

April 2, 2007

Non-Banking Financial Companies

Dear Sir,

**Union Budget Speech for the year 2007-08
Regulations for creation of mortgage guarantee companies**

Please refer to Paragraph 90 of Union Budget Speech – 2007-2008 - Housing Loans (copy of the paragraph enclosed as Annex 1).

2. An Internal Group was constituted by the Reserve Bank to formulate regulatory guidelines and to recommend a regulatory guidelines/framework for mortgage guarantee companies. Accordingly, draft guidelines is being put on the website for comments.

3. Banks, NBFCs, members of public are requested to forward their comments and feedback on the draft guidelines to the undersigned by close of business on Tuesday May 1, 2007.

Yours faithfully,

(P.Krishnamurthy)
Chief General Manager-in-Charge

Paragraph 90 of Union Budget Speech 2007-2008
Housing Loans

90. Our people want housing loans. Banks and housing finance companies that lend against mortgages would have greater comfort if the mortgage can be guaranteed through a three way contract among borrower, lender and guarantor. Regulations will be put in place to allow the creation of mortgage guarantee companies.