

**By Registered Post**

NHB(ND)/DRS/**Pol-No.09**/2004-05  
May 18, 2005



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

TO ALL REGISTERED HOUSING FINANCE COMPANIES (HFCs)

Dear Sir,

**HOUSING FINANCE COMPANIES (NHB) DIRECTIONS 2001- DISCLOSURE  
IN THE BALANCE SHEET**

In terms of Paragraph 25(2) of the Housing Finance Companies (NHB) Directions, 2001, the provisions made in the Balance Sheet are required to be distinctly indicated under separate heads of account for housing and non-housing finance business and individually for each type of assets as under:-

- (a) provisions for sub-standard, doubtful and loss assets; and
- (b) provisions for depreciation in investments

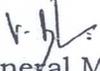
2. However, it is generally observed that this stipulation is not being followed by many Housing Finance Companies (HFCs) resulting in contravention of provisions contained in Paragraph 25(2) of the Housing Finance Companies (NHB) Directions, 2001. The illustrative list of loans which can be classified as housing loans is furnished in the Annexure.

3. In this context, the attention of the HFCs is drawn to our Circular No. NHB(ND)/DRS/POL-No.04/2004-05 dated September 6, 2004, which provides for penalty up to Rs.5000/- for non disclosure in the Balance Sheet, each time the contravention takes place.

3. HFCs are advised to scrupulously follow the Directions issued in the matter.

4. Please acknowledge receipt.

Yours faithfully

  
General Manager  
Department of Regulation & Supervision

भारतीय रिज़र्व बैंक के संपूर्ण स्वामित्व में  
कोर-5-ए, तृतीय तल, इंडिया हैबिटाट सेंटर, लोधी रोड, नई दिल्ली-110003  
दूरभाष नं: पी वी एक्स-2464 9031-35 फ़ैक्स : 011-2464 6988, 2464 9041  
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“बैंक हिंदी में पत्राचार का स्वागत करता है”

**A. ILLUSTRATIVE LIST OF LOANS WHICH CAN BE CLASSIFIED AS HOUSING:**

1. Loans to individuals or group of individuals including co-operative societies for construction/purchase of new dwelling units
2. Loans for purchase of old dwelling units
3. Loans to individuals for purchasing old/new dwelling units by mortgaging existing dwelling units
4. Loans for purchase of plots for construction of residential dwelling units provided a declaration is obtained from the borrower that he intends to construct a house on the said plot, with the help of bank/HFC finance or otherwise, within a period of two years from the availment of the said loan.
5. Loans for renovation/reconstruction of existing dwelling units
6. Lending to professional builders for construction of residential dwelling units
7. Lending to public agencies including state housing boards for construction residential dwelling units
8. Loans to corporates/Government (through loans for employee housing)

**B.** All other loans including those given for furnishing dwelling units, loans given against mortgage of property (Home Equity Loans) given for any purpose other than buying/construction of a new dwelling unit/s or renovation of the existing dwelling unit/s, should be treated as non-housing loans.

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