property. However, PNB Housing Finance at its discretion can sanction a loan on the basis of be financed

and/or such other collateral securities as may be necessary. Loans to allottees of flats/houses of development authorities or members of co-op. housing societies or reputed private builders can be considered on the basis of tripartite agreement and/or interim security. With respect to property under construction, interim security may be required. Collateral/interim security may be assignment of Life Insurance Policies, guarantees from sound and solvent guarantors, pledge of marketable shares and such other investments acceptable to PNBHFL.

Loan Disbursement:

For outright purchase of house/flat, the loan amount will be paid in lump-sum to the vendor at the time of registration after satisfying that the borrower has paid/provided for the balance amount. For houses/flats under construction, the loan amount will be disbursed in stages based on the progress of construction. Disbursement will be made after the property has been technically appraised and all legal documentation has been completed. The borrower has to invest his proportionate share of the cost, prior to disbursement of loan.

The loan can be disbursed either in lump sum or installments according to the requirement of the development authority/ society/ private builder.

Loan Repayment:

Loan repayment shall normally be in Equated Monthly Installments (EMI) comprising of principal and interest over a maximum period of 20 years.

- Pari-passu / second charge in the case of Central/State Govt./Public Sector/Nationalized Bank employees and other similar bodies or
- Other securities such as assignment of LIC policies (surrender value at least equivalent to the amount of loan), pledge of marketable shares and such other investments acceptable to PNBHF. Besides this, personal guarantee from sound and solvent guarantors may be asked for.

Loan Disbursement :

A loan will be disbursed in lump sum or in stages (not more than three) based on the progress of renovation/repair. Disbursement will be made after the property has been technically appraised and all legal documentation and other formalities have been completed. The borrower has to invest his share of the cost in full prior to disbursement of the loan. The borrower is expected to complete the repair/renovation within six months.

Loan Repayment :

Loan repayment shall normally be in Equated Monthly Installments (EMI) comprising of principal and interest over a maximum period of 10 years.

3. HOME LOAN FOR NRI :

With over two decades of specialized experience in housing finance, PNBHFL offers a wide range of home loan products to NRIs (Non Resident Indians) and PIOs (Person of Indian Origin) for purchase, construction, repair and renovation of a residential property in India. Ease of applying for a loan with branches spread across India, robust service delivery model and mark to market credit & financial policies help customers build a long term relationship of trust and commitment.

Advantages of taking NRI Home Loan from PNBHFL :

- Pan India branch network
- Robust service delivery model-door step services ensuring easy and fast approval & disbursal of loans
- Excellent post disbursement services
- Facility of enhancement in loan amount in the event of escalations in cost
- Dedicated team of well-experienced employees who work on best-in-class information systems & network to deliver and provide customer satisfaction.
- High standards of ethics, integrity and transparency
- Various repayment options.

Eligibility Criteria:

- You should be an Indian citizen or a Person of Indian Origin (PIO) holding an Indian passport with status of NRI on deputation / employment / assignment.
- You should be working for at least one year in a foreign country before seeking a house loan. The condition of minimum service over one year shall not apply to people going abroad on deputation.
- Your age should not be more than 60 years at the time of loan maturity.

Loan Distribution

- Disbursement will be made after the property has been technically appraised and all legal documentation has been completed.
- For purchase of house/ flat from an individual on resale, the loan amount will be paid in lump-sum to the seller at the time of transfer after confirming that the customer has paid his own contribution.
- For houses/flats under construction, the loan amount will be disbursed in stages based on the progress of construction.
- A customer has to invest his proportionate share of the cost, prior to disbursement of loan. The loan can be disbursed either in lump sum or installments according to the requirement of the development authority/ society/ private builder.

Loan Repayment:

Loan repayment is in Equated Monthly Installments (EMI) comprising of principal and interest through Post Dated Cheques/Electronic Clearance System over a maximum period of 15 years in case of home purchase / construction and 10 years in case of home improvement.

Document Requirement :

Salaried Employees
Duly filled Application Form with Photograph
Age Proof (PAN Card, Passport, Any other Certificate from Statutory Authority)
Residence Proof (Passport, Driving License, Telephone Bill, Ration Card, Election Card, Any other Certificate from Statutory Authority)
Education Qualifications – Latest Degree Copy of Passport/PIO Card
Copy of Work Permit if applicable
Latest three Salary – slips
Appointment letter of current employer
Last two year's income statement from employers
Last 6 months Bank Statement (evidencing salary credits)
Processing Fee Cheque in favour of 'PNB Housing Finance Ltd.'
Photocopy of Title Documents of the Property, Approved Plan etc.

OWN CONSTRUCTION FOR NRI:

Minimum contribution required from a customer will be 20% of the total cost of the property (inclusive of stamp duty and registration charges in case of purchase of property or cost estimate in case of construction / improvement.

Loan amount:

Loan Amount	Maximum Funding*
Up to Rs. 75 Lacs	80% of market value
Above Rs. 75 Lacs	75% of market value

*Subject to market value of the property and repayment capacity of the individual, as assessed by PNBHFL.

- Loan eligibility shall be determined by PNBHFL taking into account income, age, qualification and occupation etc.
- Income of borrower(s)/co-borrower(s) may be clubbed together for calculation of loan eligibility.

Insurance / Customer safety:

PNBHFL, for the safety and extended comfort of its customers, suggests that they should get their property and loan repayments insured to overcome an unfortunate event during the re-payment term of the loan.

For the convenience of customers, PNBHFL has tied up with IFFCO TOKIO, Bharti AXA, ICICI Lombard and TATA AIA – to offer best-in-class products and services at their doorstep.

Property financed is to be insured as per the terms and conditions of PNBHFL.

Security:

Security for the loan is a first charge by way of an equitable mortgage of the property to be financed and/or such other collateral securities as may be deemed fit by PNBHFL. Additional/interim security may be required as acceptable to PNBHFL.

Space to your existing home without worrying about the expenses.

Cost of construction and proportion of loan: Cost of construction and proportion of loan implies that the ratio between the loan facility available in absolute terms and the total estimated cost of construction including the cost of land. The proportion of loan to the total cost of construction is maximum 80%. Generally the loan amount is determined on the basis of the repayment capacity of the applicants. It considers the factors such as age, income, dependents, assets, liabilities, stability of the occupation continuity of income and saving etc.

Security for loan:

The prime security for the loan is by the way of deposit of title deeds and / or such other collateral security as may be necessary. The title to the property should be clear, marketable and free from any encumbrances.

Interest Rate Structure:

Interest is the cost of funds to the beneficiary charges by the organization. It plays an important role in expanding the housing finance the demand for loans is very much affected by the interest rate structure.

The interest rate charged by the Housing Finance Organization should be within the affordable limits of the borrowers.

The rate of Interest (ROI) schemes of PNBHFL is 2 types

Scheme 1 : Floating Interest Rate

Scheme 2 : Fixed floating Interest Rate

Interest Rate for home purchase/construction/extension :

Fixed Rate :

PNBHFL offers '10 years Pure Fixed Rate Scheme' (Limited period offer) w.e.f. 1st September, 2013.

Home Loan Amount	Salaried and Self-employed professional	Self employed Non-professional
Any Loan Amount	11.00% to 11.50%	11.25% to 11.75%

Post 10 years, fixed rate would automatically get converted into floating rate prevailing at that time for the residual loan amount.

Floating Rate :

PNBHFL offers floating rates of interest, linked to its benchmark rate PNBHFLR: 14.50% p.a. Rates are applicable w.e.f. 1st Oct. 2013.

Loan Amount	Salaried / Self-employed professional	Self employed Non-professional
Up to ₹ 10 lac	10.50% to 11.00%	10.75% to 11.25%
₹ 10.01 lac to ₹ 75 lac	10.75% to 11.50%	11.25% to 11.75%
Over ₹ 75 lac	11.00% to 11.75%	11.50% to 12.00%

*The above rates of Interest are subject to change at the sole discretion of PNBHFL.

Interest Rate for Residential Plot Purchase :

Fixed Rate

PNBHFL offers '10 years Pure Fixed Rate Scheme' (Limited period offer) w.e.f. 1st September, 2013.

Plot Loan Amount	Salaried and Self-employed professional	Self employed Non-professional
Any Loan Amount	12.00% to 12.50%	12.25% to 12.75%

Post 10 years, fixed rate would automatically get converted into floating rate prevailing at that time for the residual loan amount.

Floating Rate

PNBHFL offers floating rates of interest, linked to its benchmark rate PNBHFLR: 14.50% p.a. Rates are applicable w.e.f 1st Oct. 2013.

Loan Amount	Salaried / Self-employed professional	Self employed Non-professional
Up to ₹ 10 lac	11.50% to 12.00%	11.75% to 12.25%
₹ 10.01 lac to ₹ 75 lac	11.75% to 12.50%	12.25% to 12.75%
Over ₹ 75 lac	12.00% to 12.75%	12.50% to 13.00%

*The above rates of Interest are subject to change at the sole discretion of PNBHFL.

House lone interest rate for NRIs :

Fixed Rate :

PNBHFL offers you '10 years Pure Fixed Rate Scheme' during festive season (Limited period offer)

Home Loan Amount	Salaried and Self-employed professional	Self employed Non-professional
Any Loan Amount	11.00% to 11.50%	11.25% to 11.75%

Post 10 years, fixed rate would automatically get converted into floating rate prevailing at that time for the residual loan amount.

Floating Rate :

PNBHFL offers floating rates of interest, linked to its benchmark rate PNBHFLR: 14.50% p.a. Rates are applicable w.e.f 1st Oct. 2013.

Last decade's development of Indore very fast. Indore is also operating centers of various university courses. Due to reasons Indore is education hubs of various states, cities and villages. So that outsiders students needs for shelters. PNB Housing offer loan for purchase/construction of houses and commercial properties, loans for repairs/renovations/upgradations of the immovable residential properties. For this purpose some of the loans scheme includes 'APNA GHAR YOJNA', 'GRIH SUDHAR YOJNA', 'LOAN AGAINST PROPERTY', 'COMMERCIAL PROPERTY' etc.

