

To all eligible Housing Finance Companies

Madam / Sir,

**Refinance assistance for flood affected areas of Tamil Nadu
Refinance Circular No. 02/2015-16**

1. Recent torrential rains in several parts of Tamil Nadu have displaced large segments of the population and resulted in large scale destruction of property. Re-building of the ravaged dwelling units and rehabilitation of the affected people will be a mammoth task requiring multi-pronged action, with involvement of all stakeholders. The financial sector is expected to play a major role in this massive effort through innovative financial products customized to optimally serve the needs of the people.
2. The Housing Finance Companies (NHB) Directions, 2010 issued by NHB enables HFCs to re-schedule their loans given to the persons affected by natural calamities without classification of such loans as sub-standard. We may mention that such re-scheduled loans would thereafter be governed by the revised terms and conditions.
3. With the objective of improving the flow of housing finance at concessional rates to the residents of flood affected districts of Tamil Nadu to help them in reconstruction, repairs, renovation and up-gradation of the existing dwelling units, NHB has further decided to extend refinance to HFCs at reduced rates under the Urban Housing Fund Scheme. NHB has also modified income / area parameters as applicable under the said Scheme. The modification in the Scheme as applicable to the affected areas of Tamil Nadu are as follows:
 - a) **Purpose** - The refinance assistance will be provided to Housing Finance Companies in respect of their direct housing loans extended in the flood affected areas in the state of Tamil Nadu for the following purposes :
 - Reconstruction / repairs / renovation / up-gradation of the existing dwelling units
 - b) **Eligible Loans**
 - **Loan size** - ₹10 lakhs
 - **Eligible loans** - Housing loans satisfying all of the following criteria would be eligible for refinance under the Scheme :
 - Direct housing loans to individuals

- Not exceeding ₹10 lakhs
 - Disbursed on or after 1st December, 2015 but before June 30, 2016
 - Extended in respect of dwelling units located in flood affected districts of Tamil Nadu (declared urban as per 2011 Census)
- Ultimate borrower - The borrower must satisfy the eligibility loan criteria as prescribed above .
- c) **Tenure of Refinance** - Refinance under the Scheme will be available for a period not less than 3 years and not exceeding 7 years.
- d) **Interest Rates and On-lending Cap**
- Refinance under the Scheme will be offered at 6.50% p.a. fixed rate.
 - The interest rate shall remain fixed for the entire tenure of refinance without any reset.
 - **On-lending cap** - Refinance under the Scheme will be given only in respect of loans where the rate of interest charged from the ultimate beneficiary does not exceed 8.50% p.a.

A copy of the modified Scheme as applicable to the flood affected areas of Tamil Nadu is annexed.

A sum of Rs. 100 crores is being earmarked initially for this purpose. Disbursement will be made on first come first basis. HFCs are requested to make use of the facility.

Kindly acknowledge receipt.

Yours faithfully,



(Ashok Kumar)
Assistant General Manager
Refinance Operations

Annexure: as above.

Urban Housing Fund (UHF)

1. **Purpose** - The refinance assistance will be provided to Housing Finance Companies in respect of their direct housing loans extended in the flood affected areas in the state of Tamil Nadu for the following purposes :
 - Reconstruction of existing dwelling units
 - Repairs / renovation / up-gradation of dwelling units
2. **Applicable to** - HFCs
3. **Eligible Loans**
 - Loan Size: Up to ₹ 10 lakhs
 - Direct Housing loans to individuals
 - **Location** - Extended in respect of dwelling units located in flood affected district of Tamil Nadu (declared urban area as per 2011 Census)
 - **Date of origination** - Loans disbursed on or after 01-12-2015 but before June 30, 2016
4. **Tenure of refinance** - 3 years to 7 years
5. **Type of Interest Rate** - Refinance under the refinance assistance will be extended at interest rate of 6.50% p.a. fixed rate which shall remain fixed for the entire tenure without reset.
6. **On-lending Cap** - The interest rates on individual loans covered under refinance under the refinance assistance should not be more than 8.50% p.a.