



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

By Registered Post Ack Due

NHB (ND)/DRS/PoI-No.31/2009-10

October 27, 2009

All Registered Housing Finance Companies

Madam/ Dear Sirs,

**The Housing Finance Companies (NHB) Directions, 2001 – Definition of public deposit- to include bonds/debentures issued by HFCs on the basis of Negative Lien /or Power of Attorney- clarification.**

1. As you are aware , Paragraph 2(1) (v) of the Housing Finance Companies (NHB) Directions, 2001 defines the expression "public deposit". In terms of the definition, public deposit does not, include any amount raised by the issue of bonds or debentures secured by the mortgage of immovable property of the housing finance company; or by any other asset or with an option to convert them into shares in the housing finance company provided that in the case of such bonds or debentures secured by mortgage of any immovable property or secured by other assets, the amount of such bonds or debentures shall not exceed the market value of such immovable property/other asset.
2. It has been observed that some of the housing finance companies have issued bonds/ debentures and executed a letter of negative lien and power of attorney in connection thereof and claimed that the same are secured bonds/debentures within the meaning of the above provision and hence excluded them from the purview of public deposits.
3. It is hereby clarified that no security is created in favour of the debenture holder/ bond holder on the basis of letter of negative lien and/or power of attorney and,

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therefore, raising of money by issue of such debentures/bonds should not be excluded from the purview of the definition of 'public deposit' by HFCs.

4. HFCs are requested to take note of the above and include all such bonds/debentures issued by them in the category of public deposits.
5. Kindly acknowledge receipt.

Yours faithfully



(R.S. Garg)

General Manager

Department of Regulation & Supervision