

NHB (ND)/CRGFTLIH/140/2015-16  
December 03, 2015



All the MD & CEOs/CEOs of Banks/HFCs

Sir/Madam,

**Recovery of Guarantee Fee on upfront basis by the Member Lending Institutions from the borrowers under CRGFS**

As you are aware that Credit Risk Guarantee Fund Scheme (CRGFS) has been notified by the Government of India for the purpose of providing guarantee in respect of Housing loans to EWS/LIG households in urban areas. In terms of sub paragraph (2) of paragraph 11 (Chapter III) of the notified CRGF Scheme for low Income Housing, "The Guarantee Fee shall not be charged from the beneficiary as an upfront processing Fee. However, banks may alter the interest rate to cover up to 50% of the Guarantee Fee. The premium charged should be clearly disclosed by the lending institution."

In the aforesaid context, we are pleased to inform that Member Lending Institutions are now allowed to recover Guarantee Fee from the borrowers on upfront basis instead of loading upon the housing loan interest rate".

The above amendment is effective from November 17, 2015. Accordingly, the member lending institutions may now recover 50% of the Guarantee from the borrowers on an upfront basis. The premium charged should be clearly disclosed by the lending institutions. You are requested to kindly issue necessary instructions at the Zonal/Regional/Branch level in this regard.

Kindly acknowledge receipt.

Yours faithfully

Sd/-

(Lalit Kumar)  
GM,NHB & CEO, CRGFTLIH

