

NHB (ND)/ROD/HFC/LRS/10/2004
August 23, 2004

<< Housing Finance Companies >>

Sir,

Refinance Scheme as applicable to Housing Finance Companies, 2003

As you are aware, the captioned scheme provides the facility of availing refinance in respect of prospective loans, subject to the condition that such amounts drawn for prospective loans would be fully backed by individual housing loans within a period of three months from the date of release. On availing refinance for prospective loans, the housing finance companies (HFCs) are required to furnish a certificate of utilization after three months from the date of release of the prospective loan.

2. It is now proposed to amend the above provision in order to induce financial discipline among HFCs to have a realistic assessment of their funds requirements under prospective refinance. It has been decided to levy penalty on un-utilized portion of refinance availed for prospective disbursements @ 2% above the applicable interest rate of refinance for the entire period of use in case HFCs fail to fully utilize the refinance amount within the given time.

3. The said certificate is required to be submitted within 14 days of the end of the three month period from the date of release of refinance for prospective loans, confirming that the amount drawn has been fully utilized for advancing individual housing loans, furnishing the number of loan accounts and specifying whether it is under regular refinance scheme or Golden Jubilee Rural Housing Refinance Scheme (GJRHRS) and also attesting that such loans have been duly flagged against NHB's refinance.

4. Further, it is clarified that in case of prospective refinance claimed under GJRHRS, only individual housing loans given in rural areas as eligible under GJRHRS should be flagged.

5. It may kindly be noted that all the housing finance companies will henceforth be required to furnish a certificate of utilisation in the revised format **NHB-ROD[HFC]-10**, a copy of which is enclosed.

6. The above provision comes in to effect from the date of this circular and shall also apply to all prospective releases for which the three month period is not yet over.

7. Kindly acknowledge receipt.

Yours faithfully,

(R. Rajagopalan)
General Manager

**FORMAT OF UTILISATION CERTIFICATE IN RESPECT OF
REFINANCE FOR PROSPECTIVE LENDING**

Refinance Operations Department,
National Housing Bank,
Core 5A, India Habitat Centre,
Lodi Road
New Delhi - 110003

Sir,

Refinance Assistance for Housing Finance Companies - 2003

..... (Name of HFC) has been sanctioned refinance limit of Rs..... for the year 20..-. (July to June) out of which an amount of Rs..... has already been availed by us.

We had claimed the following refinance for prospective loans :

Date of Release	Amount released under prospective loans (Rs.)	Scheme Under which refinance claimed (Regular / Golden Jubilee)

At the time of release, we had undertaken that all refinance drawn by us under the said claim will be backed by individual housing loans within a period of three months from the date of release by NHB.

We now confirm and certify that the above amount of Rs. has been fully utilised for advancing individual housing loans, as per the details furnished below :

Scheme Under which refinance claimed (Regular / Golden Jubilee)	Amount (Rs.)	No. of individual loan accounts

These housing loans have been duly flagged for NHB refinance and can be identified from our records. The details of these loans will be included in the statement of book debts which will be submitted to NHB as on 30th September and 31st March every year as per the format NHB-ROD[HFC]-06.

Yours faithfully,

Authorised Signatory

Place :

Date :

Note : This certificate must be sent to NHB within 14 days of the end of three month period from the date of release of refinance for prospective loans.