

# *Rural Housing Fund*

## *(for Housing Finance Companies)*

The Rural Housing Fund, established in National Housing Bank, is used for providing refinance assistance to the primary lending institutions in respect of their housing loans to individual borrowers in rural areas. Refinance under the Scheme is provided at concessional rates of interest.

### Φ Eligibility Criteria for Housing Finance Companies

- ✘ Minimum 51% of total tangible assets less cash and bank balance employed in individual housing loans
- ✘ Minimum Net Owned Fund (NOF) of ₹10 crore
- ✘ Net NPAs to Net Advances ratio not exceeding 3.50%
- ✘ Capital Adequacy Ratio not less than 12% (as per NHB's regulatory norm)

Φ Maximum size of individual loans covered under refinance - ₹20 lakhs

Φ Location of property - Rural (population of 9,999 as per 2011 Census)

Φ Dwelling unit - The cost of the dwelling unit should not exceed ₹25 lakh

### Φ Ultimate beneficiaries

- ✘ Borrowers falling under weaker section as per para 14 of RBI's Master Directions on Priority Sector Lending – Targets and Classification dated July 7, 2016
- ✘ Women
- ✘ Rural population with annual income not exceeding ₹3 lakhs

Φ Date of origination of individual housing loan - Loans disbursed on or after 1<sup>st</sup> April, 2011

Φ Interest Rate – Current applicable rate is 4.86% p.a. fixed for entire tenure without reset

### Φ Tenure of refinance

- ✘ Minimum - 3 years
- ✘ Maximum - 10 years

Φ On-lending Rate Cap - The interest rates of the individual housing loans, for which refinance is claimed under RHF, should not exceed 3.50% (presently 8.36% p.a.)

Φ Payment of Interest - Compounded monthly and payable quarterly

Φ Repayment of Principal - Quarterly

## Urban Housing Fund (for Housing Finance Companies)

The Urban Housing Fund, established in National Housing Bank, is used for providing refinance assistance to the primary lending institutions in respect of their housing loans to individual borrowers in urban areas. Refinance under the Scheme is provided at concessional rates of interest.

- ◆ Eligibility Criteria for Housing Finance Companies
  - ⊖ Minimum 51% of total tangible assets less cash and bank balance employed in individual housing loans
  - ⊖ Minimum Net Owned Fund (NOF) of ₹10 crore
  - ⊖ Net NPAs to Net Advances ratio not exceeding 3.50%
  - ⊖ Capital Adequacy Ratio not less than 12% (as per NHB's regulatory norm)
- ◆ Maximum size of individual loans covered under refinance - ₹20 lakhs (₹28 lakhs in metropolitan centers {with population of ten lakhs and above})
- ◆ Location of property - Urban (as per 2011 Census)
- ◆ New Dwelling unit - The cost of the dwelling unit should not exceed ₹25 lakhs (₹35 lakhs in metropolitan centers)  
OR  
The carpet area of the dwelling unit should not exceed 60 m<sup>2</sup>
- Existing units – For Repairs, Renovation and up-gradation, the above norm of property cost and/ or carpet area does not apply.
- ◆ Ultimate beneficiaries - Persons with annual household income not exceeding ₹6 lakhs
- ◆ Date of origination of individual housing loan - Loans disbursed on or after 1<sup>st</sup> April, 2011.
- ◆ Interest Rate – Current applicable rate is 4.86% p.a. fixed for entire tenure without reset
- ◆ Tenure of refinance
  - ⊖ Minimum - 3 years
  - ⊖ Maximum - 10 years
- ◆ On-lending Rate Cap - The interest rates of the individual housing loans, for which refinance is claimed under UHF, should not exceed 3.50% (presently 8.36% p.a.)
- ◆ Payment of Interest - Compounded monthly and payable quarterly
- ◆ Repayment of Principal - Quarterly