



CIRCULAR TO ALL BRANCHES/ OFFICES IN INDIA.

Issued by
HRM Dept., BCC, Mumbai

Madam/ Dear Sir,

Re : Staff Housing Loan Scheme – Modification.

We refer to circular No. BCC:BR:106:484 dated 8.12.2014, circular No. BCC:BR:107:117 dated 9.3.2015, circular No. BCC:BR:112:205 dated 7.4.2020, Master Circular on Staff Loans No. HO:BR:112/284 dated 29.6.2020 and circular No. BCC:BR:113/183 dated 3.4.2021 advising revision in Staff Housing Loan Scheme of the Bank.

We are pleased to announce that the Board of Directors in their meeting held on 5th July 2024 has revised certain provisions of the Staff Housing Loan Scheme. These changes are aimed at making the scheme more beneficial to our staff, enabling them in purchasing residential accommodation at a preferred location and improving their overall well-being.

The revised provisions of the Staff Housing Loan Scheme are as under :-

A) LOAN LIMITS

90% of the total cost of the house, subject to maximum limit as mentioned below, whichever is lower :

Grade / Scale	Present Loan Limits (max.)	Revised Loan Limits (max.)
TEG/S-VIII & WTDs*	Rs. 125 lakhs	Rs. 200 lakhs
TEG/S-VI & VII	Rs. 100 lakhs	Rs. 160 lakhs
SMG/S-V	Rs. 90 lakhs	Rs. 150 lakhs
SMG/S-IV	Rs. 80 lakhs	Rs. 140 lakhs
JMG/S-I to MMG/S-III	Rs. 75 lakhs	Rs. 120 lakhs
Clerk	Rs. 60 lakhs	Rs. 75 lakhs
Sub-staff	Rs. 45 lakhs	Rs. 50 lakhs

* Whole Time Directors

B) RESTORATION OF STAFF HOUSING LOAN LIMITS:

Extant provisions for arriving at eligibility.	Revised Criteria.
<p>Employees shall be permitted to avail three Staff Housing Loans within the overall loan ceiling prescribed for Staff Housing Loan subject to the condition that at any point of time, there should not be more than 2 dwelling units in the name of the employee. The amount of loan will be restricted to :-</p> <p>a. 90% of the cost of the house acquired/ amount outstanding, as on the date of application in the loan account raised under public scheme from our bank or any other financial institution to acquire the house OR</p> <p>b. Entitlement as per the staff housing loan limits, reduced by Staff housing loan limit</p>	<p>Employees shall be permitted to avail three Staff Housing Loans within the overall eligible maximum limit stipulated for Staff Housing Loan during their service in the Bank.</p> <p>The eligibility shall be computed as under :-</p> <p>Eligible Staff Home Loan amount Less outstanding principal amount in Staff Housing Loan account(s) which is/ are current and running (i.e. the principal amount which is repaid in the past in all Staff Housing Loan accounts of the employee both active and closed, will be restored), subject to the following criteria :</p>

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availed earlier, irrespective of whether the earlier house is sold or not whichever is lower.

- Maximum loan limits shall not exceed 90% of the total cost of the house.
- the limits shall be restored only for a maximum of 3 times during service of the employee and
- at any point of time, there should not be more than 2 dwelling units in the name of the employee either singly/ jointly.

However, in the event the house purchased from the active Staff Housing Loan is sold then the surplus from the sale proceeds after settling the existing staff housing loan should be first applied towards the purchase of the new house and for the balance, the Bank may consider fresh loan (2nd /3rd staff housing loan) as per the restored and applicable loan ceilings/ limits.

For eg 1: An employee 'X' in S-IV (having an overall loan eligibility of Rs. 140 lakhs as per revised limit) had availed the Staff Housing Loan of Rs. 80 lakhs earlier for purchasing a house in Mumbai and is now interested in purchasing a bigger flat after selling his existing flat to accommodate his growing family's requirement.

Mr. X sold the 1st house for Rs. 100 lakhs and the outstanding balance in his 1st Staff housing Loan account is Rs. 90 lakhs including accrued interest of which principal amount outstanding is Rs. 75 lakhs. The cost of 2nd house proposed to be bought with Staff Housing Loan limits is Rs. 130 lakhs.

Mr. X shall be required to first settle the 1st Staff Housing Loan Account of Rs. 90 lakhs. As per revised criteria, after settling the 1st Staff Housing Loan account, the staff housing loan limit of Mr. X shall stand fully restored to Rs. 140 lakhs.

Mr. X shall now be eligible for 2nd Staff Housing Loan limits up to Rs. 117 lakhs i.e. 90% of the total cost of the house (Rs. 130 lakhs in the instant case) and the balance / margin money of Rs. 13 lakhs is required to be brought by Mr. X, of which Rs. 10 lakhs from the surplus of the sale proceeds of the 1st house and the balance from his own sources.

For eg 2 : An employee 'X' in S-IV (having an overall loan eligibility of Rs. 140 lakhs as per revised limit) had availed the Staff Housing Loan of Rs. 80 lakhs earlier for purchasing a house in Mumbai and is now interested in purchasing a second residential property. The cost of 2nd house proposed to be bought with Staff Housing Loan limits is Rs. 130 lakhs.

The outstanding in the 1st Staff Housing Loan is Rs. 90 lakhs including accrued interest. Out of total outstanding of Rs. 90 lakhs, Mr. X has repaid Rs. 10 lakhs towards principal in the 1st Staff Housing Loan account over the years and the remaining portion is towards accrued interest.

As per revised criteria, the Staff Housing Loan limits of Mr. X shall stand restored to Rs. 70 lakhs (Total eligibility of Rs. 140 lakhs less Rs. 80 lakhs availed in 1st Staff Housing Loan add Rs. 10 lakhs towards principal settled/ repaid in the active/ running Staff Housing Loan account)

Mr. X shall now be eligible for 2nd Staff Housing Loan limits up to Rs. 70 lakhs and the balance can be availed either through the Public Baroda Home Loan scheme of the Bank / brought from own sources, subject to maximum 90% of the total cost of the house as loan from the Bank.

For eg 3: An employee 'X' in S-IV (having an overall loan eligibility of Rs. 140 lakhs as per revised limit) had availed the Staff Housing Loan of Rs. 80 lakhs earlier for purchasing a house in Mumbai and is now interested in purchasing a bigger flat after selling his existing flat to accommodate his growing family's requirement.

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Mr. X sold the 1st house for Rs. 100 lakhs and the outstanding balance in his 1st Staff housing Loan account is Rs. 70 lakhs including accrued interest at the time of sale of property. 1st Staff Housing loan account was settled with the sale proceeds. Surplus sale proceeds with the staff are Rs. 30 lakhs. (Rs.100 lakhs less Rs.70 lakhs)

As per revised criteria, after settling the 1st Staff Housing Loan account, the staff housing loan limit of Mr. X shall stand fully restored to Rs. 140 lakhs.

Mr. X now wants to purchase / construct other residential unit with project cost of Rs. 130 lakhs. Mr. X shall now be eligible for 2nd Staff Housing Loan limits of Rs. 100 lakhs as surplus generated (as stated above) is higher than the minimum margin required.

C) TOTAL DEDUCTIONS FROM SALARY :

Extant provisions	Revised criteria
Total deductions on account of Income Tax, Provident Fund, Interest servicing of SOD, recovery of other loans (excl. flood/ cyclone loans) including recovery towards proposed loan and any other recovery etc. should not exceed 60% of the Gross Salary.	<p>Fixed Obligation to Income Ratio (FOIR) to be calculated on Net Monthly Income as under:-</p> <ul style="list-style-type: none"> ✓ 60% - Net Salary less than Rs. 1,00,000/- p.m. ✓ 65% - Net Salary of Rs. 1,00,000 p.m. to Rs. 2,00,000 p.m. ✓ 75% - Net Salary of more than Rs. 2,00,000/- p.m. <p>Net Salary = Gross Income as per Pay Slip less deductions other than EMI of existing loan(s).</p> <p>The maximum amount of EMI for new Home Loan will be FOIR on Net Income as above less EMI of existing loan(s), if any.</p>

For eg : If the Gross Salary of Mr. X (S-IV) is Rs. 2 lakhs per month.

	DEDUCTIONS	Rs. (per month)
	Deductions reflecting in Pay Slip	
A	Income tax, Professional Tax, Provident fund/ NPS, furniture Rent Recovery etc.	40,000
B	Total EMI reflected in pay slip i.e. Staff Housing Loan, Festival Advance, Staff Conveyance Loan etc.	50,000
C	EMI towards relief loan (flood/ cyclone loans)	6,000
	Deductions not reflecting in Pay Slip	
D	Notional interest on Staff Overdraft – not reflecting in pay slip	3,000
E	Deductions towards any other loan not reflecting in pay slip	20,000

The calculation of FOIR as per revised criteria shall be as under :-

Components of Pay	Amount in Rs. (per month)
Gross Salary	2,00,000
(less) Deductions (A)	40,000
Net Salary	1,60,000
Total deductions permissible towards EMI of loans = 65% of Net Salary	1,04,000
EMI towards Existing Loans (excl. relief loan) (B+D+E)	73,000
Eligible FOIR for Staff Housing Loan (Rs. 1,04,000 – Rs. 73,000)	31,000





In respect of loans sanctioned but not disbursed/ loan disbursed but repayment yet to commence, hence EMI not reflecting in the pay slip, the EMI for all such loans shall be taken into consideration while computing the eligibility for proposed Staff Housing Loan.

D) GRANT OF STAFF HOUSING LOAN FOR CONSTRUCTION OF NEW FLOORS/ EXTENSION OF HOUSE ETC., TREATING IT AS SINGLE UNIT:

Extant provisions	Revised Criteria
<ul style="list-style-type: none"> The staff member has already availed a staff housing loan earlier and now wants to construct a new floor, extension of house etc. undertaking fresh construction with a fresh estimate, even if it is in the same house, will amount to new project. Since the revised scheme now permits staff members to avail staff housing loan for 2nd house also, therefore, for construction of new floor, fresh construction for extension of the house, etc. under a new project, staff housing loan can be sanctioned treating the same at par with that of a 2nd house. However, fresh valuation of the property to be obtained to ensure that the value of the mortgage after construction covers both the Banks's loans, i.e. one taken earlier and the 2nd being sanctioned for fresh project. 	<p>The staff member who has already availed a staff housing loan earlier and now wants to construct one new / additional floor i.e. Ground floor + 1st floor), extension of house etc., undertaking fresh construction with a fresh estimate, then it will be part of the same house/ same home loan subject to overall staff housing loan limits, provided following conditions are complied:</p> <p>(i) Extension of mortgage to be done as per extant guidelines of the Bank.</p> <p>(ii) fresh valuation of the property to be obtained to ensure that the value of the mortgage after construction covers all the Bank's Staff Housing loans i.e. one taken earlier and the loan for new floor/ extension of house undertaking fresh construction etc.</p> <p>The above provision shall be permitted only for construction of one additional floor i.e. Ground floor + 1st floor.</p> <p>However, if a second charge is created in favour of the Bank for construction of the new floor/ extension of house etc., then GM/ CGM (HRM) shall be the Sanctioning Authority to consider such cases, as a deviation looking to the risk factor.</p> <p><i>For eg; If 'X' has constructed the ground floor of the house by availing loan from another Financial Institution/ lender and proposes to construct new floor by availing Staff Housing Loan. In such a case, a second charge will be created in favour of the Bank. Therefore, the interest of the Bank is required to be protected in such cases looking at the risk factor.</i></p>

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E) CONTINUATION OF STAFF HOUSING LOAN BY SPOUSE ON DEMISE OF THE EMPLOYEE :

Extant provisions	Revised criteria
<p>In case of death of the staff member, the staff housing loan is required to be closed immediately. The dependents of the deceased employee shall also have the option to open a housing loan under Bank's public scheme subject to the fulfillment of the terms and conditions of the scheme</p>	<p>In case of death of an existing staff member i.e. death of an employee while in service, the spouse of the deceased employee shall have the option to continue or clear the staff housing loan which was availed by the employee before his/ her death.</p> <p>In cases where the spouse opts to continue the staff housing loan, the same may be permitted as per the original sanction terms of the staff housing loan account, subject to re-assessment of the repayment capacity as under:</p> <ul style="list-style-type: none">- The existing instalment/ EMI should not exceed 60% of the family pension of the spouse, OR- Otherwise, income of the spouse, if any and/ or joint income of any other specified family member i.e. son/ daughter/ daughter-in-law/ brother/ sister/ mother/ father of the deceased employee may be considered for repayment capacity. In such cases, the family member whose income is considered for repayment capacity to be added as co-applicant. <p>The above option to continue the existing staff housing loan shall be extended to the spouse of the deceased employee only in the case of the first house/ second house purchased after sale of the first house availed under staff housing loan scheme.</p> <p>No fresh sanction/ limits shall be made under the said staff housing loan; however, scheduled disbursements as per original sanction may be permitted.</p> <p>The repayment period of such loans shall be restricted to the spouse attaining 65 years of age or maximum tenure of the staff housing loan scheme whichever is earlier.</p> <p>For this purpose, a separate loan scheme code linking the staff housing loan account to Employee Code Number of the deceased employee to be created.</p> <p>The Standard Operating Procedure and detailed operative guidelines for continuation of Staff Housing Loan on demise of employee shall be advised separately.</p>

All other terms and conditions of the Staff Housing Loan Scheme remain unchanged.

We believe these enhancements will further support our staff members to enjoy better living conditions, enhance overall quality of life and job satisfaction.

Yours faithfully,

(SHAIENDRA SINGH)
CHIEF GENERAL MANAGER (HRM & MKTG.)