

**Master
Circular**

**HOUSING FINANCE
(Updated upto October 31, 2003)**

(The Master Circular can also be viewed and downloaded from RBI website www.rbi.org.in. Further amendments, if any, can also be viewed from this website)

Industrial & Export Credit Department

RESERVE BANK OF INDIA

Central Office

Mumbai

IECD.No.(HF) 4 /03.27.25/2003-2004

December 29, 2003
Pausha 8, 1925 (Saka)

Chief Executives of all Commercial Banks

Dear Sir,

Master Circular - Housing finance

As you are aware, in order to have all current instructions on a subject at one place, the Reserve Bank of India had issued a Master Circular on the captioned subject vide IECD. No.(HF) 18 / 03.27.25 / 2000-2001 dated June 21, 2001 which was updated up to July 1, 2002 and the same is now updated upto 31 October 2003. It may be noted that the Master Circular consolidates all the instructions contained in the circulars listed in the Appendix, in so far as they relate to housing finance by banks.

Yours faithfully,

(Rajinder Kumar)
Deputy General Manager

Encl. : As above

CONTENTS

| | Page No. |
|---|----------|
| 1. Introduction | 1 |
| 2. Direct Housing Finance | 1 |
| 3. Indirect Housing Finance | 2 |
| 4. Housing Loans Under Priority Sector | 4 |
| 5. RBI Refinance | 4 |
| 6. Construction Activities Not Eligible For Bank Credit | 5 |
| 7. Reporting | 5 |
| 8. Opening of specialized Housing Finance Branches | 6 |
| 9. Home Loan Account Scheme (HLAS) for NHB | 7 |
| 10. Risk Weight on Housing Finance | 8 |
| 11. Term and Conditions for Banks Investments in Mortgage Backed Securities (MBS) | 8 |
| Annexure – 1 | 10 |
| Annexure – 2 | 15 |
| Annexure – 3 | 16 |
| Appendix | 18 |
| Index to key words | 20 |

MASTER CIRCULAR ON HOUSING FINANCE

1. INTRODUCTION

In pursuance of National Housing Policy of Central Government, Reserve Bank of India has been facilitating the flow of credit to housing sector. During last two years, the housing sector has emerged as one of the sectors attracting a large quantum of bank finance. The current focus of RBI's regulation is to ensure orderly growth of housing loan portfolio of banks

2. DIRECT HOUSING FINANCE

2.1 Direct Housing Finance refers to the finance provided to individuals or groups of individuals including co-operative societies.

2.2 Banks are free to evolve their own guidelines with the approval of their Boards on aspects such as security, margin, age of dwelling units, repayment schedule, etc.

2.3 Other Guidelines

The following types of bank finance may be included under Direct Housing Finance:

- (i) Bank finance extended to a person who is already owning a house in town/village where he resides, for buying/ constructing a second house in the same or other town/ village for the purpose of self occupation.
- (ii) Bank finance extended for purchase of a house by a borrower who proposes to let it out on rental basis on account of his posting outside the headquarters or because he has been provided accommodation by his employer.
- (iii) Bank finance extended to a person who proposes to buy an old house where he is presently residing as a tenant.
- (iv) Bank finance granted only for purchase of a plot, provided a declaration is obtained from the borrower that he intends to construct a house on the said plot, with the help of bank finance or otherwise, within a period of two years from the availment of the said finance.
- (v) ***Supplementary finance***
 - (a) Banks may consider requests for additional finance within the overall ceiling for carrying out alterations/ additions/repairs to the house/flat already financed by them.
 - (b) In the case of individuals who might have raised funds for construction/ acquisition of accommodation from other sources and need supplementary finance, banks may extend such finance after obtaining *pari passu* or second mortgage charge over the property mortgaged in favour of other lenders and/or against such other security, as they may deem appropriate.

3. INDIRECT HOUSING FINANCE

3.1 General

Banks should ensure that their indirect housing finance is channelled by way of term loans to housing finance institutions, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units. It should also be ensured that the supply of plots/houses is time bound and public agencies do not utilise the bank loans merely for acquisition of land. Similarly, serviced plots should be sold by these agencies to co-operative societies, professional developers and individuals with a stipulation that the houses should be constructed thereon within a reasonable time, not exceeding three years. For this purpose, the banks may take advantage of various guidelines issued by NHB for augmenting the supply of serviced land and constructed units.

3.2 Lending to Housing Intermediary Agencies

3.2.1 Lending to Housing Finance Institutions

- (i) Banks may grant term loans to housing finance institutions taking in to account(long-term) debt-equity ratio, track record, recovery performance and other relevant factors.
- (ii) In terms of NHB guidelines, housing finance companies' total borrowings, whether by way of deposits, issue of debentures/ bonds, loans and advances from banks or from financial institutions including any loans obtained from NHB, should not exceed 16 times of their net owned funds (i.e. paid-up capital and free reserves less accumulated balance of loss, deferred revenue expenditure and intangible assets).
- (iii) All housing finance companies registered with NHB are eligible to apply for refinance from NHB and will be eligible subject to the refinance policy. The quantum of term loan to be sanctioned to them will not be linked to net owned fund as NHB has already prescribed the above referred ceiling on total borrowing of housing finance companies. A list of housing finance companies registered with NHB may be obtained by the banks directly from NHB or download from www.nhb.org.in.

3.2.2 Lending to Housing Boards and Other Agencies

Banks may extend term loans to state level housing boards and other public agencies. However, in order to develop a healthy housing finance system, while doing so, the banks must not only keep in view the past performance of these agencies in the matter of recovery from the beneficiaries but they should also stipulate that the Boards will ensure prompt and regular recovery of loan instalments from the beneficiaries.

3.2.3 *Financing of Land Acquisition*

In view of the need to increase the availability of land and house sites for increasing the housing stock in the country, banks may extend finance to public agencies for acquisition and development of land, provided it is a part of the complete project, including development of infrastructure such as water systems, drainage, roads, provision of electricity, etc. Such credit may be extended by way of term loans. The project should be completed as early as possible and, in any case, within three years, so as to ensure quick re-cycling of bank funds for optimum results. If the project covers construction of houses, credit extended therefor in respect of individual beneficiaries should be on the same terms and conditions as stipulated for direct finance.

3.2.4 *Terms and Conditions for Lending to Housing Intermediary Agencies*

- (i) In order to enhance the flow of resources to housing sector, term loans may be granted by banks to housing intermediary agencies against the direct loans sanctioned/ proposed to be sanctioned by the latter, irrespective of the per borrower size of the loan extended by these agencies and such term loans would be reckoned for the purpose of achievement of their housing finance allocation.
- (ii) Banks can grant term loans to housing intermediary agencies against the direct loans sanctioned/proposed to be sanctioned by them to Non-Resident Indians also. However, banks should ensure that housing finance intermediary agencies being financed by them, are authorised by RBI to grant housing loans to NRIs as all housing finance intermediaries are not authorised by RBI to provide housing finance to NRIs. Further, such finance granted by banks to housing finance intermediary agencies against the latter's on-lending to NRIs will not be treated as housing finance for the purpose of scheme of yearly allocation of housing finance applicable to banks.
- (iii) Banks have freedom to charge interest rates to housing intermediary agencies without reference to Prime Lending Rate (PLR).

3.3 Term Loans to Private Builders

In view of the important role played by professional builders as providers of construction services in the housing field, especially where land is acquired and developed by State Housing Boards and other public agencies, commercial banks may extend credit to private builders on commercial terms by way of loans linked to each specific project. The period of credit for loans extended by banks to private builders may be decided by banks themselves based on their commercial judgement subject to usual safeguards and after obtaining such security as banks may deem appropriate. Such credit may be extended to builders of repute, employing professionally qualified personnel. It should be ensured, through close monitoring, that no part of such funds is used for any speculation in land. Care should also be taken to see that prices charged from the ultimate beneficiaries do not include any speculative element, that is, prices should be based only on the documented price of land, the actual cost of construction and a reasonable profit margin.

4. HOUSING LOANS UNDER PRIORITY SECTOR

4.1 The following housing finance limits will be considered as Priority Sector Advances:

4.1.1 Direct Finance

- (i) Loans up to Rs. 10 lakh in rural, semi-urban, urban and metropolitan areas for construction of houses by individuals, with the approval of their Boards.
- (ii) Loans up to Rs.1 lakh in rural and semi urban areas and Rs. 2 lakhs in urban areas for repairs to damaged houses by individuals.

4.1.2 Indirect Finance

- (i) Assistance given to any governmental agency for construction of houses, or for slum clearance and rehabilitation of slum dwellers, subject to a ceiling of Rs. 5 lakh of loan amount per housing unit.
- (ii) Assistance given to a non-governmental agency approved by the National Housing Bank for the purpose of refinance for construction of houses or for slum clearance and rehabilitation of slum dwellers, subject to a ceiling of Rs. 5 lakh of loan amount per housing unit.

4.1.3 Investments in Bonds

Investment by banks in bonds issued by NHB/HUDCO exclusively for financing of housing, irrespective of the loan size per dwelling unit will be reckoned for inclusion under priority sector advances.

5. RBI REFINANCE

Finance provided by the banks would not be eligible for refinance from Reserve Bank.

6. CONSTRUCTION ACTIVITIES NOT ELIGIBLE FOR BANK CREDIT

- 6.1** Banks should not grant finance for construction of buildings meant purely for Government/Semi-Government offices, including Municipal and Panchayat offices. However, banks may grant loans for activities, which will be refinanced by institutions like NABARD.
- 6.2** Projects undertaken by public sector entities which are not corporate bodies (i.e. public sector undertakings which are not registered under Companies Act or which are not corporations established under the relevant statute) may not be financed by banks. Even in respect of projects undertaken by corporate bodies, as defined above, banks should satisfy themselves that the project is run on commercial lines and that bank finance is not in lieu of or to substitute budgetary resources envisaged for the project. The loan could, however, supplement budgetary resources if such supplementing was contemplated in the project design. Thus, in the case of a housing project, where the project is run on commercial lines, and the Government is interested in promoting the project either for the benefit of the weaker sections of the society or otherwise, and a part of the project cost is met by the Government through subsidies made available and/or contributions to the capital of the institutions taking up the project, the bank finance should be restricted to an amount arrived at after reducing from the total project cost the amount of subsidy/capital contribution receivable from the Government and any other resources proposed to be made available by the Government
- 6.3** Banks had, in the past, sanctioned term loans to corporations set up by Government like State Police Housing Corporation, for construction of residential quarters for allotment to employees where the loans were envisaged to be repaid out of budgetary allocations. As these projects cannot be considered to be run on commercial lines, it would not be in order for banks to grant loans to such projects

7. REPORTING

- 7.1** Banks should compile the data relating to Housing Finance at half-yearly intervals on the lines of format given in *Annexure 1* and keep it ready for being made available to the bank's internal inspectors/RBI's inspectors.
- 7.2** For the purpose of monitoring the macro-level performance of the commercial banks in disbursement of housing finance banks should submit, on a quarterly basis, details of disbursements made by them towards housing finance, as per the format given in *Annexure 2* within 20 days from the close of the respective quarter.
- 7.3** Housing loans taken over from other banks should not be included in the quarterly statement as disbursements.

8. OPENING OF SPECIALISED HOUSING FINANCE BRANCHES

- 8.1** In view of the priority accorded to the development of housing as also to achieve greater professionalism, there is a need for establishment of specialised branches at certain centres exclusively to cater to housing finance. It is the intention that a housing finance branch should be established in each district. But this can be brought about gradually based on the policies and perceptions for greater involvement of commercial banks in the housing sector.
- 8.2** Since the housing finance is a new concept to banks, initially the opening of such specialised branches may be restricted to semi-urban/urban areas and the number of such branches to be allowed will depend on the size and spread of the bank. Requests for this kind of branch in rural area will also be considered where there is a clear need and assured viability. While formulating their proposals, banks may, therefore, keep in view the following aspects for consideration:
- 8.2.1** The housing finance branch of a bank should be in any of the districts for which the bank has lead responsibility or, in the case of banks having very nominal lead responsibility, in districts where they have a large presence.
 - 8.2.2** Banks should avoid opening of such housing finance branches at metropolitan centres which are served by quite a few specialised housing finance companies like HDFC or housing finance subsidiaries of the commercial banks.
 - 8.2.3** The housing finance branches may be set up in areas where there is a concentration of branches of the same bank designated to handle housing finance business so that the expertise available in the specialised branch could be used for servicing the other designated branches.
 - 8.2.4** While formulating their proposals, banks should, as far as possible, give preference to smaller urban and semi-urban centres where there is enough potential for opening of such branches.
 - 8.2.5** The proposals should cover all the states to ensure a wider geographical dispersion of housing finance branches.
 - 8.2.6** The applicant bank should also explore the feasibility of converting any of its loss-making branches at the centre into a proposed housing finance branch. Apart from this, banks could designate one of their branches in each district for the purpose of housing finance in addition to their normal banking functions. The availability of housing finance services at specialised branches should also be widely publicised.
 - 8.2.7** In the interest of effecting economy in expenditure, the proposed housing finance branches, as far as possible, may be accommodated in any of the existing premises of the bank at the centre.
 - 8.2.8** Banks may also indicate the existing construction activities, likely development in the business, their involvement in financing such projects/ construction work (whether in consortium or individual basis) at the centre.
 - 8.2.9** National Housing Bank will be prepared to take up the task of training the staff to be posted in the specialised housing finance branches so that they are equipped with the necessary skills for the work.

8.3 Banks should send to Reserve Bank (Department of Banking Operations and Development), a list of centres where they would like to open specialised branches indicating the order of preference along with information in the proforma given in *Annexure 3*.

9. HOME LOAN ACCOUNT SCHEME (HLAS) OF NHB

9.1 Foreclosure of Loans Obtained from Other Sources

9.1.1 Under the HLAS, a member of HLAS is eligible for a loan after subscription to the scheme for a minimum period of 5 years. The member has to declare while joining the scheme/availing loan that he/ she does not own a house/flat. However, a member may acquire a house or a flat from a public agency/co-operative/ private builder by obtaining a loan from a bank at the normal rate of interest or from friends and relatives or through a hire-purchase scheme of Housing Board/ Development Authority. Thereafter, when the member becomes eligible for a loan under HLAS, he/she may approach the bank for such a loan to repay the loan(s) raised earlier from other sources.

9.1.2 There is no objection to bank loans under HLAS being utilised for foreclosing loans secured earlier from other sources, as a special case.

9.2 Classification of Deposits/Loans under HLAS

Under HLAS, the participating bank is required to accept deposits on behalf of NHB and make use of these deposits by way of refinance under any scheme approved by NHB from time to time. The surplus funds, if any, not so utilised (i.e. excess of deposits over refinance) can either be remitted by the participating bank to NHB or retained by it, subject to compliance with the statutory reserve requirements as under:

- (i) The deposits under the HLA Scheme are on a recurring basis; and they should be treated as 'time' liabilities, subject to reserve requirements under Section 42(1) of the Reserve Bank of India Act, 1934 as also under Section 24 of the Banking Regulation Act, 1949 and included under item II (a) (ii) of Form 'A'.
- (ii) In terms of sub-clause (ii) of clause (c) of the Explanation to Sub-Section (1) of Section 42 of the RBI Act, as amended by clause 3 of the Second Schedule to the National Housing Bank Act, 1987, 'liabilities' will not include any loan taken from NHB. Hence, the deposits utilised as refinance from NHB should be deducted from the total deposits received under the HLA Scheme while including the amount under item II (a) (ii) of Form 'A'.

10. RISK WEIGHT ON HOUSING FINANCE

With a view to further improve the flow of credit to the housing sector it has been decided to liberalise the prudential requirement on risk weight for housing finance by banks and encourage investments by banks in Mortgage Backed Securities (MBS) of Housing Finance Companies (HFCs) which are registered and supervised by NHB. Accordingly, banks extending housing loans to individuals against the mortgage of residential housing properties would be permitted to assign risk weight of 50% instead of the existing 100%. Loans against the security of commercial real estate would continue to attract 100% risk weight as hitherto. The investments in MBS of residential assets of HFCs would be eligible for risk weight of 50% for the purpose of Capital Adequacy.

11. TERMS AND CONDITIONS FOR BANKS' INVESTMENT IN MORTGAGE BACKED SECURITIES (MBS)

11.1 Banks' investments in MBS should satisfy the following terms and conditions:

- (a) The right, title, and interest of an HFC in securitised housing loans and receivables there under should irrevocably be assigned in favour of a Special Purpose Vehicle (SPV) / Trust.
- (b) Mortgaged securities underlying the securitised housing loans should be held exclusively on behalf of and for the benefit of the investors by the SPV/Trust.
- (c) The SPV or Trust should be entitled to the receivables under the securitised loans with an arrangement for distribution of the same to the investors as per the terms of the issue of MBS. Such an arrangement may provide for appointment of the originating HFC as the servicing and paying agent. However, the originating HFC participating in a securitisation transaction as a seller, manager, servicer or provider of credit enhancement of liquidity facilities.
 - (i) shall not own any share capital in the SPV or be the beneficiary of the Trust used as a vehicle for the purchase and securitisation of assets. Share capital for this purpose shall include all classes of common and preferred share capital.
 - (ii) Shall not name the SPV in such manner as to imply any connection with the bank.
 - (iii) Shall not have any directors, officers, or employees on the board of the SPV unless the board is made of at least three members and where there is a majority of independent directors. In addition, the official (s) representing the bank will not have veto powers.
 - (iv) Shall not directly or indirectly control the SPV, or
 - (v) Shall not support any losses arising from the securitisation transaction or by investors involved in it or bear any of the recurring expenses of the transaction.
- (d) The loans to be securitised should be loans advanced to individuals for acquiring /constructing residential houses which should have been mortgaged to the HFC by way of exclusive first charge.

- (e) The loans to be securitised should be accorded an investment grade credit rating by any of the credit rating agencies at the time of assignment to the SPV.
- (f) The investors should be entitled to call upon the issuer-SPV-to take steps for recovery in the event of default and distribute the net proceeds to the investors as per the terms of issue of MBS.
- (g) The SPV undertaking the issue of MBS should not be engaged in any business other than the business of issue and administration of MBS of individual housing loans.
- (h) The SPV or Trustees appointed to manage the issue of MBS should have to be governed by the provisions of Indian Trust Act, 1882.

11.2 If the issue of MBS is in accordance with the terms and conditions stated in above paragraph and includes irrevocable transfer of risk and reward of housing loan assets to the Special Purpose Vehicle (SPV) / Trust, investment in such MBS by any bank would not be reckoned as an exposure on the HFC originating the securitised housing loan. However, it would be treated as an exposure on the underlying assets of the SPV/ Trust.

Annexure 1
Master Circular

HOUSING FINANCE

(Vide paragraph 7.1)

Financial assistance granted by scheduled commercial banks under the category 'Housing Finance' as on September 30, _____/March 31, _____

For use of RBI

| | | |
|--|--|--|
| | | |
|--|--|--|

1. Name of the Bank

BSR Bank Working Code
Working Code

2. All India/State/Union Territory

I DIRECT LOANS TO BENEFICIARIES

(Amount Rs.Lakh)

| No. | Item | Disbursed during half -year | | | | | | Outstanding at the end of half-year | | | | | |
|-----|------------------------------|-----------------------------|--------|-------------|--------|-------------|--------|-------------------------------------|--------|-------------|--------|-------------|--------|
| | | Total | | of which | | | | Total | | of which | | | |
| | | | | Rural | | Semi-urban | | | | Rural | | Semi-urban | |
| | | No. of A/cs | Amount | No. of A/cs | Amount | No. of A/cs | Amount | No. of A/cs | Amount | No. of A/cs | Amount | No. of A/cs | Amount |
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. | 13. | 14. |
| 10. | Total (11+12+13+14) | | | | | | | | | | | | |
| | Loans amounts upto Rs.50,000 | | | | | | | | | | | | |

| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. | 13. | 14. |
|-----|---|----|----|----|----|----|----|----|-----|-----|-----|-----|-----|
| 11. | Individuals/groups of individuals(including co-operative housing societies)belonging to Scheduled Castes(SC)/Scheduled Tribes(ST) | | | | | | | | | | | | |
| 12. | Individuals/groups of individuals(including co-operative housing societies) other than SC/ST) | | | | | | | | | | | | |
| | Loan amounts above Rs.50,000 | | | | | | | | | | | | |
| 13. | Individuals/groups of individuals (including co-operative housing societies) belonging to Scheduled Castes (SC)/Scheduled Tribes (ST) | | | | | | | | | | | | |
| 14. | Individuals/groups of individuals (including co-operative housing societies) other than SC/ST | | | | | | | | | | | | |

II. LENDING THROUGH AGENCIES/INSTITUTIONS (INDIRECT LENDING)

| No. | Item | Disbursed during half-year | | Outstanding at the end of half-year | |
|-----|---|----------------------------|--------|-------------------------------------|--------|
| | | No.of A/cs. | Amount | No.of A/cs. | Amount |
| 1. | 2. | 3. | 4. | 5. | 6. |
| 20. | Total (21+22+23+24+25+26) | | | | |
| 21. | HUDCO | | | | |
| 22. | State Housing Boards | | | | |
| 23. | Other State-level Agencies | | | | |
| 24. | Housing Finance Institutions (other than HDFC) | | | | |
| 25. | HDFC | | | | |
| 26. | Others | | | | |
| | Of which for SC/ST | | | | |
| 30. | Total (31+32+33+34+35+36) | | | | |
| 31. | HUDCO | | | | |
| 32. | State Housing Boards | | | | |
| 33. | Other State-level Agencies | | | | |
| 34. | Housing Finance Institutions(other than HDFC) | | | | |
| 35. | HDFC | | | | |
| 36. | Others | | | | |
| 40. | Sub-Total(10+20) | | | | |
| 41. | Sub-Total(11+13+30) | | | | |

III. INVESTMENTS IN BONDS/DEBENTURES

| No. | Item | Disbursed during half-year | | Outstanding at the end of half-year | |
|------|---|----------------------------|--------|-------------------------------------|--------|
| | | No. of A/cs. | Amount | No. of A/cs. | Amount |
| 1. | 2. | 3. | 4. | 5. | 6. |
| 50. | Total (60+70+80+90) | X | | X | |
| | Guaranteed Bonds/Debentures | X | X | X | X |
| 60. | National Housing Bank | X | | X | |
| 70. | HUDCO | X | | X | |
| | Other Bonds (i.e. not carrying any guarantee) | X | X | X | X |
| 80. | National Housing Bank | X | | X | |
| 90. | HUDCO | X | | X | |
| 100. | Grand Total (40+50) | | | | |

Instructions for Compiling the Statement

1. This statement should invariably be prepared horizontally on paper of foolscap (32 cms x 21 cms), to facilitate computerised processing of the data. Further, the column numbers and item numbers should **not** be changed.
2. Data in Blocks I & II should be furnished for all-India and each State/Union Territory separately and in Block III for all-India only.
3. Amounts shown in Block I should be inclusive of housing loans in respect of which refinance from the National Housing Bank has been drawn.
4. Housing loans to banks' own employees should not be classified under the category 'Housing Finance' and should also not be included in this statement.
5. Loans to co-operative housing societies should be included under items 11 & 13 in Block I, only if the number of SC/ST members is more than 50% of the total membership.
6. Rural - Places with population upto 10,000
Semi urban - Places with population over 10,000 and upto 1,00,000
7. 'Other State-level Agencies' at items 23 & 33 include, for example, rural/urban housing corporations, slum clearance boards, etc.
8. 'Others' at items 26 & 36 include city improvement trusts, city development authorities, local bodies, construction companies/builders, land developers, etc.

Annexure 2

Financial assistance granted by scheduled commercial banks under the category 'Housing Finance' as at the quarter ended -----

(Vide paragraph 7.2)

Name of the Bank-----

(Rs.in lakh)

| | (Amount of Housing Finance Disbursed) | | | | | | Grand Total (1+2+6) |
|--|--|---|---|--------------|-------------|--------------|--------------------------------|
| | Amount of Direct Housing Finance | Amount of Indirect Housing Finance | Investment in Guaranteed/Non-guaranteed Bonds of | | | | |
| | | | NHB | HUDCO | MBS* | Total | |
| | 1. | 2. | 3. | 4. | 5. | 6. | 7. |
| Total housing finance disbursed till the previous quarter | | | | | | | |
| Disbursement of housing finance during the current quarter | | | | | | | |
| Total | | | | | | | |

* Represents rated securitised debt instruments issued by any SPV or entity, representing housing loans granted by approved Housing Finance Companies (under the supervision of National Housing Bank)

Annexure 3

**Particulars to be furnished by the banks while
applying for opening of specialised housing finance branches**

(Vide paragraph 8.3)

Name of the Bank -----

(Rs. in lakh)

- | | |
|---|--|
| 1. Name of centre where the specialised branch is proposed to be opened with district and State | |
| 2. Name of the lead bank | |
| 3. No. of existing branches of the applicant bank at the centre/district | |
| 4. The nature of the locality (commercial or residential) | |
| 5. The main economic activities at the centre and their likely growth in the near future | |
| 6. Additional expenditure, if any, to be incurred for the separate branch | |
| 7. Whether the proposed branch could be self-supporting and viable one ? | |

8. Present business of the existing branches

| As on | | |
|---|---------------------------|--|
| 31.03 Previous Year | 31.03. Current Year | Last Friday preceding the date of appln. |
| i) Deposits - of which savings under Home Loan A/c. | | |
| (a) No.of A/cs. | | |
| (b) No.of A/cs | | |
| ii) Advances - of which for housing purposes (excluding staff loans) | | |
| a) No. of A/cs. | | |
| b) Amount outstanding (total limits sanctioned may be given in bracket) | | |

9. Names of other specialised branches/ institutions at the centre/ in the district

| | | |
|--|--|--|
| | | |
|--|--|--|

10.Housing projects/schemes in the district

i) State Govt./Undertakings/Local Bodies

a) Under implementation with no. of tenements

b) Planned under the VIII Five Year Plan with No.of tenements

ii) Other agencies/organisations (to be specified)

a) Under implementation with no. of tenements

b) Projected with no. of tenements

11. Any other information which the bank may like to furnish in support of the application.

**Master Circular
HOUSING FINANCE**

List of Circulars consolidated in the Master Circular

| No. | Circular No. | Date | Subject | Para No. |
|------------|------------------------------------|-------------|---|-----------------------------|
| 1. | IECD.No.(HF)5/03:27: 25/99-2000 | 29.10.99 | Housing Finance - Modification in Loan Size | 3.2.4(i), (ii) |
| 2. | IECD.No.(HF) 12/03.27.25/98-99 | 15.01.99 | Terms and Conditions Governing Direct Finance for Purchase of Old House | 2.2 |
| 3. | IECD.No.(HF) 40/03.27.25/97-98 | 16.04.98 | Terms and Conditions Governing Direct Housing Loans - Review of Parameters | 2.2 |
| 4. | IECD.No.HF. 37/03.27.25/97-98 | 27.02.98 | Submission of Half-yearly Housing Finance Statements – Discontinuance | 7.1 |
| 5. | IECD.No.HF. 22/03.27.25/97- 98 | 06.12.97 | Housing Finance - Modification in Loan Size | 4.1, 4.1.4.1.2, 4.1.3 |
| 6. | IECD.No.5/03.27.25/97-98 | 30.08.97 | Quantum of Bank Finance to Housing Finance Companies Entitled to Draw Refinance from National Housing Bank (NHB) | 3.2, 3.2.1 to 3.3 |
| 7. | IECD.No.CMD. 8/03:27:25/95-96 | 27.09.95 | Sanction of Term Loans for Housing Projects Involving Budgetary Support from Government - Non-Permissibility of | 6.3 |
| 8. | IECD.No.1/03.27.25/94-95 | 11.07.94 | Direct Housing Finance | 2.4 (i) to (iv) |
| 9. | DBOD.No.BL.BC. 132/C.168(M)-91 | 11.06.91 | Opening of Specialised Housing Finance Branches | 8.2, 8.3 |

| | | | | |
|-----|---|----------------|--|-----------------------------------|
| 10. | DBOD.No.BP.BC.88/60-90 | 05.04.90 | Home Loan Account Scheme (HLAS) of National Housing Bank - Foreclosure of Loans Obtained from Other Sources | 9.1, 9.2 |
| 11. | IECD.No.CMD.IV. 24/HF(P)-89/90 | 30.03.90 | Housing Finance | 3.1 |
| 12. | DBOD.No.BP.1074/BP.60-90 | 23.03.90 | Housing Finance - Designation of Specific Branches | 8.1 |
| 13. | DBOD.No.BP.1022/BP.60-90 | 15.03.90 | Housing Finance - Designation of Specific Branches | 8.1 |
| 14. | IECD.No.CAD.IV. 223/(HF-P)- 88/89 | 02.11.88 | Housing Finance - Modifications on the Basis of the Recommendations of the Study Group on Housing Finance Institutions | 2.3 3.2.1(i) 3.2.2 3.2.3 |
| 15. | DBOD.No.CAS.BC. 70/C.446(HF-P)-81 | 05.06.81 | Housing Finance - Revised Guidelines (General) | — |
| 16. | DBOD.No.CAS.BC.71/ C.446(HF-P)-79 | 31.05.79 | Housing Finance - Recommendations of the Working Group to Examine the Role of Banking System in Providing Finance for Housing Scheme | 6 |
| 17. | DBOD.No.BPBC.106/ 21.01.002/ 2001-02 | 14.05. 2002 | Risk Weight on housing finance and Mortgage Backed Securities | 10, 11 |

**List of Other Circulars containing Instructions/
Guidelines/Directives related to Housing Finance**

| No. | Circular No. | Date | Subject | Para No. |
|------------|---|-------------|---|-----------------|
| 1. | RPCD.No.PLNFS.BC. 37/06.11.01/97-98 | 21.10.97 | Priority Sector Advances - Loans for Housing | 4.1 |
| 2. | DBOD.No.Ret.BC. 75/C.96-90 | 13.02.90 | The Reserve Bank of India Scheduled Banks Regulation, 1951 - Classification of Deposits Accepted under the Home Loan Account Scheme of the National Housing Bank | 9.2 |
| 3. | RPCD No.PLNFS BC.30/06.11.01/2002-03 | 29.10.2002 | Priority Sector Advances – Repairs to damaged Houses in Rural and other areas. | 4.1 |
| 4. | RPCD No.PLNFS. BC. 92/06.11.01/2002-03 | 29.04.2003 | Priority Sector Advances – Loans for Housing | 4.1 |

Index to Key Words

| Key Words | Page No. |
|--|----------|
| Direct Finance | 4 |
| Home Loan Account Scheme | 7 |
| Housing Loans under priority sector | 4 |
| Indirect Finance | 4 |
| Investments in bonds of NHB and HUDCO | 4 |
| Lending to housing intermediary agencies | 3 |
| Mortgage Backed Securities | 8 |
| Priority Sector Advances | 4 |
| Refinance | 4 |
| Reporting | 5 |
| Risk Weight on Housing Finance | 8 |
| Supplementary Finance | 1 |
| Term Loans to Private builders | 4 |