

NHB (ND)/DRS/Pol. No.50/2011-12

May 28, 2012



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

All Registered Housing Finance Companies

Dear Sirs,

**Risk weight on housing loans guaranteed by Mortgage Guarantee Company -  
Amendment of Housing Finance Companies (NHB) Directions, 2010**

Housing Finance Companies (NHB) Directions, 2010 have been amended with immediate effect, as under:

**1. Amendment of Paragraph 30**

In paragraph 30 of the principal Directions, in the Explanation (1), in sub-explanation (3) for item c), the following shall be substituted, namely:-

“c) Other housing loans

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Note: Housing loans referred to in item b) and c) above are excluding any portion of such housing loans guaranteed by a mortgage guarantee company registered with the Reserve Bank of India in accordance with the Reserve Bank of India Guidelines for Mortgage Guarantee Companies.

ca) Any portion of housing loans referred to in item b) and c) of sub-explanation (3) guaranteed by mortgage guarantee company registered with the Reserve Bank of India, the risk weighted assets for such guaranteed portion shall be calculated as % weight mentioned against the rating of the mortgage guarantee company as below:

|   |    |
|---|----|
| Long term ratings of the mortgage guarantee company by the approved credit rating agencies referred to in paragraph 3 of the principal Directions |    |
| AAA   | 20 |

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**“बैंक हिन्दी में पत्राचार का स्वागत करता है”**

|                     |                                       |
|---------------------|---------------------------------------|
| AA                  | 30                                    |
| Below AA or unrated | As applicable to unguaranteed portion |

Where '+' or '-' notation is attached to the rating, the corresponding main rating category risk weight should be used.

When a guaranteed exposure is classified as non - performing in accordance with the applicable directions, the guarantee will cease to be a credit risk mitigant and no adjustment would be permissible under this provision. "

## 2. Amendment of Schedule II

In Schedule II of the principal Directions, in Part D,

(a) after item description, item code and risk weight given in III (g), the following shall be inserted, namely:-

|  |          |  |   |  |
|--|----------|--|---|--|
| <p>" (ga) Any portion of housing loans referred to in item III (f)(ii) to (f)(iv) and (g) guaranteed by mortgage guarantee company registered with the Reserve Bank of India, the risk weighted assets for such guaranteed portion shall be calculated as % weight mentioned against the rating of the mortgage guarantee company as below:</p> <p>Long term ratings of the mortgage guarantee company by the approved credit rating agencies referred to in paragraph 3 of the principal Directions</p> |          |  |   |  |
| AAA  | 239(i)   |  | 20                                      |  |
| AA   | 239(ii)  |  | 30                                      |  |
| Below AA or unrated  | 239(iii) |  | As applicable to unguaranteed portion " |  |

(b) after Note 4, the following Note shall be added, namely:-

“5. Housing loans referred to in item III (f)(ii) to (f)(iv) and (g) are excluding any portion of such housing loan guaranteed by a mortgage guarantee company registered with the Reserve Bank of India.”

Please ensure compliance.

Yours faithfully,



(Arnab Roy)  
Executive Director