

NHB (ND)/DRS/Pol-No.48/2011-12  
April 4, 2012



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

All Registered Housing Finance Companies (HFCs)

Dear Sirs,

**Pre-payment penalty on pre-closure of housing loans- Clarification**

Please refer to our Circular No. NHB (ND)/DRS/Pol-No.43/2011-12 dated October 19, 2011 on the above subject. The said Circular is applicable in respect of all housing loans which are extended on fixed or floating rate of interest. However, instances have been brought to our notice where housing loans have been given on Special Rate basis under different names and on various occasions carrying certain fixed rate of interest in the initial period of the loan followed by floating rate of interest. Clarifications have been sought on the applicability of the said Circular to such loans.

2. The issue has been examined by us, keeping in view the nature of interest rate at the time of origination of the loan. Considering the fixed rate of interest at the time of origination in respect of such loans, it is hereby clarified that the instruction applicable to fixed interest rate housing loans referred to in the aforesaid Circular shall apply to such housing loans.

3. All other terms and conditions of the said Circular shall remain the same.

4. Please acknowledge receipt.

Yours faithfully,

(R.S.Garg)

Executive Director

भारतीय रिज़र्व बैंक के संपूर्ण स्वामित्व में  
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