

Annexure-A

Personal Car Loan scheme

1. PURPOSE

To purchase:

- 1.1 New Car/Van/Jeep/Multi Utility Vehicle (MUV) or Sports Utility Vehicles (SUV)
- 1.2 Old car/van/jeep/MUV/SUV, which are not older than three years. (only for Harcobank Staff)

2. ELIGIBILITY

- 2.1(a) Confirmed / permanent employees of State/Central Govt. and their Boards/ Corporation/ undertakings;
- (b) Businessmen whose taxable income is more than Rs. 4.00 lakh p.a. including depreciation as per latest ITR.
- (c) The employees of Private Sector Companies of repute showing profits in balance-sheet during last 3 Financial Years and having minimum 100 employees strength subject to fulfillment of eligibility criteria, all term and conditions of the scheme and on production of Drawing and Disbursing Officer (DDO) authority for remittance of monthly installments.
- 2.2 For private use: Individuals.
- 2.3 Joint borrowers are also eligible, i.e., parent(s)/spouse/ Earning Children. However, out of these only one joint borrower shall be permitted. Further, in case of joint borrowers an option be got exercised to specify the name of the applicant borrower in whose name they want to get the vehicle registered.

NOTE:-

- (i) At the time of processing of loan the borrower's place of posting should be at Chandigarh/ Distt. Panchkula.
- (ii) Employees posted in state of Haryana can also avail loan who has own house in Chandigarh/ Panchkula distt.
- (iii) The prospective borrower's post should not be transferable outside Haryana and Chandigarh;
- (iv) Those branches whose NPA of previous financial year exceeds to 5% in this segment subsequent sanction of loans by the branch will automatically stand withdrawn only till the NPA percentage improves to below 5%.
- (v) Employees who are placed under suspension are not eligible under the scheme during the period their suspension.

- (vi) The minimum length of service must be completed of 3 years.

2.4 MINIMUM INCOME CRITERIA FOR INDIVIDUALS

Minimum gross monthly salary / pension/ income - Rs.20000/-

OR

Subject to change from time to time.

3. EXTENT OF LOAN

- 3.1 Maximum 40.00 Lakhs or 25 times of gross monthly salary/ income whichever is lower.

- 3.2 Nature of Loan - Term Loan

4. MARGIN

- 4.1 For New Vehicle: 10% of Ex-show room price

- 4.2 For Old Vehicles: 10% of the value of the vehicle.

- 4.2.1 (Valuation of old vehicles to be done at current invoice price of the new vehicle less depreciation @ 10% p.a. on straight line method subject to certification of authorized service centre.

5. REPAYMENT PERIOD:

- 5.1 For New Car/Van/Jeep/MUV/SUV: The loan amount together with interest is to be repaid maximum in 84 equated monthly installments comprising of principal and interest commencing from the succeeding month.

- 5.2 For Old Car/Van/Jeep/ MUV/SUV: The loan amount together with interest is to be repaid maximum in 60 equated monthly installments.

- 5.3 Repayment to be ensured upto 70 years of age subject to regular income of the borrower and good health.

- 5.4 In case the loan is allowed to joint borrowers, it be ensured that atleast one of the joint borrower(s) is able to repay the loan alongwith interest upto the maximum prescribed age, i.e., upto 70 years.

6. PERMISSIBLE DEDUCTION:

- 6.1 The carry home pay (including deduction of proposed personal loan installment) of an employee drawing salary upto Rs. 10.00 lakhs annually under no circumstances should be less than 50% of his/her gross emoluments;

- 6.2 The carry home pay (including deduction of proposed personal loan installment) of an employee drawing salary above Rs. 10.00 lakhs annually under no circumstances should be less than 40% of his/her gross emoluments;

7. REGULARITY OF INCOME:

- 7.1(a) For Salaried class:- Latest salary slip, Form16/ITR for the last 2 years be taken, perused and placed on record. Assessment of Loan/ Repaying capacity be arrived at on the basis of latest salary slip;
- (b) For businessmen :- latest 2 years ITR Returns
- 7.2 Obtain last 6 month's salary account statement of prospective borrower. CA /CCL account statement of last 6 months in case of businessmen.
- 7.3 The regularity of income of borrowers over the entire span of loan should be ensure before sanction of loan.
- 7.4 Salary certificates must be independently verified from HR Deptts./Admn. of the concerned office by the BM/ Acctt./JA.
- 7.5 Further, Specific CARE be exercised in respect of IT returns showing SUDDEN SPURT in the salary/ income levels. Recommending/ sanctioning authority to fully satisfy himself/ herself before considering acceptance of such income/ salary. Justification/ basis of the same be provided in the recommendation/ sanction note.
- 7.6 Illustrative charts indicating Equated Monthly Installment to cover repayment of principal and interest have been provided with the scheme.
- 7.7 For Recovery/ Repayment of EMIs - Obtain PDcs equivalent to EMIs of loan. Further, Branch Managers are advised to take few additional cheques as security. However, such instruments are to be used only for purpose of taking legal action under Payment and Settlement Act.

8. Rate of Interest on Car Loans – Fix rate option

- 8.1 For Public :- For new Car
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|-------------------------------|---------------|
| CIBIL Score 800 and above | 8.70% p.a. |
| CIBIL Score 700 and below 800 | 8.95% p.a. |
| CIBIL Score 600 and below 700 | 9.45% p.a. |
| CIBIL Score below 600 | not accepted. |
| CIBIL Score (0 to – 1) | 9.45% p.a. |
| CIBIL Score (1 to upto 5) | 9.45% p.a. |
- 8.2 For Harcobank employees:- For new Car
- | | |
|-------------------------------|---------------|
| CIBIL Score 800 and above | 8.45% p.a. |
| CIBIL Score 700 and below 800 | 8.70% p.a. |
| CIBIL Score 600 and below 700 | 8.95% p.a. |
| CIBIL Score below 600 | not accepted. |
| CIBIL Score (0 to – 1) | 9.45% p.a. |
| CIBIL Score (1 to upto 5) | 9.45% p.a. |
- 8.3 For Harcobank employees:- For old Car 11.45% p.a.

Note:- i) Rate of interest will be changeable from time to time;

9. **PENAL INTEREST**

After 15 days of default

2% p.a. on default amount over and above the normal rate of interest.

10. **LATE PAYMENT CHARGES :-**

- | | | |
|----|-----------------------|--|
| a) | Late payment charges | Rs. 250/- plus taxes after 15 days of default. |
| b) | Cheque bounce charges | Rs. 250/- plus taxes per cheque. |

11. **PRE-PAYMENT CHARGES :-** NIL

12. **PROCESSING FEES :-**

- | | | |
|----|-------------------------|-----------------------------------|
| a) | <u>For Public :-</u> | Rs. 1000/- plus taxes per vehicle |
| b) | <u>Harcobank Staff:</u> | NIL |

Processing fee charges should be obtained before disbursement of loan

13. **INSURANCE:**

The vehicle will be comprehensively insured by the borrower with an assignment in favour of the bank and the policy be renewed every year for the market value or at least 10% above the loan amount outstanding, whichever is higher. A copy of the Insurance Policy as well as every renewal will be supplied to the bank by the borrower. The borrower will be personally responsible for any lapse in this respect. In case the insurance policy is not renewed on time, the entire outstanding loan will become immediately payable/ recoverable by/from the borrower.

14. **SECURITY:** Vehicle purchased to be hypothecated to the bank. Name of the branch must be mentioned on the RC (Registration Certificate) and a BM verified copy of the same to be kept on record. Copy of RC should be submitted by the borrower within three months after that Rs. 2500/- p.m. will be charged as penalty plus taxes if any.

15. **GUARANTEE**

- Guarantee for govt. employee – No Guarantor.
- Guarantee for other than govt. employee –
 - a. Either spouse or legal heir.
 - b. One govt. employee. And a post dated cheque as security for the entire loan.
- The guarantor (s) CIBIL Score below 600 is not acceptable.
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16. **DISBURSEMENT:**

- i) It should be personally ensured by the Incumbent that draft representing cost of the vehicle is delivered to authorized dealer/seller of the vehicle and receipt/bill in joint names is obtained. While making delivery of the proceeds of the vehicle, an undertaking from the Dealer/ Authorized agent be obtained

and held on record that in case of cancellation of booking of vehicle for whatsoever reason, the proceeds shall be refunded directly to the Bank and in any case should not be refunded/ handed over to the borrower.

- ii) The intending borrower will be required to deposit the difference of the cost of the vehicle and amount of loan and bank will pay the entire price of the vehicle to the seller direct on behalf of the borrower. Advance, if any, paid for booking of the vehicle shall be taken as a part of margin.

17. GENERAL:

17.1 Finance will be provided for purchase of vehicle of indigenous/foreign makes.

17.2 Driving license of the borrower may not be insisted upon. An undertaking that the vehicle would be driven by a valid driving license holder to be obtained.

17.3 a) The loan will be disbursed within one month from the date of sanction;

b) KYC norms of prospective borrower / s as well as guarantor(s) must be complied;

Salaried employees, statement of account should be of that account, in which their salary is being credited. This is to facilitate ascertaining general conduct of the account including other borrowings.

17.5 Last three months' liability / installment of other Bank loan can be waived while calculating the loan eligibility.

FOR HARCOBANK EMPLOYEES ONLY

i) Employees at the time of availing loan should be posted at Chandigarh and Panchkula;

ii) If an employee transferred to DCCBs, the installment of loan will be serviced through LPC procedure / or PDCs.

18. DOCUMENTATION/ CHECK LIST:

The following documents to be obtained:

- Application– cum – appraisal / sanction Form.
- Proforma Invoice.
- Letter of Sanction.
- Letter of Hypothecation –
- Irrevocable letter of authority from borrower authorizing the employer to remit salary/installment and other amount payable to the Bank cum letter of acknowledgement from employer– Wherever applicable.
- Guarantee Deed;
- At location where ECS (Debit) is not available - Recovery/ Repayment of EMIs in Car loan accounts be considered through PDCs /Standing Instruction. Mandate of the customers for debiting their accounts through Advance cheques signed by the borrower repaying monthly installments under the cover of letter be obtained. Such Post dated advance cheques should be obtained of that account whose statement of

account is obtained and not of the Bank where a shadow account is opened just for getting cheque book.

OR

Wherever (debit)/ Standing Instructions are obtained, 2-3 PDCs are to be procured/ maintained by the branches/ Retail Asset Branches to keep remedy alive under Section-138 of Negotiable Instruments Act.

- An undertaking that the vehicle would be driven by a valid driving license holder to be obtained.
