



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2009-10/131

DBOD.No. Dir (Hsg). BC.31/ 08.12.001/2009-10

August 27, 2009

**All Scheduled Commercial Banks
(Excluding RRBs)**

Dear Sir/Madam,

Finance for Housing Projects – Incorporating clause in the terms and conditions to disclose in pamphlets/brochures/advertisements information regarding mortgage of property to the bank

Please refer to para 3.3 of our Master Circular on Housing Finance [DBOD.No.Dir.\(HSG\).BC.08/08.12.01/2009-10](#) dated July 1, 2009 wherein banks have been advised that they may extend credit to private builders on commercial terms by way of loans linked to each specific project. Further, in terms of para 3.2.3 of the above circular, bank can also extend finance to public agencies for land acquisition and development.

2. In a case which came up before the Hon'ble High Court of Judicature at Bombay, the Hon'ble Court observed that the bank granting finance to housing / development projects should insist on disclosure of the charge / or any other liability on the plot, in the brochure, pamphlets etc., which may be published by developer / owner inviting public at large to purchase flats and properties. The Court also added that this obviously would be part of the terms and conditions on which the loan may be sanctioned by the bank.

3. Keeping in view the above, while granting finance to specific housing / development projects, banks are advised to stipulate as a part of the terms and conditions that:

बैंकिंग परिचालन और विकास विभाग, केन्द्रीय कार्यालय, सेन्टर 1, कफ़ परेड, कोलाबा, मुंबई - 400005

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हिन्दी आसान है, इसका प्रयोग बढ़ाइये।

(i) the builder / developer / company would disclose in the Pamphlets / Brochures etc., the name(s) of the bank(s) to which the property is mortgaged.

(ii) the builder / developer / company would append the information relating to mortgage while publishing advertisement of a particular scheme in newspapers / magazines etc.

(iii) the builder / developer / company would indicate in their pamphlets / brochures, that they would provide No Objection Certificate (NOC) / permission of the mortgagee bank for sale of flats / property, if required.

4. Banks are also advised to ensure compliance of the above terms and conditions and funds should not be released unless the builder/developer/company fulfils the above requirements.

Yours faithfully

(B.Mahapatra)
Chief General Manager