

Dated: 17-09-2013

To,

All Regional Rural Banks

Sir,

**Refinance Circular No. 02/2013-14**  
**Refinance Scheme for Urban Housing Fund**

1. As you are aware, the Hon'ble Finance Minister, in his Union Budget Speech for the year 2013-14 announced the setting up of the Urban Housing Fund (UHF), to enable primary lending institutions to access funds for extending housing loans to low income segments of the population in urban areas at concessional rates. The corpus of the Fund for the current year is ₹ 2000 crore. National Housing Bank has, accordingly, formulated a special refinance scheme under Urban Housing Fund for providing credit to the target segments.
2. The interest rate structure for refinance under the Urban Housing Fund is provided in the table below :

Loan Size	Interest Rate (%)
Upto ₹5 lakhs	8.50
₹5 lakhs to ₹10lakhs	8.75

**3. Cap on On-lending Rates**

With a view to ensuring that the benefits of lower interest rates are passed on to the ultimate beneficiaries, it has been decided to impose a cap on the interest rates which can be charged from the ultimate beneficiaries. Accordingly, the Bank is advised to ensure that for all refinance claims made under the Urban Housing Fund on or after the date of this Circular, only those loans are included where the on-lending rate to the borrower(s) does not exceed 2% over and above the maximum refinance rate (i.e. the on-lending rate should not exceed 10.75%).

4. The copy of the Scheme is enclosed for your reference and use. Should you need any clarification, please write to us at [apsaxena@nhb.org.in](mailto:apsaxena@nhb.org.in).

Yours faithfully

Sd/-  
(A.P. Saxena)  
Deputy General Manager  
Refinance Operations