

National Housing Bank

New Delhi, the 24th December 2010

No. NHB.HFC.DIR.2/CMD/2010

In exercise of the powers conferred by sections 30A and 31 of the National Housing Bank Act, 1987 (53 of 1987) and all the powers enabling it in this behalf, the National Housing Bank having considered it necessary in the public interest and being satisfied that for the purpose of enabling it to regulate the housing finance system to the advantage of the country, it is necessary so to do, hereby directs that the Housing Finance Companies (NHB) Directions, 2010(hereinafter referred to as the principal Directions), shall, with immediate effect, be amended in the following manner, namely:

1. In the principal Directions after paragraph 27, the following paragraph shall be inserted, namely :

“ 27A. Loan to Value (LTV) Ratio

No housing finance company shall (i) grant housing loans upto Rs. 20 lakh to individuals with LTV ratio exceeding 90% and (ii) grant all other housing loans above Rs. 20 lakh to individuals with LTV ratio exceeding 80%.”

2. In sub-paragraph (1) of paragraph 28 of the principal Directions, for clause (iv), the following shall be substituted, namely:

“iv Standard Assets

(a)	Standard Assets in respect of all loans other than housing loans to individuals (which will include loans to builder/corporates/agencies for housing and other purposes, loan against property etc.)	A general provision of 0.4% of the total outstanding loans other than housing loans to individuals to be made as under : i) 0.2% by March 31, 2011 ii) 0.4% by September 31, 2011
(b)	Standard Assets in respect of housing loans at teaser/special rates i.e. housing loans at comparatively lower rates of interest in the first few years after which rates are re-set at higher rates	2% provision on the total outstanding amount of such loans. The provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain ‘standard’.

(c)	Standard Assets in respect of loans given for the purpose of insurance of property/borrower in case of individual housing loans.	NIL

3. In sub-paragraph (3)(2) of paragraph 30 of the principal Directions, for clauses (b)(ii) and (b)(iii), the followings shall be inserted, namely:

(b)(ii)	Housing loans sanctioned to individuals above Rs. 30 lakh but below Rs. 75 lakh secured by mortgage of immovable property which are classified as standard assets with LTV ratio is = or < 75%	75%
(b)(iii)	Housing loans sanctioned to individuals upto Rs. 75 lakh secured by mortgage of immovable property which are classified as standard assets with LTV ratio is > 75%	100%
(b)(iv)	Housing loans of Rs. 75 lakh and above, sanctioned to individuals irrespective of LTV ratio, secured by mortgage of immovable property, which are classified as standard assets	125%
(b)(v)	Loans given for the purpose of insurance of the property /borrower in case of individual housing loans	Same as applicable to the respective housing loan.

4. In Schedule II, in Part D

For item description, item code and risk weight given in III (f)(iii) & (iv), the following shall be substituted, namely:-

(iii)	Housing loans sanctioned to individuals above Rs. 30 lakh but below Rs. 75 lakh secured by mortgage of immovable property which are classified as standard assets with LTV ratio is = or < 75%	237(iii)		75	
(iv)	Housing loans sanctioned to individuals above Rs. 30 lakh but below Rs. 75 lakh secured by mortgage of immovable property which are	237(iv)		100	

	classified as standard assets with LTV ratio is = or > 75%			
(v)	Housing loans of Rs. 75 lakh and above, sanctioned to individuals irrespective of LTV ratio, secured by mortgage of immoveable property, which are classified as standard assets	237(v)		125
(vi)	Loans given for the purpose of insurance of the property /borrower in case of individual housing loans	237(vi)		Same as applicable to the respective housing loan

Sd/-

(R.V.Verma)
Chairman & Managing Director