

NHB (ND)/DRS/Policy Circular No.75/2016-17

July 1, 2016

To,



All Housing Finance Companies

Dear Sir/Madam,

**Disbursement of housing loan to individual linked to the stages of construction**

Please refer to the Circular NHB(ND)/DRS/Pol-No.58/2013-14 dated November 18, 2013 wherein housing finance companies (HFCs) were advised that the disbursal of housing loans sanctioned to individual should be closely linked to the stages of construction of the housing project/houses and upfront disbursal should not be made in cases of incomplete/under-construction/green field housing projects/houses.

2. It has been brought to our notice that some of the HFCs are making upfront disbursal without linking the same to the stages of construction of housing projects. Further, some HFCs have approved certain projects for the advance disbursement facility.

3. HFCs are once again advised that disbursal of housing loans should be strictly linked to the stages of construction and no upfront disbursal should be made in case of incomplete/un-constructed projects. The prevalent schemes of HFCs, if any, need to be reviewed on the above lines in order to remove inappropriateness of funding exposure with concomitant risk of diversion of funds. Any non-compliance in this regard will be viewed seriously and may attract penal provisions under the National Housing Bank Act, 1987.

4. Kindly bring the contents of this Circular to the notice of your Board and submit a resolution of the Board on the above lines, at the earliest.

Yours faithfully,

(A. P. Saxena)  
General Manager