

NHB (ND)/DRS/POL-No.29/2009  
June 2, 2009



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

TO ALL REGISTERED HOUSING FINANCE COMPANIES (HFCs)

Dear Sir,

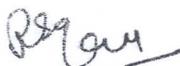
**EXCESSIVE INTEREST CHARGED BY HOUSING FINANCE COMPANIES (HFCs) ON HOUSING LOANS**

NHB has been receiving complaints from the borrowers of HFCs about the excess interest and charges being levied by them. This also partly could be due to lack of disclosure and transparency of information on interest rate, common fees and charges levied by the HFCs. Hence, HFCs are advised to revisit their policies on interest rate determination, fee and other charges etc., including margin and risk premium charged to different categories of borrowers and get the same duly approved by their Boards.

2. HFCs are advised to ensure adequate disclosure about interest rates and charges keeping in view the guidelines indicated in the 'Fair Practices Code' vide circular No. NHB (ND)/DRS/POL-No.16/2006 dated September 5, 2006 regarding transparency in respect of terms and conditions of the loans.

3. The HFCs are also advised to put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

Yours faithfully

  
(R.S. Garg)

General Manager

 Department of Regulation & Supervision



भारतीय रिज़र्व बैंक के संपूर्ण स्वामित्व में  
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Wholly owned by Reserve Bank of India

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