Dated : 05-09-2013

To All Housing Finance Companies,

Sir,

Refinance Circular No. 02/2013-14
Rural Housing Fund - Interest Rates

1. The interest rates on refinance extended under the Rural Housing Fund have been revised with immediate effect. The revised rates, which shall be applicable on all refinance disbursements made under the Rural Housing Fund on or after the date of this circular, are as under :

Loan Size	**Interest Rate on Refinance** (%)	
	Population upto 5,000	Population 5,001 - 50,000
Upto ₹5 lakhs	8.00	8.25
₹5 lakhs to ₹10lakhs	8.25	8.50
₹10 lakhs to ₹15 lakhs	8.50	8.75

2. 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 Housing Finance Companies are advised to ensure that for all refinance claims made under the Rural 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%).

3. All other terms and conditions under the Rural Housing Fund refinance scheme 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