

NHB (ND)/DRS/ Pol-No. 38 /2010-11
April 25, 2011



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

All Registered Housing Finance Companies (HFCs)

Dear Sirs,

Guidelines on Fair Practice Code for HFCs-
Disclosing all information relating to processing fees/ charges

Please refer to our Circular NHB/ND/DRS/Pol-No.34/2010-11 dated October 11, 2010 wherein guidelines were issued to HFCs for framing/amending the Fair Practices Code.

2. In terms of the said guidelines, HFCs were advised to act fairly and in a transparent manner and provide information on interest rates, common fees and charges etc. With a view to achieving fairness and greater transparency, it has been decided to further modify the said guidelines by inserting the following in the existing guidelines on Fair practices Code, namely:-

"2A. HFCs should transparently disclose to the borrower all information about fees/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payment options and charges, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest re-set clause and any other matter which affects the interest of the borrower. In other words, HFCs must disclose 'all in cost' inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It should also be ensured that such charges/fess are non-discriminatory."

3. Necessary modifications in the Fair Practices Code based on the above guideline, with the approval of the Board, should be carried out by June 30, 2011. The modified Fair Practices Code should be placed on the HFCs web-site and also given wide publicity. A copy of the same should also be sent to the National Housing Bank.

Please acknowledge receipt.

Yours faithfully,


(R.S.Garg)
General Manager

भारतीय रिजर्व बैंक के संपूर्ण स्वामित्व में
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