



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. In view of the increasing demand under the LIFt scheme, certain amendments/revisions in the existing scheme have been made & the salient features of the revised scheme are as under:

1	Eligible Institutions	<ul style="list-style-type: none"> All HFCs registered with National Housing Bank which have a minimum internal rating of "B". HFCs having minimum CRAR of 12% and NOF of ₹ 10 crore
2	Purpose	To create individual Housing Loans portfolio of the HFCs within the next three months. HFCs will be utilising the facility for financing individual housing loans only, up to the individual loan size which fall under the Priority Sector as defined by Reserve Bank of India (₹35 lakhs in Metropolitan centres and up to ₹25 lakhs in other centres). In case, the amount drawn under the scheme is not utilised till the end of three months, the amount to the extent which is not utilised/ disbursed, has to be returned.
3	Eligible Amount of Refinance	A maximum of 30% of the NoF of the HFC as on the last audited Balance Sheet or 50% of the individual housing loan portfolio as on 31.03.2019, whichever is lower. The maximum amount that can be extended under this scheme shall be ₹ 750 crore per HFC. The total amount allocated for this scheme shall be upto ₹ 30,000 crore.
4	Period of Loan	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 availing this facility, HFC will provide first exclusive charge on the individual Housing Loan portfolio with a minimum margin of 15% i.e. asset cover will be 115%.

		<p>Or</p> <p>HFC will provide first exclusive charge on the construction finance portfolio for affordable housing projects, with a minimum margin of 50% i.e. asset cover will be 150%. The construction finance project of the HFC against which this refinance is availed, should have a minimum external rating of "AA".</p> <p>Any other security as decided by the National Housing Bank.</p> <p><i>(Affordable Housing Projects will be as defined under Section 80IBA of the Income Tax Act,1961)</i></p>
6	Rate of Interest	<p>(a) As per the extant pricing policy plus 1% p.a., monthly compounding.</p> <p>(b) If the facility availed under floating rate, interest rate will be reset after one year or three years as the case may be.</p> <p>(c) To the extent of the unutilised amount under this sanction, the rate of interest will stand revised to 2% p.a. over the extant pricing policy rate from the date of availing the loan.</p>
8	Duration of the Scheme	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.
10.	Application	HFCs desirous of availing this facility may submit their applications to the General Manager, Refinance Operation Department, National Housing Bank, New Delhi

New Delhi
xx.09.2019