



Liquidity Infusion Facility (LIFt) - Housing Finance Companies

The National Housing Bank (NHB) was established in 1988, under an Act of Parliament, viz. the National Housing Bank Act, 1987 (Central Act No. 53 of 1987) to operate as a principal agency to promote housing finance institutions and to provide financial and other support to such institutions.

In order to infuse liquidity in to the Housing Finance system and also to cater the demand of HFCs to address the housing finance requirements in the affordable housing finance sector, a new scheme, viz. **Liquidity Infusion Facility (LIFt) Scheme for Housing Finance Companies** has been launched. The objective of this refinance scheme is to support HFCs in creating individual housing loan portfolio that falls under the priority sector, as defined by Reserve Bank of India. Liquidity infusion by National Housing Bank may create confidence of the market in HFCs and thus they will be able to raise more resources from other sources like the Banks or the debt market. The total amount allocated for this scheme shall be up to Rs. 30,000 crore. With a view to encourage HFCs for availment under the scheme for creation of individual housing loan portfolio under the priority sector under RBI guidelines, certain amendments/ revisions in the existing scheme have been made & the salient features of the revised scheme are as under:

S. No.	Parameters	LIFt 1	LIFt 2
1	Eligible Institutions	<ul style="list-style-type: none"> i. HFCs having minimum internal rating of "B". ii. HFCs having minimum CRAR of 12% or as per NHB's norms stipulated from time to time iii. Minimum NOF of ₹ 10 crore 	<ul style="list-style-type: none"> i. HFCs having a minimum internal rating of "C" and which meet the criteria of minimum 51% of individual housing loans and Net NPA ratio not exceeding 3.50% ii. HFCs having minimum CRAR of 12% or as per NHB's norms stipulated from time to time iii. Minimum NOF of ₹ 10 crore
2	Purpose	<ul style="list-style-type: none"> • To create individual Housing Loans portfolio of the HFCs within the next six months. HFCs will be utilising the facility for financing individual housing loans up to the individual loan size which fall under the priority Sector as defined by Reserve Bank of India (Rs. 35 lakhs in Metropolitan centres and up to Rs 25 lakhs in other centres). • In case, the amount drawn under this Scheme is unutilised at the end of six months, the amount to the extent which is not utilised/ disbursed, has to be returned 	<ul style="list-style-type: none"> • To create individual Housing Loans portfolio of the HFCs within the next six months. HFCs will be utilising the facility for financing individual housing loans up to the individual loan size which fall under the priority Sector as defined by Reserve Bank of India (Rs. 35 lakhs in Metropolitan centres and up to Rs 25 lakhs in other centres). • In case, the amount drawn under this Scheme is unutilised at the end of six months, the amount to the



		<ul style="list-style-type: none"> Utilization certificate certified by statutory auditor of the Company to be submitted after the end of six months from the date of drawal. 	<p>extent which is not utilised/ disbursed, has to be returned</p> <ul style="list-style-type: none"> Utilization certificate certified by statutory auditor of the Company to be submitted after the end of six months from the date of drawal.
3	Eligible Amount of Refinance	<ul style="list-style-type: none"> A maximum of 30% of the NoF of the HFC as on the last audited Balance Sheet or 50% of the NOF of NHB as on 30.06.2019, whichever is lower. The exposure to HFCs under LIFT will be over and above the ceilings prescribed separately under the Counter Party Exposure Norm of the Bank (CENP). 	<ul style="list-style-type: none"> A maximum of 30% of the NoF of the HFC as on the last audited Balance Sheet or 50% of the NOF of NHB as on 30.06.2019, whichever is lower. The exposure to HFCs under LIFT will be over and above the ceilings prescribed separately under the Counter Party Exposure Norm of the Bank (CENP).
4	Period of Loan	Maximum period will be 60 months from the date of draw down, but not exceeding the underlying portfolio.	Maximum period will be 60 months from the date of draw down, but not exceeding the underlying portfolio.
5	Security for Refinance (at the time of availment)	<ul style="list-style-type: none"> At the time of availing this facility, HFC will provide first exclusive charge on the individual Housing Loan portfolio with a minimum asset coverage of 115%. <p style="text-align: center;">Or</p> <ul style="list-style-type: none"> HFC will provide first exclusive charge on the construction finance portfolio for affordable housing projects, with a minimum asset coverage of 150%. The construction finance project of the HFC against which this refinance is availed, should have a minimum external rating of "AA". (Affordable Housing Projects will be as defined under Section 80IBA of the Income Tax Act,1961) Where ever it is not possible for creating exclusive charge as stipulated in the security conditions, security on pari-passu basis may be accepted subject to obtaining pari-passu ceding letter from other lenders provided that the <u>HFC shall substitute the security created on pari-passu basis with the security by way of charge to NHB over the unencumbered individual housing loans portfolio which are going to be created</u> 	<ul style="list-style-type: none"> At the time of availing this facility, HFC will provide first exclusive charge on the individual Housing Loan portfolio with a minimum asset coverage of 115%. <p style="text-align: center;">Or</p> <ul style="list-style-type: none"> HFC will provide first exclusive charge on the construction finance portfolio for affordable housing projects, with a minimum asset coverage of 150%. The construction finance project of the HFC against which this refinance is availed, should have a minimum external rating of "AA". (Affordable Housing Projects will be as defined under Section 80IBA of the Income Tax Act,1961) Where ever it is not possible for creating exclusive charge as stipulated in the security conditions, security on pari-passu basis may be accepted subject to obtaining pari-passu ceding letter from other lenders provided that the <u>HFC shall substitute the security created on pari-passu basis with the security by way of charge to NHB over the unencumbered individual housing loans portfolio which are going to</u>



		<p><u>within six months</u> of availing the refinance under the LIFT scheme.</p> <ul style="list-style-type: none"> Any other security as decided by the National Housing Bank. 	<p><u>be created within six months</u> of availing the refinance under the LIFT scheme.</p> <ul style="list-style-type: none"> Any other security as decided by the National Housing Bank. 				
6	Security for Refinance at the end of utilization period(6 months)	<ul style="list-style-type: none"> At the end of six months, security (<i>on exclusive/pari-passu basis</i>) already obtained from the HFCs at the time of availing Refinance under LIFT to be replaced/ substituted with the charge to NHB on unencumbered individual housing loan portfolio under priority sector so created out of Refinance disbursed under LIFT maintaining the stipulated asset coverage. 	<ul style="list-style-type: none"> At the end of six months, security (<i>on exclusive/pari-passu basis</i>) already obtained from the HFCs at the time of availing Refinance under LIFT to be replaced/ substituted with the charge to NHB on unencumbered individual housing loan portfolio under priority sector so created out of Refinance disbursed under LIFT maintaining the stipulated asset coverage. 				
7	Rate of Interest	<ul style="list-style-type: none"> The rate of interest will be 1.00% above the interest rate determined as per the pricing mechanism and the premium of 1.00% will remain till the tenor of the loan Facility will be on fixed rate, interest rate will be reset after one year or three years as the case may be. To the extent of the unutilised amount under this sanction, the rate of interest will stand revised to 2% p.a. over the extant policy rate from the date of availing the loan. 	<table border="1"> <thead> <tr> <th>LIFT 2(1)</th> <th>LIFT 2(2)</th> </tr> </thead> <tbody> <tr> <td>HFCs having asset size as on 31.03.2019 (audited figures) above Rs. 2000 crore and meeting the criteria of minimum of 51% of IHL and NNPA not exceeding 3.50%, the rate of interest will be 0.50% above the interest rate determined as per the pricing mechanism and the premium of 0.50% will remain till the tenor of the loan.</td> <td>HFCs having asset size as on 31.03.2019 (audited figures) up to Rs. 2000 crore and meeting the criteria of minimum of 51% of IHL and NNPA not exceeding 3.50%, the rate of interest will be 0.10% above the interest rate determined as per the pricing mechanism and the premium of 0.10% will remain till the tenor of the loan.</td> </tr> </tbody> </table> <ul style="list-style-type: none"> To the extent of the unutilised amount under this sanction, the rate of interest will stand revised to 2% p.a. over the extant policy rate from the date of availing the loan. Facility will be on fixed rate, interest rate will be reset after one year or three years as the case may be. 	LIFT 2(1)	LIFT 2(2)	HFCs having asset size as on 31.03.2019 (audited figures) above Rs. 2000 crore and meeting the criteria of minimum of 51% of IHL and NNPA not exceeding 3.50%, the rate of interest will be 0.50% above the interest rate determined as per the pricing mechanism and the premium of 0.50% will remain till the tenor of the loan.	HFCs having asset size as on 31.03.2019 (audited figures) up to Rs. 2000 crore and meeting the criteria of minimum of 51% of IHL and NNPA not exceeding 3.50%, the rate of interest will be 0.10% above the interest rate determined as per the pricing mechanism and the premium of 0.10% will remain till the tenor of the loan.
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8	Duration of the Scheme	Up to 30.06.2020	Up to 30.06.2020				



9	Other Terms & Conditions	All other terms & conditions shall be as applicable to the Liberalised Refinance Scheme (LRS) of the Bank.	All other terms & conditions shall be as applicable to the Liberalised Refinance Scheme (LRS) of the Bank.
10.	Application	HFCs desirous of availing this facility may submit their applications to the General Manager, Refinance Operation Department, National Housing Bank, New Delhi	HFCs desirous of availing this facility may submit their applications to the General Manager, Refinance Operation Department, National Housing Bank, New Delhi

New Delhi
17.12.2019

