

**REFINANCE SCHEME FOR
CONSTRUCTION
FINANCE FOR
AFFORDABLE HOUSING**



**राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK**

Refinance Scheme for Construction Finance for Affordable Housing

I. Preamble

Through this Scheme, NHB aims to support the supply side of the market for affordable housing by providing concessional financial assistance through Scheduled Commercial Banks and Housing Finance Companies, for addressing the credit needs of agencies executing affordable housing projects. The Scheme will operate on a national scale through a large number of financial intermediaries in order to optimize the reach and market penetration.

II. Main Features of the Scheme

- Availability of funds to the lending institutions for their lending to public agencies, private agencies/developers/builders etc. for their projects for affordable housing at concessional rates of interest
- Refinance at fixed / floating rates
- Available on pan India basis

III. Details of the Scheme

1. Purpose

The Scheme will provide refinance assistance to eligible Primary Lending Institutions (PLIs) in respect of their loans extended to public agencies, private agencies / developers / builders for their affordable housing projects.

2. Eligibility Criteria

The eligibility of the PLIs to avail refinance under this Scheme will be the same as the eligibility criteria prescribed for availing refinance under the Regular Refinance Scheme, as applicable to the respective category of PLIs.

3. Eligibility Criteria for Implementing Agencies

(a) Public agencies viz. Housing Boards, Development Authorities, Slum Improvement / Clearance Board, Improvement Trust etc.

OR

(b) Private Developers/Builders etc. conforming to the following criteria :

- Developers / builders undertaking low cost affordable housing projects should be a company registered under the Companies Act, 1956
- Such developers / builders should have minimum 5 years' experience in undertaking residential projects, and should have good track record in terms of quality and delivery
- The developers / builders should not have defaulted in any of their financial commitments to banks / financial institutions or any other agencies
- The project should not be a matter of litigation
- The project should be in conformity with the provisions of master plan / development plan of the area. The layout should conform to the land use stipulated by the town and country planning department for housing projects
- All necessary clearances from various bodies including Revenue Department with respect to land usage / environment clearance, etc. are available on record
- Long term debt equity ratio of the agency not to exceed 2:1 as per the latest annual audited accounts

(c) Eligible Projects

The housing projects of the public agencies and of private developers (either of their own or under PPP model or joint venture) satisfying the following criteria would be eligible for NHB's refinance :

- (i) Projects with at least 60% of the permissible FSI for units of carpet area upto 60 m² and cost of the unit (having carpet area upto 60 m²) not exceeding ₹30 lakhs per unit;

OR

Projects having at least 60% of total number of dwelling units earmarked for units having carpet area upto 60 m² and cost of each such unit not exceeding ₹30 lakh.

OR

Slum improvement / rehabilitation projects conforming to the parameters to be set by the Central Sanctioning and Monitoring Committee of the Affordable Housing in Partnership Scheme (AHP) constituted under the Chairmanship of Secretary, HUPA

- (ii) Promoter's contribution - minimum 20% of project outlay (applicable to private agencies)
- (iii) Minimum asset coverage of 1.33:1 based on market/ book value of the project whichever is lower; as certified by a valuer (applicable to private agencies).

(d) Extent of Refinance

Refinance under the Scheme will be available only in respect of that portion of the project which conforms to eligibility criteria laid down in 4(i) to 4(iii) above. The refinance would be available to the extent of project cost apportioned for affordable housing viz. in terms of proportion of the sum of carpet area for units having individual carpet area not exceeding 60 m² to total carpet area under the project.

(e) Tenure of Refinance

The tenure of the refinance under the Scheme will be co-terminus with the PLI's loan to the agency subject to maximum tenure of 5 years. In the event of the agency prepaying the loan to the PLI at any point of time, the refinance outstanding in respect of that loan will also have to be prepaid to NHB.

(f) Rate of Interest

- Refinance under the Scheme would be available on fixed as well as floating rates of interest

- Refinance on fixed rates would be subject to reset after such period of time as may be agreed to between NHB and the PLI at the time of disbursement
- Refinance on floating rates would be linked to NHB's Prime Lending Rate (NHB's PLR)
- Refinance under the Scheme would be extended at concessional rates of interest.
- The interest on refinance would be compounded monthly and repayable quarterly. Payment of interest shall commence from the first day of the quarter immediately succeeding the date of disbursement of refinance.
- The interest rates for fresh disbursements under the Scheme would be subject to revision by NHB from time to time. Interest rates applicable on the date of the disbursement of refinance will be charged from the primary lending institutions.

(g) Repayment of Refinance

Repayment of principal would be on quarterly basis. The principal would be repaid in equal quarterly instalments. Repayment of principal shall commence after one clear calendar quarter from the date of release.

e.g. In case of refinance disbursed on 19-03-2013, the repayment of principal will start on 01-07-2013.

(h) Prepayment

Prepayment of refinance under the Scheme will be accepted subject to the PLI giving two months' notice to NHB about the intention to prepay the refinance and upon payment of such prepayment levy as may be prescribed by NHB.

(i) Security

- **Security to be obtained from agencies** - The loans extended to agencies would be secured by mortgagable title over the project land / property / project receivable and / or other collateral security. The repayment to PLIs would be ensured by routing of all cash flows under the escrow account in favour of the PLI.

The credit risk of the loan to the agency will be fully taken by the PLI and the refinance sought from NHB would be repayable irrespective of the primary loan account remaining regular or otherwise.

- **Security for Refinance** - The security structure for refinance will be as applicable to the respective institution in accordance with the provisions of the NHB's refinance policy.

(j) Procedure for Sanction of Refinance Limit

- Any eligible PLI desirous of availing refinance from NHB can apply for sanction of refinance limit in the prescribed format [available from NHB's website www.nhb.org.in].
- Refinance limits are sanctioned by NHB to the borrowing institutions on annual basis (July - June).
- A single limit is sanctioned to each institution [i.e. separate sub-limits are not required for different schemes].
- After sanction of limit, and completion of the necessary documentation, refinance may be drawn by the borrowing institution as per requirement.
- In case the sanctioned limit is fully utilized, additional limit can be considered for sanction by NHB.
- In case some portion of the limit remains unutilized at the end of the year (i.e. after 30th June), the unutilized limit can be carried forward to the next one year at the request of the borrowing institution.

(k) Procedure for Disbursement of Refinance

- Refinance can be drawn by making a request for disbursement in the claim form prescribed for the purpose [available from NHB's website www.nhb.org.in].

- The request for disbursement shall be submitted to NHB at its Head Office or the concerned Representative Office and shall be signed by the authorized official of the borrowing institution. The contact details of the various Representative Offices are available on www.nhb.org.in.
- (l) **Mode of release** - The refinance released will be routed through RTGS as per the bank account details furnished by the borrowing institution in the claim form.

(m) Procedure for Repayment

- Repayments of principal and payments of interest / penal interest shall be made at the Mumbai office of NHB, at 3rd Floor, Bombay Life Building, 45, Veer Nariman Road, Fort, Mumbai - 400023.
- Repayment of principal shall be made as indicated below :
 - The amount of refinance availed shall be repaid to NHB by way of equal quarterly instalments, as specified by NHB.
 - The due date for the repayments shall be the first day of each quarter i.e. 1st January, 1st April, 1st July and 1st October each year.
 - Repayment of principal starts start after one clear calendar quarter from the date of release.
- Payment of interest shall be made as indicated below :
 - Interest to be paid to NHB on refinance, will be calculated on daily product basis, compounded monthly and charged at quarterly rests.
 - For calculation of interest, a 'year' will be taken as 365 days, irrespective of whether the year is a leap year or a normal year.
 - Payment of interest shall commence from the first day of the quarter immediately succeeding the date of disbursal of refinance.

- If the due date for repayment of principal / payment of interest is a holiday for the Mumbai office of NHB, and the credit in respect of the amounts due is received by NHB within the first three working days thereafter, the borrowing institution shall pay interest on the amounts due, at the applicable rates of interest for the additional days upto the day of payment to the Mumbai office of NHB. It may please be noted in this regard, that the Mumbai office of the NHB observes holidays as declared for the State of Maharashtra in terms of the Negotiable Instruments Act, 1881. It may be noted, further, that NHB observes a five day week and that, accordingly, its offices remain closed on Saturdays and Sundays.
- For any delay beyond the first three working days for the Mumbai office of NHB, the borrowing institution shall pay additional interest on the amount in default for the total period of delay, at the rate of 2% per annum above the applicable rate.
- The borrowing institution shall make payments to NHB promptly on due dates, irrespective of whether or not the amount is actually recovered by the PLI.

(n) Other Terms and Conditions

- (i) Flagging** - The loans against which refinance is obtained from NHB under this Scheme should be flagged and identifiable in the books of the borrowing institution.
- (ii) Proper books** - Proper books of accounts, registers, etc. should be maintained by the borrowing institution in respect of housing loans granted / refinance availed from NHB and these should be kept up-to-date.
- (iii) Returns and other information to be submitted to NHB** - The borrowing institution shall submit periodic returns to NHB as applicable to it. The list of returns applicable to different categories of institutions is available on NHB's website www.nhb.org.in. In addition, the borrowing institution shall

furnish any information or returns as may be required by NHB from time to time.

- (iv) **Statutory returns** - The PLI shall be prompt and regular in submission of statutory returns.
- (v) **Inspection / audit compliance** - The PLI shall take prompt action on any inspection / audit findings of RBI / NHB / CAG (as applicable).
- (vi) **Appraisal and follow-up of housing loans** - The PLI should have proper systems and procedures for appraisal and follow-up of loans, as also expert, qualified staff for handling loans and adequate arrangements for training them.
- (vii) **Obtaining requisite approvals** - Copies of the approvals or permissions or licenses, etc. of the competent authorities, wherever required will be obtained by the PLI from the agency and it shall comply with all applicable laws, rules and regulations.
- (viii) **Post disbursal discipline** - There should be proper post-disbursement supervision and follow-up of loans to ensure proper end-use of funds as also timely and regular repayment of the loans.
- (ix) **Refinance at discretion of NHB** - Refinance under this scheme shall be available at the sole discretion of NHB and cannot be claimed as a matter of right.
- (x) **Inspection** - The books of accounts, registers, and all other relevant records of the PLI maintained in respect of loans refinanced may be inspected by or on behalf of NHB.
- (xi) **Recall of refinance** - NHB reserves the right to recall the refinance in the event of diversion of the relative funds for purposes other than prescribed under the Scheme or for suppression of any material information by the borrowing institution or the happening of any such event, which may, in the opinion of NHB, endanger the repayment of refinance.

- (xii) **Any other terms and conditions** - Any other terms and conditions applicable under NHB's regular refinance scheme and not specifically covered in this information booklet shall remain applicable under this Scheme also.
- (iv) **NHB's Right to Modify the Scheme** - NHB may, at its sole discretion, modify the Scheme either in respect of all borrowing institutions or in respect of any one or group of institutions.



**Refinance Scheme for Construction Finance for Affordable Housing
Application for Disbursement of Refinance**

Deputy General Manager
Refinance Operations
National Housing Bank
New Delhi - 110003

Sir,

Refinance may kindly be disbursed in respect of construction finance extended to agencies for their affordable housing projects as per the details furnished below.

1.	Date of application				
2.	Name of institution				
3.	Year	2012-13			
4.	Refinance limit for current year (tick as applicable)	Particulars	<i>Tick if applicable</i>	(₹ crore)	
		Annual			
		Additional			
		Carry Forward			
		Limit Utilized			
	Balance Limit				
5.	Amount requested for disbursement				
7.	Total construction finance loans outstanding in the books of the PLI as on 31 st March, 20__	No. of Projects	Amount Sanctioned	Amount Disbursed	Outstd. as on date
8.	Details of construction finance loan in respect of which refinance is being sought	Parameters		Details	
		Name & Address of Public Agency / Private Agency			
		Name & Address of Project			
		Total Project Cost			
		% of the total cost apportioned to affordable housing (*)			
		Total Loan Amount (all lenders)			
		Amount Sanctioned by PLI			
		Amount Disbursed by PLI			
PLI's Loan Outstd.					

(*) Total cost apportioned into % of sum of carpet area for units (upto 60 m²) to total carpet area.

9. **We agree and undertake that :**

- (i) No refinance / finance has been taken against these loans from NHB or any other institution and these loan accounts would remain unencumbered during the pendency of refinance.
 - (ii) The project loans in respect of which refinance is being sought conform to the eligibility criteria prescribed under the scheme and the proposal conforms to the general policy and principles laid down and communicated to us from time to time, by NHB.
 - (iii) The agencies to whom construction finance loans have been extended and in respect of which refinance is being sought conform to the eligibility criteria laid down under the scheme.
 - (iv) The loans for which refinance is being sought are existing loans in our books and conform to the details furnished in this form.
 - (v) The loans granted to the agencies have been utilized by them for the purpose for which the loans have been granted.
 - (vi) The loans covered under NHB refinance are classified as Standard Assets as defined by the National Housing Bank.
 - (vii) We will properly identify all loans for which financial assistance is obtained from NHB and maintain a list of all such loans. All information pertaining to such accounts will be kept readily available with us. Loans once flagged against NHB's refinance will be changed only with prior approval of NHB and will remain in the books of the Company and distinctly identifiable. We undertake to provide a list of such book debts to NHB on demand. Further, the branches will be having the list of NHB refinanced loans at their end for easy identification during inspection.
 - (viii) All information/statements as may be required by NHB from time to time shall be submitted promptly.
10. The refinance amount may be credited into our account no. _____ having IFSC Code _____ maintained with _____ (Name of the Bank / Branch / Place).
11. The interest on refinance will be compounded monthly and paid quarterly.
12. We undertake to repay the refinance as per the repayment schedule furnished by NHB.

(Authorized Signatory)

In case of any queries, please contact :

Deputy General Manager
Refinance Operations
National Housing Bank
Core 5A, 4th Floor
India Habitat Centre, Lodhi Road
New Delhi - 110003

Phone : 011-24655366

Fax : 011-24646988

Email : apsaxena@nhb.org.in

National Housing Bank
List of Offices

<p>Head Office Core 5A, India Habitat Centre Lodhi Road New Delhi - 110003 Ph. 011-24649031-35 Fax 011-24646988</p>	<p>Regional Office Mumbai Life Building 45, Veer Nariman Road, Fort Mumbai - 400023 Ph. 022-22851560-64 Fax 022-22851555</p>
<p>Ahmedabad Representative Office Mezzanine Floor, G-7, Sakar I Opposite Gandhigram Station Ashram Road Ahmedabad - 380009 Ph. 079-40068535, 26582523 Fax 079-26582523</p>	<p>Bhopal Representative Office Reserve Bank of India Hoshangabad Road Post Box No. 32 Bhopal - 462011 Ph. 07389902544</p>
<p>Bengaluru Representative Office F- Block, II Floor, CBAB Complex Cauvery Bhawan, K.G. Road Bangalore - 560009 Ph. 080-22711228 Fax 080-22131157</p>	<p>Chennai Representative Office M.T.B. Building (North Wing), GF 485, Anna Salai, Nandanam Chennai - 600035 Ph. 044-24320761 Fax 044-24331180</p>
<p>Hyderabad Representative Office 4th Floor, APSHCL BUILDING Street No. 17, Himayat Nagar Hyderabad - 500029 Ph. 040-23223375</p>	<p>Kolkata Representative Office Reserve Bank of India Building 8, Council House Street, 2nd Floor Kolkata - 700001 Ph. 033- 22312522</p>
<p>Lucknow Representative Office III Floor, NE Wing, A Block PICUP Bhawan, Vibhuti Khand Gomti Nagar Lucknow - 226010 Ph. 0522-4025169</p>	<p>Patna Representative Office Reserve Bank of India, 2nd Floor South Gandhi Maidan Patna - 800001 Ph. 9771408615</p>