

<p><b>कार्पोरेशन बैंक</b> ( सार्वजनिक क्षेत्र का अग्रणी बैंक ) प्रधान कार्यालय, डा पे सं. 88 मंगलूर - 575 001</p>	 e-CIRCULAR	<p><b>Corporation Bank</b> ( A Premier Public Sector Bank ) Head Office, PB No.88, Mangalore – 575 001</p>
<b>Retail Lending Division</b> <b>Email : horls@corpbank.co.in</b>		
HO Circular No. 318/2013	Index No. 52.00/29/2013	13-June-2013

**TO ALL THE BRANCHES / OFFICES**

**Subject : CORP HOME DELIGHT & CORP HOME SMART SCHEMES -  
OPTION FOR MIGRATING TO PREVAILING BASE RATE LINKED SLAB  
RATE UNDER FLOATING RATE OPTION**

**HIGHLIGHTS**

**Housing Loans availed under "Corp Home Delight" & "Corp Home Smart" Schemes can be migrated to prevailing Base rate linked Slab Rates by payment of one time conversion charges at 1% + taxes, under floating rate option only.**

- 1.0 Attention of the Branches/Offices is drawn to various Circulars issued from time to time in connection with 'Corp Home Delight' & 'Corp Home Smart' Schemes and charging of correct rate of interest from time to time on the anniversary date of initial disbursement of respective loans.
- 2.0 You may also refer to HO Cir 256/2013 [ Index. No. 52.00/21/2013] dt. 10.05.2013 regarding the guidelines to charge correct rate of interest under Corp Home Delight & Corp Home Smart Schemes.
- 3.0 Corp Home Delight Scheme was under operation from 14.08.2009 to 30.04.2010 whereas Corp Home Smart Scheme was under operation from 19.07.2010 to 30.11.2010.
- 4.0 Interest rates under these special schemes were competitively priced in such a way that during the initial period of three years, rates of interest were much lower than the then prevailing rates and fourth year onwards the rates of interest were to be as per then prevailing slab rate.
- 5.0 With the above interest rate structure, housing loans under 'Corp Home Delight' Scheme, initially charged interest at 8 % to 9.00% during the first three years are now being charged at 10.75% to 13% from fourth year onwards.

- 5.1 Loans under Corp Home Smart Scheme are presently charged at Base Rate to BR+0.50% will be charged at BR+1% to BR+4% on the anniversary date of respective loans at the beginning of fourth year from 19.07.2013 onwards.
- 5.2 In view of the fact that the prevailing interest rates offered by the Bank and also by other leading banks under Base Rate are much lower than the interest being charged to these loans from 4<sup>th</sup> year onwards, these housing loans are highly vulnerable for takeover by other banks.
- 5.3 In this connection, a number of representations are being received from the branches/borrowers requesting for reduction in rate of interest by permitting them to switch over to prevailing Base Rate linked interest rates.
- 6.0 In view of the above facts, the Competent Authority has now approved the Scheme for giving option/consent to the existing housing loan borrowers under 'Corp Home Delight' & 'Corp Home Smart' schemes only, for migrating to prevailing Base Rate linked slab rates under floating rate option only, as indicated below:

CORP HOME SCHEME	FLOATING RATE		
	upto Rs.50 lakhs	Above Rs.50 lakhs & upto Rs.1 crore	Above Rs. 1 crore
For all Tenor [max. 30 years]	BR = [ 10.25%]	BR+0.25% = [ 10.50%]	BR+0.50% = 10.75%]

- 6.1 The said facility shall be extended subject to the following terms and conditions:
- 6.2 To be eligible for migration facility, the eligible borrowers shall give their option/consent as per the format given in **Annexure-I**
- 6.3 The facility is available for the existing housing loan borrowers enjoying loan under 'Corp Home Delight' & 'Corp Home Smart' Scheme only.
- 6.4 The borrower shall pay one time migration charges at 1% + applicable service taxes on the balance outstanding as on the date of migration.
- 6.5 Migration charges shall be on collection basis only. That means, there is no provision to debit the charges to loan account without being actually recovered.
- 6.6 That the conduct of the loan account shall be regular during the preceding 12 months as on date of migration.

- 6.7 There shall not be any overdues in the account on the date of migration.
- 6.8 There shall not be any documentation irregularities & any persisting inspection irregularities pending rectification.
- 6.9 Construction of the property should have been completed and EMG created.
- 6.10 Interest concession [ individual or group concessions], if any, extended earlier will be discontinued from the date of migration.
- 6.11 No further interest concession will be extended after migration.
- 6.12 Applicable rate of interest has been charged at the time of initial disbursement, at the beginning of second year on the anniversary date of initial disbursement, and at the beginning of fourth year as per the Circulars issued from time to time.
- 6.13 Seepage of income, if any, on account of not charging correct interest rate has been already recovered.
- 6.14 Applicable interest rate shall be the Base Rate linked slab rate, mentioned in Para-6.0 herein above, based on **original repayment tenor & original loan amount** sanctioned.

**Example:** A 'CHOMD' loan of Rs.55 lakhs, repayable in 15 years, initially disbursed on 14.08.2009, with present outstanding balance of Rs.30 lakhs, will be eligible for rate of interest at **10.50%** [ applicable to original loan amount sanctioned] on migration.

Similarly, sanctioned 'CHSMT' loan of Rs.120 lakhs, repayable in 15 years, initially disbursed on 25.09.2010 with present outstanding balance of Rs.90 lakhs will be eligible for rate of interest at **10.75%** [ applicable to original loan amount sanctioned] on migration.

- 6.15 After migration, the rate of interest will be linked to the Base Rate and subject to revision from time to time based on revision in the Base Rate.

Accordingly, the Bank reserve the right to revise the load factor also as this facility is available under floating rate option only. [ i.e certain % over & above the Base Rate being quoted as BR+.....%]

This fact shall be clearly apprised to the borrower.

- 6.16 Our staff members including retired employees also will be eligible for migration facility subject to compliance of all terms and conditions.

- 6.17 Our staff members including retired employees will be eligible for 0.50% interest concession even after migration to the Base Rate , subject to the terms and conditions as communicated vide HO. Circular 79/2013 dt. 08.02.2013, even though the resultant rate goes below the Base Rate.
- 6.18 However, conversion charges of 1% + tax is not applicable for our staff members including retired employees.
- 7.0 **Operational guidelines:**
- 7.1 Invariably obtain consent letter from eligible borrowers including guarantor, if any, as per the Annexure -I
- 7.2 Ensure that the housing loan is eligible for conversion facility.
- 7.3 Ensure that the applicable rate of interest from the date of initial disbursement till the date of conversion has been charged to the loan account.
- 7.4 Ensure that no seepage of income is pending for recovery. If seepage is noticed subsequently during internal inspection, the concerned official will be held liable.
- 7.5 Ensure that there are no overdues in housing loan account and also in other loan accounts, if any, of the borrower/s.
- 7.6 Ensure that the documents are in order.
- 7.7 Ensure that no inspection irregularities are pending.
- 7.8 Ensure that AOD is obtained if already due.
- 7.9 Ensure that the construction is completed and EMG created.
- 7.10 Collect conversion charges at 1% +tax on the balance outstanding in the housing loan account.
- 7.11 Conversion charges shall be debited to the concerned loan account only and is recovered simultaneously from the borrower. Conversion charges debited to loan account shall be credited to 'Processing Charges' under Income-Head.
- 7.12 Once the above formalities are complied with, Branch shall modify the rate of interest in respective loan account in CBS.

- 7.13 While applying the Base Rate linked interest rate , the Branch shall mention the Rate of Interest in CBS as BR+....% wherein ....% refers to load factor. This will facilitate Core to modify interest rate on subsequent revision in the Base Rate.
- 7.14 After modifying the ROI, the Branch shall revise EMI based on the revised ROI, balance outstanding, balance repayment tenor and issue an advice regarding migration to Base Rate as per the **Annexure-II**.
- Annexure-II** will be drawn in duplicate. One copy shall be issued to the borrowers and another copy duly acknowledged by the borrowers & guarantor, if any, shall be held with the housing loan documents.
- 7.15 Standing instruction, if any, given for EMI debit shall be suitably modified as per revised EMI.
- 7.16 The existing housing loan account will continue under the same nomenclature [ i.e CHOMED OR CHSMT as the case may be ] with Base Rate linked slab rate under floating rate option and thereafter subject to revision from time to time in line with revision in the Base Rate.
- 7.17 Conversion/migration of these housing loans may be carried out at the Branch level, irrespective of Sanctioning Authority.
- 8.0 Branches /Offices are requested to note the above guidelines and bring it to the knowledge of the eligible borrowers.



(K. RAMA MURTHY)  
GENERAL MANAGER

Annexure-I

CONSENT LETTER FOR MIGRATION OF INTEREST TO PREVAILING BASE RATE  
LINKED FLOATING RATE UNDER HOUSING LOAN

From  
.....  
.....

Date:

To  
The Branch Manager  
CORPORATION BANK  
.....Branch.

Dear Sir,

My/Our Housing Loan - Corp Home Delight /Corp Home Smart  
A/c No..... for Rs.....

I/We have availed the above housing loan under the aforesaid account whereunder as on date a sum of Rs..... (Rupees.....) is due and outstanding inclusive of interest and charges debited up to .....

The said housing loan had been availed under special scheme wherein the interest rate has been charged at concessional rate during the initial period of 3 years and from the fourth year onwards to be charged at the then prevailing slab rate at the beginning of the fourth year.

I/We am/ are given to understand that the Bank has offered the facility where the existing special rate housing loan borrowers may exercise option for migrating to prevailing Base Rate linked slab rate applicable for housing loans, by payment of conversion charges at 1%+tax on the outstanding balance subject to certain terms and conditions stipulated therein.

Therefore, I/We hereby exercise option/consent for migration of interest rate charged to the above housing loan to prevailing Base Rate linked slab rate.

I/We undertake to repay the loan as per the revised terms that may be stipulated by you. I/we further undertake to pay the charges regarding migration of the loan as may be stipulated by you.

I/We confirm that all other terms and conditions contained in the security documents executed by me/us to secure the aforesaid loan shall continue to remain in force.

I/we request you to hold this letter along with the security documents already executed by me/ us.

\_\_\_\_\_  
SIGNATURE OF THE BORROWER (S)

I /we have affixed my/our signature/s hereto in token of my/our consent for the above.

\_\_\_\_\_  
SIGNATURE OF THE GUARANTOR (S)



**CORPORATION BANK**  
BRANCH.....

To,

Date:

Dear Sir,

**Sub:** Advice regarding migration of Housing Loan to prevailing  
Base Rate linked floating rate

**Ref:** [1]Your Housing Loan CHOMD/ CHSMT A/c No..... for Rs.....  
[2] Your consent letter dt.....

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As on date, the aforesaid account shows a debit balance of Rs..... inclusive of interest and other charges debited up to.....

That you have vide your letter Dt..... requested/consented for migration of interest rate to prevailing Base Rate linked Slab Rate to the above loan which has been considered by the Bank subject to the terms and conditions applicable. However, the Bank reserves the right to revise the interest rate based on the revision in Base Rate, including load factor from time to time.

This is without prejudice to our right to recover our dues on demand under the security documents already executed by you. You are advised to repay the loan as per the Schedule mentioned hereunder, provided the security documents already executed by you in favour of the Bank are kept alive by executing proper acknowledgment of debt from time to time, at least 6 months before the expiry of the period of three years from the date of the security documents/last acknowledgment of debt/liability.

**SCHEDULE**

Particulars	Details
Balance outstanding after migration	Rs.
Repayment Period [balance period]	..... Years/Months
Rate of Interest after conversion	Base Rate+ .....% ,Floating, presently being .....% p.a subject to revision from time to time in the Base Rate including load factor. Interest is calculated on daily reducing balance and compounded on monthly rest.
Revised EMI/Instalment	Rs.
Due date	Due dates for repayment of EMI/instalments remain the same

Yours faithfully,

I/We agree for the terms & conditions mentioned herein above.

Branch Manager

Signature/s of the Borrower/s

Guarantor/s