

## HOUSE BUILDING ADVANCE

### 1 ELIGIBILITY:

- Government servant who has rendered 6 years of continuous regular service or who has been confirmed in a service on the date of application for the house building advance.
- He should have more than 5 years service left before retirement (age 58).
- The advance shall be sanctioned to only one of them, if both the husband and the wife happen to be Government servants.
- If action is being taken/initiated under Rule 17(b) of Tamil Nadu Civil Services (Classification, Control and Appeal) Rules, his application should be considered only after final disposal of the charges- G.O.Ms.No.436 H&UD Dept dated:07.06.1984
- Government servant drawing less than 1/3<sup>rd</sup> carry home salary is not eligible - Govt. letter no.55978/C1/78-3 Housing Dept dated: 19.01.1989.

### 2 CONDITIONS:

- He must not have availed himself any loan/advance for acquisition of a house in the past from any Government source.
- The applicant or the applicant's wife / husband / children shall not be the owner of a house. This condition may be relaxed by the Government, if not wholly owned/jointly owned with relatives or others and desires to build a separate house/owned in a remote village/ not suitable for valid reasons etc.
- The floor area of the house must not be less than 22 square metres.

### 3 PURPOSES:

The advance may be granted for the following purposes:

- For constructing a new house either at the place of duty or at the place where he proposes to settle after retirement
  - Partly for purchase of land and partly for construction of a house thereon
  - For acquiring a house from the Tamil Nadu Housing Board under its 'House Construction Scheme'
  - for purchase of Ready Built House / Flat
    - from any of the local bodies
    - from Co-operative Housing Societies
    - on hire purchase basis
    - from any private party
  - For enlarging/improving the living accommodation in an existing house owned by him.
- For construction of a house raising funds from private individuals (private loan), in view of urgency to complete the construction, is permissible only when the application for House Building Advance is already pending with the sanctioning authority and orders from the Government is necessary for such sanction - Govt. letter no.15251/C1/90-4 H&UD Dept dated:03.08.1990.
- HBA should not be sanctioned to purchase ready-built house/flat/plot from close relatives such as father, mother, step-father, step-mother, husband/wife, son, daughter, adopted son, adopted daughter, brother, sister, step-brother, step-sister, wife's father, wife's mother, brother's wife, sister's husband and son's wife –Govt. letter no.62968/HBA I(1)/90-13 H&UD Dept dated:28.07.1992.

### 4 AMOUNT OF ADVANCE:

- Only one advance shall be sanctioned under these rules to a Government servant to construct/purchase a house during his entire service.

- An advance for the second time may be sanctioned for enlarging/improving the living accommodation in that house.
- Total of the above two advances should not exceed the maximum amount of advance admissible.
- A Government Servant is eligible for grant of an advance not exceeding 75 months' pay, grade pay, special pay, personal pay and dearness allowance, subject to the overall ceiling fixed by the Government.
- Up to 31.03.1995: The ceiling of House Building Advance to State Government Employees was Rs.2,50,000/- .
- With effect 01.04.1995: The ceiling of House Building Advance to State Government Employees was Rs.4,00,000/-  
- G.O.Ms.No.366 Housing and Urban Development Department, dated 20.3.1995.
- With effect from 01.04.1998: The Government had enhanced the ceiling of House Building Advance to All India Service Officers from Rs.4,00,000/- to Rs.7,50,000/- - G.O.Ms.No.109 Housing and Urban Development Department, dated :07.04.1998.
- With effect from 01.04.2000: The Government had enhanced the ceiling of House Building Advance to State Government Employees from Rs.4,00,000/- to Rs.6,00,000/- G.O.Ms.No.232 Housing and Urban Development Department, dated 2.6.2000.
- With effect from 01.04.2009: The Government had enhanced the ceiling of House Building Advance to State Government Employees from Rs.6,00,000/- to Rs.15,00,000/- and to All India Service Officers from Rs.7,50,000/- to Rs.25,00,000/-  
- G.O. Ms.No.96, Housing and Urban Development Department, dated 17.6.2009.
- **With effect from 01.04.2012:** The Government had enhanced the ceiling of House Building Advance to State Government Employees from Rs. 15,00,000/- to Rs.25,00,000/- (**Rupees Twenty five lakh only**) and to All India Service Officers from Rs.25,00,000/- to Rs.40,00,000/- (Rupees Forty lakh only).  
- G.O.(Ms).No.135 Housing and Urban Development (HBA) department Dated: 20.06.2012.
- Basic Government servants whose carry home salary is more than half their pay (*including grade pay+ personal pay*) and dearness allowance (at the time of their application) may be granted an advance not exceeding 90 months' pay (*including grade pay + personal pay*) and dearness allowance - Rule 4(c).
- Latest pay details together with the latest estimates should be obtained at the time of sanction of advance so that maximum advance to which they are eligible with reference to their repaying capacity [ ½ (half) of his pay (pay+ grade pay + personal pay) and dearness allowance and death-cum-retirement gratuity] may be sanctioned. Sanction of Additional Advances and advance for second enlargement/ improvement has been dispensed with as per G.O.No.260 H&UD Dept. dated: 11.03.1994.

5 DISBURSEMENT AND SECURITY:

The House Building Advance sanctioned to various categories of Government Servant shall be disbursed as summarized below :

<b>(i) For purchase of plot and for construction of a new house thereon:</b>		
First instalment	20% of the sanctioned amount	For purchase of plot
Second instalment	40% of the sanctioned amount	For bringing the construction up to roof level.
Third instalment	40% of the sanctioned amount	After roof level for completion of construction
<b>(ii) For construction of house or for enlargement of house involving earthwork:</b>		

First instalment	50% of the sanctioned amount	For bringing the construction up to roof level.
Second instalment	50% of the sanctioned amount	After roof level for completion of construction
<b>(iii) For construction of house or for enlargement of house involving ground floor and first floor:</b>		
First instalment	50% of the sanctioned amount	For bringing the construction up to roof level of first floor.
Second instalment	50% of the sanctioned amount	After roof level for completion of construction.
<b>(iv) For purchase of a ready-built house:</b>		
In one lump sum	The entire amount sanctioned in one lump sum	On executing an agreement for the repayment of the advance.
The time limit for utilization of each instalment of the advance is fixed as 4 months.		
Govt. Order Ms. No.688 Housing and Urban Development (HBA-I) Department dated: 01.10.1992.		

❖ **Advance required partly for purchase of land and partly for construction of a new house thereon:**

- An amount not exceeding 20% of the sanctioned advance will be payable to the applicant for purchasing a plot on his executing **an agreement** in the prescribed form (Form 5) for repayment of the loan. The land should be purchased and the sale-deed produced for inspection within two months from the date of drawal of the advance or within such period the Sanctioning Authority may allow, failing which the amount together with interest thereon shall be refunded to the Government.
- An amount equal to 40% of the balance of the advance will be payable on **mortgaging** the land purchased along with the house to be built thereon in favour of the Government as security for the repayment of the advance and the interest.
- The balance amount of 40% will be payable when the construction has reached **roof level**, provided the Sanctioning Authority is satisfied that the development of the area in which the house is constructed is complete in respect of amenities such as water-supply, street lighting, roads, drainage and sewerage.
- The '**roof level**' means, the level at which the building construction is ready to receive the roof slab viz., it excludes centering for roof slab concrete and also reinforcement - Govt. letter no.29573/HBA I/97-1 H&UD Dept dated: 18.08.1997.
- In the case of the house-site purchased from the Tamil Nadu Housing Board or a Co-operative Housing Society on sale-cum-mortgage basis, the borrower shall agree to mortgage to the Government the house-site together with the house to be constructed thereon (notwithstanding the fact that the site has already been mortgaged to the Tamil Nadu Housing Board or the Co-operative Housing Society) within one month from the date of drawal of the advance.
- An advance sanctioned to acquire a house from the Tamil Nadu Housing Board under 'House Construction Scheme' will be payable in a lump sum and it should be paid to the Board within 30 days from the date of receipt of the advance.

❖ **Advance required only for constructing a new house or enlarging living accommodation in an existing house:**

- In cases where **advance for constructing a new house** is required, an amount equal to 50% (first instalment) of the sanctioned advance will be payable on the applicant executing an

agreement to mortgage, within a period of one month from the date of drawal of the amount, the land purchased by him along with the house to be built thereon, in favour of the Government, failing which the amount together with interest thereon shall be refunded at once to the Government.

- The balance amount of 50% (second instalment) will be payable when the construction has reached **roof level**, provided the Sanctioning Authority is satisfied that the development of the area in which the house is constructed is complete in respect of amenities such as water-supply, street lighting, roads, drainage and sewerage.
  - In cases where **advance for enlarging the living accommodation** in an existing house is required, an amount equal to 50% of the sanctioned advance will be payable subject to the condition that he agrees to mortgage the land purchased by him along with the house to be built thereon, in favour of the Government, within a period of one month from the date of drawal of the above amount, failing which the amount together with interest thereon shall be refunded at once to the Government.
  - The balance amount of 50% will be payable when the construction has reached **roof level**, provided the Sanctioning Authority is satisfied that the development of the area in which the house is constructed is complete in respect of amenities such as water-supply, street lighting, roads, drainage and sewerage.
  - The Government servants who have already been sanctioned an advance for construction of house may also apply for another advance for enlargement of that house only after completion of three years from the date of completion of construction of the house/purchase of plot/flat – GO.Ms.No.1012 Housing and Urban Development (HBAI) Department dated: 11.12.1995.
  - The Government servants who wish to enlarge the existing house purchased from the Tamil Nadu Housing Board may also apply for an advance for enlargement /improvement, only after completion of three years from the date of order sanctioning advance for purchase of the ready built house/flat - Govt. letter no.21412/HBAI/96-1 Housing and Urban Development (HBAI) Department dated: 20.07.1996.
  - Enlarging the living accommodation includes structural alteration in the existing house, carrying out improvements of a permanent nature in a flat and of one-time expenditure. It includes fresh civil works like rearrangement of kitchen, putting up additional cup boards, additional lofts, overhead tanks, compound wall, replacing existing floor by mosaic flooring(need not enclose any plan) etc - G.O.No.1853 Housing Dept. dated:07.12.1987.
  - The Advance should not be sanctioned for maintenance work such as replacing the existing structures, painting, colour washing, installation of removable fixtures like geysers, fans, air-condition plants, pump sets, pipeline etc., provision of pavement all around the building and grills in the place of existing iron bars etc- G.O.No.1853 Housing Dept. dated:07.12.1987.
- ❖ **Advance required for purchasing a ready-built house:**
- The entire amount required to acquire a ready-built house will be payable in one lump sum on the applicant executing an agreement in the prescribed form for the repayment of the advance. The applicants should have furnished a Certificate of age and class of the building issued by the Executive Engineer of Public Works Department under whose jurisdiction the house is situated along with the application.
  - The acquisition of the house must be completed and the house mortgaged to the Government, within a period of three months from the date of drawal of the advance, failing which the amount together with interest thereon shall be refunded to the Government immediately, unless an extension of the time limit is granted by the Sanctioning Authority.
  - The Sanctioning Authority ,viz., the District Collector/ the Secretary(Housing and Urban

Development) to the Government shall satisfy himself as to the class and normal useful age of the ready-built house- Rule 3(a).

- It should also be verified that the market value of the land and house purchased is not less than the Advance sanctioned –Rule 9(d)(ii).
- The Roof level construction report and the completion report to be given by the applicant should be supported by the Certificates issued by a qualified Engineer – Rule 9(d)(iii).
- While sanctioning the advance the Sanctioning Authority shall impose a condition that he will not be eligible to obtain any loan from a Co-operative Society or any other institution/ source on account of the house acquired/constructed through the House Building Advance - Govt. letter no.25396/HBAI/2005-2 Housing and Urban Development Department dated: 12.09.2005.
- The Sanctioning Authority and the Disbursing Officer may arrange to have an inspection carried out to verify the correctness of the Certificates/ reports and ensure that the advance sanctioned is utilized in full for the purpose for which it is sanctioned - Govt. letter no.60189 / HBAI(1)/92-7 Housing and Urban Development (HBAI) Department dated:24.11.1993.

## 6 INTEREST:

- The advance shall carry simple interest from the date of payment and the interest will be calculated on the balance outstanding on the last day of each month. The rate of interest fixed by the Government from time to time and current at the time of disbursement of the first instalment of the House Building Advance will be applicable to the advance sanctioned in accordance with these rules. The interest rates for the year 2012-2013, issued in G.O.No. 203, Finance (Loans and Advances Cell) Department Dated: 8th June 2012 are as follows:
  - (a) For loans up to Rs.50,000/- 5.50%
  - (b) For loans from Rs.50,001/- to 1,50,000/- 7.00%
  - (c) For loans from Rs.1,50,001/- to 5,00,000/- 9.00%
  - (d) Above Rs.5,00,000/- 10.00%
- The recovery of the interest shall be commenced immediately after the recovery of the principal is over. The interest accrued on the advance should be calculated and orders for its recovery issued exactly at the time when the last two instalments of the principal are to be recovered- Govt. letter no.25581/HBA1/2002-1 H&UD Dept. dated: 23.09.2005.
- It is the responsibility of the head of office to calculate interest – A.G.'s letter no.LA/XI/VI/90-91/120 dated: 11.12.1990.
- The method of calculation of interest had been illustrated in Govt. letter Ms. No.260 H&UD Dept. dated: 27.03.1984 as amended in Govt. letter no.21243/C1/84-10 H&UD Dept. dated:24.06.1985.
- **PENAL INTEREST:** Penal interest for the delayed re-payment of monthly instalments is fixed by the Government from time to time (Penal Interest for the year 2012-2013: 2.5 %). The Government have issued necessary instructions with illustration in this regard in Govt. letter nos. 36015/HBA1/2004-1 H&UD Dept. dated: 18.10.2004 and 45224/HBA1/2004-1 H&UD Dept. dated: 05.01.2005.
- Few Illustrations on [calculation of interest](#) as well as [penal interest](#) are given.

## 7 CONSTRUCTION, MAINTENANCE ETC. OF THE HOUSE:

- The construction of the house or addition to living accommodation in the existing house shall be carried out exactly in accordance with the approved plan and specifications on the basis of which the amount of advance has been computed and sanctioned. The plan and

specifications must not be deviated without the prior concurrence of the Government.

- The construction should be completed within 18 months from the date on which the first instalment of the House Building Advance was paid. Failure to do so will render the Government Servant liable to refund the entire amount of advance paid to him together with interest in one lump sum. An extension of time limit may be allowed up to one year by the Sanctioning Authority and for longer period by the Government, in those cases where the work is delayed due to circumstances beyond the Government Servant's control.
- Completion Report as well as Occupation Report should be submitted to the District Collector mentioning the dates of completion and occupation.
- After completion of the house, it should be maintained in good condition at his own cost until the advance has been repaid in full and an annual certificate furnished to the Sanctioning Authority to that effect.
- Furnishing a false certificate will render the Government Servant liable to disciplinary action, apart being called upon to refund to the Government forthwith the entire amount of advance together with interest in one lump sum.

#### 8 REPAYMENT OF THE ADVANCE :

- The advance given to the Government Servant, together with the interest thereon shall be repaid in full by monthly instalments within a period not exceeding 20 years. First , the recovery of **the advance** shall be made in not more than **180 monthly instalments**, and then **interest** shall be recovered in not more than **60 monthly instalments**.
- The recovery of the principal (advance) shall be commenced as indicated below as per Govt. Letter No.25581/HBA1/2002-1 Housing and Urban Development Department dated: 23.09.2005.

S.No.	Purpose of Advance	Commencement of recovery
1	Plot-cum-Construction	<u>Plot cost</u> should be recovered from the month following the month in which the amount was disbursed. <u>Construction cost</u> should be recovered from the month following the month in which the construction is completed or the house is occupied or from the 18 <sup>th</sup> month from the date of disbursement of the 1 <sup>st</sup> instalment of advance (including the month in which the advance was paid) for construction whichever is earlier.
2	Construction of House	Should be recovered from the month following the month in which the construction is completed or the house is occupied or from the 18 <sup>th</sup> month from the date of disbursement of the 1 <sup>st</sup> instalment of advance (including the month in which the advance was paid) for construction whichever is earlier.
3	Purchase of ready built house from the T. N. Housing Board	Should be recovered from the month following the month in which the amount was disbursed.
4	Purchase of ready built house from Private Party	Should be recovered from the month following the month in which the amount was disbursed.
5	Enlargement of existing house	Should be recovered from the month following the month in which the 1 <sup>st</sup> instalment of advance was disbursed.
6	For making Improvement to	Should be recovered from the month following

	existing house	the month in which the amount was disbursed.
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- The Government Servants may repay the amount in a shorter period, if they so desire. In any case the entire advance must be repaid in full with interest thereon before the date of retirement from service.
- Recovery of the advance shall be effected through the monthly salary/ leave salary bills of the Govt. servants by the Head of Office/ the Drawing Officer. These recoveries will not be held up or postponed except with the prior concurrence of the Government/ Collector - Govt. letter no.25581/HBA1/2002-1 H&UD Dept. dated: 23.09.2005.
- In the case of those who go on Unearned leave on Private Affairs or who are placed under suspension, the recovery should be made at such rates as the Head of Department / the District Collector deems it right to fix.
- During Extraordinary Leave, recovery may be postponed if the loanees agree to pay in one lump sum the amount involved in such postponement or from their Death-cum-Retirement Gratuity, if it becomes necessary.
- Failure on the part of the Government Servant or his successors to repay the advance, for any reason whatsoever, will entitle the Government to enforce the mortgage and take such other action to effect recovery of the outstanding amount as may be permissible under the law.
- The Heads of Offices/ the Drawing and Disbursing Officers and the loanee Government Servants should ensure that the recovery of the advance and subscription to the Tamil Nadu Government Employees' House Building Advance Special Family Benefit Fund Scheme is commenced at the appropriate time without fail and continued without any interruption till the advance is fully repaid.
- The Drawing Officers are responsible for monitoring and recovery of various Long Term Advances (including House Building Advances through HDFC / Ind Bank Housing Limited / Can Fin Homes Limited) and record the same in the Last Pay Certificate and recommend to release the mortgage deed by the sanctioning authorities - Letter No. 69390 / Finance (Pension) Department / 2009, dated: 29-01-2010.

❖ **Refund of excess recovery:**

The claim for excess amount recovered towards House Building Advance may be processed in the light of the instructions given in Instructions 18A and 18 B under Treasury Rule 16 – S.R.28 of Tamil Nadu Treasury Code -Vol. I and the refund may be sanctioned by the Loan Sanctioning Authority after obtaining necessary authorization from the Accountant General. The Head of Office, in the case of Non-Gazetted Government Servants or the Gazetted Government Servant or the departmental officer who normally draws and disburses the loan, shall draw the refund bill in Form TNTC.40 - Govt. Letter No.32408/HBA1/2007-11 Housing and Urban Development Department dated: 04.03.2009.

**9 PROCEDURE FOR DEALING WITH THE APPLICATIONS:**

- The Government Servants should submit their applications in complete shape through their Heads of Offices to the Sanctioning Authority viz., the Collector of the district where they propose to construct / purchase their houses, in the form prescribed in Govt. Letter (Ms) No.124 Housing and Urban Development Department dated: 10.05.2006.
- The following documents(all in duplicate) should accompany the applications:
  - The site plan and building plan duly approved by the Local Authority
  - Detailed and Abstract Estimates
  - Title deed
  - Legal opinion of the Government Pleader (to prove the indisputable title of the applicant to the property)

- Encumbrance Certificate for 13 years
- Service Certificate mentioning date of regularization, date of completion of probation, date of confirmation etc.,
- Salary Certificate (showing recoveries also)
- Certificate for no charges pending under Rule 17(b) of Tamil Nadu Civil Services (Classification, Control and Appeal) Rules.
- Departmental permission to purchase a plot/flat or construct/purchase a house.
- The applications in complete form will be registered. Any application which has been registered, but is later found to be defective in some material aspects, will be returned and the name of applicant removed from the list.
- The advance is sanctioned only on the seniority of the application and priority is not given to any case either on the basis of the post held by the applicant or on the basis of the community of the applicant – Govt. Letter (Ms).No.124 Housing and Urban Development Department dated: 10.05.2006.
- The Sanctioning Authorities should scrutinize the applications and satisfy themselves of the correctness of the facts stated therein. They will also examine the title deeds in consultation with the Government Pleaders, if necessary and ensure the applicants do possess an indisputable title to the property in question. If they are fully satisfied with the title deeds and the eligibility of the Government Servants for the advance, a formal sanction to the grant of advance to the applicants will be accorded on the basis of their repaying capacity.
- They should also arrange to complete the prescribed formalities such as execution of agreement, mortgage deed, undertaking etc., in the prescribed forms and then authorize disbursement of the appropriate amount of the sanctioned advance to the applicants.
- While authorizing disbursement of each instalment of an advance the Sanctioning Authority shall furnish a certificate to the effect that the required formalities in pursuance of which the instalments had become due have been complied with.
- The prescribed mortgage deed is executed within a period of six months from the date of disbursement of the advance / first instalment of the advance and the registered mortgage deed along with the original documents of the title to the property/land should be obtained and kept in safe custody.
- The completion report, the occupation certificate and the utilization certificate should be obtained from the loanee as per Rule 7.
- The property mortgaged to the Government should be re-conveyed/released to the Government Servant (or his successors-in-interest) immediately after the advance and the interest thereon has been repaid in full, by an endorsement on the mortgage deed to the effect that the full amount has been received and the mortgage is extinguished.
- In respect of Self-Drawing Officers, 'No Demand Certificate' from the Accountant General should be obtained before the release of the mortgage deed.
- An undertaking in writing should also be obtained from the loanee Government Servant, before the release of the mortgage deed, to the effect that if subsequently any amount is found to be due from him to Government he agrees to the recovery of the amount from his pay/pension/Death -cum-Retirement Gratuity due to him.
- In the case of Retired Government Servants, an undertaking prescribed in G.O.Ms.No.1234 Finance (Pension) Department dated: 22.11.1990 should be obtained.
- Any amount paid the applicants in excess of the expenditure incurred by them should be refunded by the applicants to the Government forthwith together with the interest.

#### 10 ORIGINAL DOCUMENTS:

- The original documents of the title to the land and property under mortgage shall also be obtained from the mortgagor and kept in safe custody with the Sanctioning Authority along with the mortgage deed till the redemption of the mortgage deed.

**11 QUARTERLY PROGRESS REPORT:**

- A consolidated quarterly progress report in the prescribed form should be sent by the District Collectors to the Government so as to enable it to watch the disbursement of funds and the progress of the construction of the houses.

**12 STAMP DUTY AND REGISTRATION OF DOCUMENTS:**

- The mortgage deed executed for securing the repayment of the advance is exempted from stamp duty and registration fees under the Indian Stamp Act, 1899 and the Indian Registration Act, 1908 respectively. The Officer acting for and on behalf of and by order and direction of the Governor of Tamil Nadu and signing the mortgage deed is exempted from appearing before the Registrar.

**13 NOT ALLOWED THE ADVANTAGE OF RENTAL HOUSING SCHEME:**

- The Government Servants who have been sanctioned an advance for construction/ purchase of a house in a place shall not be allowed the advantage of any Rental Housing Scheme under the Government at that place.

**14 INSURANCE:**

- The house constructed/ purchased /enlarged out of the advance sanctioned by the Government should be insured with the United India Fire and General Insurance Company Limited, against fire, flood and cyclone within a period of three months after the completion of construction/enlargement/purchase of the house.
- The Sanctioning Authority may condone delays up to three months beyond the permissible period of three months for insuring the house. The amount of insurance should be for the outstanding balance of advance preceding 31<sup>st</sup> March plus the appropriate interest that may be due for the entire advance.
- In the case of failure to insure the house or to renew the policy, the required amount may be recovered from the salary of the loanee and paid to the Insurance Company for taking out a policy or keeping it alive. The Heads of Offices as well as the Sanctioning Authorities should watch the insuring of the houses and renewal of the policies.

**15 SPECIAL FAMILY BENEFIT FUND:**

- The Tamil Nadu Government Employees' House Building Advance Special Family Benefit Fund Scheme is implemented with effect from 01.04.1986 as per G.O.Ms.No. 513 Housing and Urban Development Department dated: 02.04.1986. The Rules relating to the scheme was issued in G.O.Ms.No. 613 Housing and Urban Development Department dated: 30.04.1986. As per this scheme, if a loanee Government Servant dies in harness, the entire amount due from him towards the repayment of House Building Advance together with interest due thereon, up to date of his death shall be met from the Fund provided the subscription to the scheme has been commenced and continued till the month of his death.
- As per G.O.Ms.No. 1720 Housing and Urban Development Department dated :13.11.1987, all the Government Servants who obtain House Building Advance shall be eligible for enrolment under the scheme, provided they have a service of five years or more prior to their Superannuation at the time of enrolment under the scheme.
- 1% of the monthly instalment of the advance that the loanee will be repaying should be recovered from his salary towards subscription to this scheme, commencing from the month following the month in which the first instalment of the advance has been disbursed till the date of retirement /date of death or till the full repayment of advance together with interest, whichever is earlier.
- Subscription shall be rounded off to the nearest rupee.
- When a Government Servant pays the total outstanding advance together with interest due to House Building Advance in one lump sum, he need not remit 1% subscription to Family Benefit Fund Scheme - Govt. Letter No.26665/HBA 1/98-1 Housing and Urban Development Department dated: 09.09.2008.

- The District Collectors are the authority competent to sanction adjustment towards the outstanding amount of advance together with the interest and they may adjust the amount by issuing sanction orders on the basis of the check slip issued in Govt. Letter No.25605/HBA 1/2007-6 Housing and Urban Development Department dated: 10.03.2008 marking copies of the sanction orders to the Commissioner of Treasuries and Accounts.
- In the case of All India Service Officers, District Revenue Officers and Employees of the Secretariat, the Government (the Housing and Urban Development Department) shall be the competent authority.

**16 PRE-CLOSURE OF THE ADVANCE:**

- On receipt of application for pre-closure of the outstanding House Building Advance with interest in one lump sum, the competent authority should inform him about the outstanding principal and interest amount. The loanee shall then apply for permission to raise the required funds along with permission for pre-closure.
- After the receipt of permission the loanee shall remit the amount in one lump sum and then only the concerned authorities shall send necessary proposals along with relevant copies of permission letter, interest calculation statement, pay drawn/remittance details etc., to the Sanctioning Authority, viz., Collector/Secretary to Government for the release of mortgage deed and sale deed.
- After due verification of the settlement details, Sanctioning Authority shall release the mortgage deed and the sale deed as per Rule 8(d).
- If the Government Servant then wants to dispose of the house, separate permission should be obtained.
- The Government Servant will not be eligible for any kind of House Building Advance again in future.  
- Govt. Letter (Ms).No.274/HBA1/2000-1 Housing and Urban Development Department dated: 02.07.2000.
- The loanee Government Servants should not be permitted to dispose of the house/the property until the loan amount and the interest accrued thereon are fully repaid and the property should not be subjected to any kind of agreement as a security for obtaining any financial assistance from any individual/institution to pre-close the advance.
- It is **the responsibility of the head of office/ head of department/ sanctioning authority** concerned to ensure that the property acquired, by a Government Servant under his control, by availing himself House Building Advance, is free from any encumbrance till the repayment of advance together with interest is made in full.  
- Govt. Letter No.25396/HBA1/2005-2 Housing and Urban Development Department dated: 12.09.2005.

**17 FORM OF MORTGAGE DEED, AGREEMENT ETC.:**

The following forms and the Rules relating to House Building Advance given in **APPENDIX 25 of Tamil Nadu Financial Code – Volume II** may also be download from the Tamil Nadu Public Service Commission’s website (under “Departmental Test -Books to Download”) as well as the Government of Tamil Nadu website (under ‘Finance Department-Codes and Manuals of Finance Department’).

FORM 1	Abstract of cost of original estimates and detailed specifications (based on details in Form.2)
FORM 2	Detailed Estimate
FORM 3	Form of mortgage deed to be executed when the property is free hold
FORM 4	Form of mortgage deed to be executed when the property is lease- hold
FORM 5	Form of Agreement to be executed at the time of drawing House Building Advance.

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