

NHB (ND)/DRS/ Pol-No. 46 /2011-12
February 23 , 2012



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

All Registered Housing Finance Companies (HFCs)

Dear Sirs,

**Uniformity in charging interest (floating
rate basis) -Clarification**

This has reference to our Policy Circular No. 44 dated October 19, 2011 on the above subject. Bank has received representations from some of the housing finance companies as also from certain borrowers seeking clarifications/ review of the Circular. The borrowers have desired to know whether the instructions contained in the Circular are mandatory and whether the same applies retrospectively or prospectively. The housing finance companies have sought time to complete the risk/credit profiling of the customers. They have also represented that bringing uniformity may result in the increase of the interest rates to some of their existing borrowers and may not be accepted by them in view of the covenants in the agreements entered into with such borrowers. Certain other operational issues have also been raised.

2. The position has been reviewed in the above background as also that the lending practices adopted by the housing finance companies are simple, non-discriminatory, transparent and fair. The position with regard to the Circular is hereby again clarified and the housing finance companies are advised as under:

- a) The instructions contained in the Circular are mandatory and applies to all the housing loans disbursed on or after the date of the issue of the Circular. Consequently, HFCs should apply uniform rates of interest to all the individual borrowers having same credit/risk profile and have availed the housing loans on floating rate basis after the date of the Circular.
- b) HFCs should complete the credit/risk profiling of its individual housing loan borrowers by April 30, 2012 and convey the same to the borrowers.
- c) This will not apply to the special Housing Loan Schemes offered by the HFCs on certain occasion for the limited period for which the said special rate is applicable.

3. You are advised to ensure compliance of the above, as non-compliance will attract penal provision under National Housing Bank Act, 1987.

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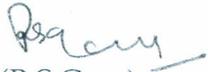
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4. As regards the existing customers of HFCs as on the date of Circular dated October 19, 2011, the matter is under examination and separate communications will follow.

5. Please acknowledge receipt.

Yours faithfully,



(R.S.Garg)
Executive Director

