

NHB(ND)/DRS/Policy Circular 66/2014-15
September 3, 2014



All Registered Housing Finance Companies (HFCs)

Dear Sir/Madam

**Levy of foreclosure charges/pre-payment penalties on floating rate term loans
- Clarification**

Please refer to our Circular NHB(ND)/DRS/Pol. Circular No. 63/2014 dated August 14, 2014 advising HFCs not to charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.

Enquiries are being received with regard to the applicability of the said Circular on floating rate term loans sanctioned prior to August 14, 2014 and in cases where a company, firm, etc. is a co-borrower.

2. The issues have been examined by us. It is clarified that the provisions of the said Circular are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction, and prepaid on or after August 14, 2014. The provisions of the said Circular cover both part as well as full pre-payments.

3. Further, the applicability of the said Circular is on foreclosure charges/pre-payment penalties in respect of all floating rate term loans sanctioned to individual borrowers. Loan in which company, firm, etc. is a borrower or co-borrower, therefore, is excluded from its purview.

Yours faithfully

(Arnab Roy)
Executive Director