



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

**By Speed Post**

NHB(ND)/DRS/**POL-No-12/2006**  
March 16, 2006

TO ALL REGISTERED HOUSING FINANCE COMPANIES

Dear Sir,

**EXPOSURE TO REAL ESTATE SECTOR**

The lendings by the Housing Finance Companies (HFCs) to the real estate sector have constantly been engaging our attention. While the development of real estate is welcome, there is a need for the HFCs to curb the excessively risky lending by exercising selectivity and strengthening the loan approval process.

2. In this context, we advise that while appraising loan proposals involving real estate, HFCs should ensure that the borrowers should have obtained prior permission from Government/Local Government/Statutory Authorities for the project, wherever required. In order that the loan approval process is not hampered on account of this, while the proposals could be sanctioned in the normal course, the disbursements should be made only after the borrower has obtained the requisite clearances from the Government authorities.

Yours faithfully

(R. Bhalla)  
General Manager  
Department of Regulation & Supervision