

NHB (MRO)/DOS/002/2024-25

February 20, 2025

To,

All Registered Housing Finance Companies

Madam/Sir,

Practices adopted by HFCs for EMI collections - Advisory

HFCs are required to follow and comply to various regulatory guidelines prescribed by RBI from time to time. These compliances are checked and verified by NHB in its onsite Supervision and offsite surveillance.

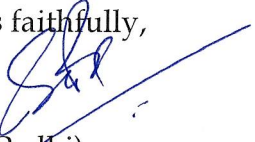
During Supervisory Inspections of HFCs conducted by NHB, the following practices have been observed:

1. Retaining Pre-EMI amount/ Advance EMIs from first disbursement
2. Due date is last day of the month and collection/ EMI date is during the month allowing the company to collect EMIs in advance, while the loan book adjustments and interest capitalisation are carried out at last day of the month.
3. Collection of 2-3 advance EMIs and adjusting the EMIs against overdue amounts.
4. Statement of Accounts are not transparent and the outstanding balance at end of repayment of every instalment is not mentioned.

HFCs are advised to refrain from such practices and provide appropriate benefits to customers in terms of interest adjustments, transparency etc.

All HFCs are advised to take note of the above and ensure compliance.

Yours faithfully,


(S.K. Padhi)
General Manager
Department of Supervision