

Dated : 03-09-2013

To All Housing Finance Companies,

Sir,

Refinance Circular No. 01/2013-14
NHB Refinance - Policy Changes

The clauses pertaining to conversion fee (on conversion of fixed rate refinance to floating rate refinance and vice versa) and reset of fixed rate and floating rate refinance may kindly be noted.

1. Conversion Fee

The refinance policy of the National Housing Bank permits the Housing Finance Companies to convert fixed rate refinance to floating rate refinance and vice versa by paying the prescribed fee. The fee levied on conversion of fixed rate refinance to floating rate refinance and vice-versa has been reduced with immediate effect. The revised conversion fee is as under :

	Particulars	Revised Conversion Fee
(a)	Fixed rate to floating rate	0.25%
(b)	Floating rate to fixed rate	0.25%

2. Interest Rate Resets

2.1 Fixed Rate Resets - In the case of disbursements on fixed rates of interest, NHB will have the option to revise the rates on outstanding refinance at the end of 3 years or such other period as may be agreed to between NHB and the Company at the time of disbursement. The effective date of reset shall be as under :

- If the reset period is below 3 years - The day on which the reset period gets completed
- If the reset period is 3 years or above - The first day of the quarter immediately succeeding the quarter in which the reset period gets completed

At the time of reset, the Company will have the option to either continue with the outstanding balance on the revised rate or to prepay the same without any prepayment charges.

2.2 Floating Rate Resets - In case of disbursements on floating rates of interest, the date of reset will depend on the benchmark adopted for determining the floating rate.

- In case of floating rate refinance linked to NHB's PLR - The first day of the quarter immediately succeeding the quarter in which the PLR is revised
- In case of floating rate refinance linked to external benchmark (such as INBMK, etc.) - The day on which the reset period gets completed

2.3 The above clauses shall be applicable on all refinance disbursements made on or after the date of this circular. The refinance disbursed before the date of this circular shall continue to be governed by the respective reset clauses in force at the time of the disbursement.

3. All other terms and conditions under the refinance schemes as applicable to Housing Finance Companies as communicated from time to time shall continue to be applicable.

Kindly acknowledge receipt.

Yours faithfully,

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