



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

**REFINANCE SCHEME FOR  
URBAN HOUSING FUND**



# REFINANCE SCHEME FOR URBAN HOUSING FUND

## I. Preamble

The housing shortage in urban areas has been engaging the attention of the Government and the policy makers. To mitigate the housing shortage in urban areas, particularly among the lower income segments, a multi-pronged approach, involving credit availability on easier terms and construction of houses at affordable cost has been adopted from time to time.

Availability and flow of institutional credit from the formal sector in urban areas is a critical requirement for mitigating the housing shortage among a large segment of the population. It has thus been identified as one of the thrust areas in addressing the issue. In the Union Budget 2013-14, the Hon'ble Finance Minister has made the following announcement regarding the establishment of an Urban Housing Fund :

*"It is proposed to start a fund for urban housing to mitigate the huge shortage of houses in urban areas. I propose to ask the National Housing Bank to set up the Urban Housing Fund and, in consultation with RBI, I propose to provide ₹2000 crore to the Fund in 2013-14."*

## II. Background

Accordingly, the National Housing Bank has formulated a new refinance scheme for channelizing funds into the urban housing sector. The Scheme seeks to augment resources and improve credit availability and meet the housing needs of the people in lower income segments residing in urban areas. The Scheme is based on area parameter and loan & cost parameters consistent with the needs and capacity of the people in the lower income segments. The Scheme provides for refinance by NHB to various categories of Primary Lending Institutions (PLIs) in respect of their eligible individual loans extended to lower income segments in urban areas across the country.

### III. Details of the Scheme

#### 1. Objective

The Scheme will provide refinance assistance to eligible primary lending institutions in respect of their loans extended in urban areas for the following purposes :

- Purchase / construction of dwelling units
- Repairs / renovation / upgradation of dwelling units
- Incremental housing

#### 2. Eligible Scheduled Urban Cooperative Banks

The eligibility conditions for Banks under the Scheme will be the same as those prescribed under the Liberalized Refinance Scheme.

#### 3. Eligible Loans

The eligibility criteria for eligible loans under the Scheme are as follows :

- (i) Location of property - The dwelling unit in respect of which the individual housing loan has been extended should be located in an urban area. The urban areas would be as defined in the Census 2011.
- (ii) Date of disbursement - The loans in respect of which refinance is sought under this Scheme should have been disbursed on or after 01-04-2013.
- (iii) Loan size - The individual loan size should not exceed ₹10 lakhs.
- (iv) Dwelling unit - The carpet area of the dwelling unit in respect of which the individual housing loan is extended should not exceed 60 m<sup>2</sup>  
**OR**  
the cost of the dwelling unit should not exceed ₹16 lakhs.
- (v) Beneficiaries - The household income should not exceed ₹4 lakhs per annum. It may be mentioned here that Rajiv Rin Yojana (RRY), a centrally sponsored scheme envisages 5% subsidy to the EWS / LIG borrowers. Inclusion of people marginally above the LIG segment within the scope of UHF would enable them to have better access to the formal housing finance system resulting in more inclusive housing in urban areas. It should however, be ensured that individual should not get the benefit of both UHF refinance scheme and Rajiv Rin Yojana. In this regard, the Banks would

follow due diligence in identification of the beneficiaries in terms of eligible income group and ensuring non-inclusion of beneficiaries availing loan under various subsidy schemes of the Government, including Rajiv Rin Yojana, by obtaining necessary documentary evidence, including Aadhaar based identification, etc.

#### **4. Extent of Refinance**

Refinance from NHB would be available to the extent of 100 per cent of the eligible loans sanctioned and disbursed by the Banks.

#### **5. Tenure of Refinance**

The refinance assistance under this Scheme will be available for tenure of 3 to 7 years.

#### **6. Rate of Interest**

- (i) Interest rates under the Scheme would be fixed over the entire tenure of refinance and Banks would be encouraged to lend at fixed rates in order to safeguard the borrowers against volatility of interest rates in the market.
- (ii) The Banks would be required to ensure that for all refinance claims made under the Urban Housing Fund, only those loans are included where the on-lending rate to the borrower(s) does not exceed 2% over and above the maximum refinance rate under the Fund.

#### **7. Repayment of Refinance**

Repayment under the scheme would be on quarterly basis.

#### **8. Other Terms and Conditions of Refinance**

Other terms and conditions would be as applicable under the regular refinance scheme of NHB.



**NHB-UCB-02**  
**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 individual housing loans as per the details furnished below. The details required under the specific refinance scheme(s) under which refinance is sought are furnished in the Appendix \_\_\_\_.

1.	Date of application				
2.	Name of institution				
3.	Year	2013-14			
4.	Refinance limit for current year (tick as applicable)	<b>Particulars</b>	<i>Tick if applicable</i>	(₹crore)	
		Annual			
		Additional			
		Carry Forward			
		Limit Utilized			
	Balance Limit				
5.	Amount requested for disbursement				
6.	Scheme under which disbursement is sought	<b>Scheme Code</b>	<i>Tick if applicable</i>	(₹crore)	<b>Attach Details</b>
	Liberalized Refinance Scheme	RU1			Appendix I
	Golden Jubilee Rural Housing Refinance Scheme	RU2			Appendix II
	Rural Housing Fund	RU3			Appendix III
	Energy Efficient Housing Refinance Scheme	RU4			Appendix IV
	Special Refinance Scheme for Urban Low Income Housing	RU5			Appendix V
	Refinance Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes	RU6			Appendix VI
	Refinance Scheme for Women	RU7			Appendix VII
	Urban Housing Fund	RU8			Appendix IX
	<b>Total</b>				
7.	Total individual housing loans outstanding in the books of the Bank as on 31 <sup>st</sup> March, 20__				

8. **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 refinance sought is in respect of housing loans granted as per the eligibility criteria prescribed under the respective 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 loans for which refinance is being sought are existing loans in the books of the Bank and conform to the details furnished in this form.
  - (iv) The housing loans granted to the constituents have been utilized by them for the purpose for which the loans have been granted.
  - (v) The housing loans covered under NHB refinance are classified as Standard Assets as defined by the National Housing Bank.
  - (vi) 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. Individual housing 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.
  - (vii) All information/statements as may be required by NHB from time to time shall be submitted promptly.
9. The refinance amount may be credited into our account no. \_\_\_\_\_ having IFSC Code \_\_\_\_\_ maintained with \_\_\_\_\_ (Name of the Bank / Branch / Place).
10. The interest on refinance will be compounded monthly and paid quarterly.
11. We undertake to repay the refinance as per the repayment schedule furnished by NHB.

(Authorized Signatory)

## Appendix IX to NHB-UCB-02

### Details of Claim under Urban Housing Fund (RU8)

1.	Scheme under which refinance claimed	<b>Urban Housing Fund</b> (Scheme Code - RU8)		
2.	Amount claimed (₹crore)	<<in figures>>		
		<<in words>>		
3.	Tenure for which refinance claimed (3 years to 7 years)	<<years and months>>		
4.	Type of interest rate	Fixed		
5.	Size-wise break-up of housing loans included in refinance claim	<b>Loan Size</b>	<b>No. of Units</b>	<b>Amount</b> (₹crore)
		Upto ₹2 lakhs		
		₹2 lakhs to ₹5 lakhs		
		₹5 lakhs to ₹10 lakhs		
		<b>Total</b>		
6.	Annual income-wise break-up of borrowers included in refinance claim	<b>Loan Size</b>	<b>No. of Units</b>	<b>Amount</b> (₹crore)
		Upto ₹1 lakh		
		₹1 lakh to ₹2 lakh		
		₹2 lakh to ₹3 lakh		
		₹3 lakh to ₹4 lakh		
		<b>Total</b>		

We certify that :

- (i) the information furnished in this application is true and correct and may be verified from our books;
- (ii) the loans included in this claim have been disbursed on or after 1<sup>st</sup> April, 2013;
- (iii) the loans disbursed in urban areas for which refinance is being sought under the Urban Housing Fund have been properly classified and the location of the dwelling units is as per the 2011 census;
- (iv) the loans disbursed in urban areas for which refinance is being sought under the Urban Housing Fund have been disbursed to borrowers having annual household income not exceeding ₹4 lakhs;
- (v) the loans disbursed in urban areas for which refinance is being sought under the Urban Housing Fund do not exceed ₹10 lakhs and have been disbursed in respect of dwelling units whose cost does not exceed ₹16 lakhs;
- (vi) only those loans have been included in this claim which satisfy the criterion of on-lending cap prescribed by the National Housing Bank under the Urban Housing Fund.
- (vii) the loans disbursed in urban areas for which refinance is being sought under the Urban Housing Fund have been disbursed to beneficiaries who have not availed loans under any other subsidy scheme of the Government.

(Authorized signatory)