



Annexure I of IH&SMEFD Circular No. 5 of 2019

Financing Facility for Low Cost Housing for Special Segments

1. Scope of the Scheme:

House Finance under this scheme will be available to individuals under following categories only:

- a. Widows.
- b. Children of martyrs (Shaheed) of law & enforcement agencies, armed forces and Civilians martyred in terrorist attacks.
- c. Special persons holding CNIC with disability logo/ symbol,
- d. Transgender and
- e. Persons who desire to construct (including plot purchase) housing units in the Mohmand, Bajaur, Orakzai, Kurram, Khyber, North Waziristan and South Waziristan districts of Khyber Pakhtunkhwa.

2. Eligibility Criteria:

Individuals in the above categories can avail financing subject to following eligibility criteria / conditions:

- a. The borrower must not own any residential housing unit /flat / apartment.
- b. The borrower must not have availed housing finance previously from any bank/DFI.
- c. The loan shall be available only for construction (including plot purchase) of new housing unit.
- d. Maximum value of the housing unit, being financed under this scheme, shall be Rs. 3 million (including plot value).
- e. Sale or renting out of housing unit, financed under this scheme, shall not be allowed until full adjustment of outstanding finance or five (5) years after the date of first disbursement or, whichever is earlier.

3. Participating Financial Institutions (PFIs):

All banks/DFIs shall be eligible for providing financing under the scheme.

4. Bank/DFI-wise Refinance Limits:

- a. Yearly limits shall be allocated to individual PFI under the Scheme.
- b. The limits shall be allocated for each fiscal year from 1st July to 30th June.
- c. Applications for sanction of limits for each fiscal year (July-June basis) shall be sent by the interested banks/DFIs to the Director, Infrastructure, Housing & SME Finance Department, latest by 15th May each year to facilitate sanction of annual limits. For the current year the request for sanction of limits may be submitted within 30 days from the date of issuance of this circular.



- d. SBP shall review the utilization of limits by the PFIs periodically and may adjust / cancel the unutilized limit for reallocation to other bank/DFIs. No PFI shall sanction financing with a view to merely utilize the limit under the scheme.

5. Tenor and size of Loans:

- a. The refinance under this facility shall be available for up to 100% of the amount disbursed to eligible borrowers.
- b. Maximum financing of a PFI to a single borrower shall not exceed Rs 2.7 million.
- c. The financing for plot, to be purchased for the purpose of constructing house shall be allowed up to 1 million only.
- d. Financing shall be available for a maximum period of 12½ years, which includes maximum grace period of six months.

6. Disbursement of the loans:

- a. The refinance shall be provided on case to case basis for each loan.
- b. After disbursements of the loan under the facility, the PFI can approach the concerned office of SBP BSC for availing refinance. The office shall provide refinance within three working days from the date of receipt of request on submission of duly filled in prescribed documents i.e. (a) Refinance Application Form (b) Form of The Agreement [to be submitted only at the time of approval of annual limits] (c) DP Note of the PFI covering the full value of the limit [to be submitted only once a year to the extent of total limit], (d) Copy of undertaking to be submitted by the customer (e) Copy of Financing Agreement between PFI and customer (inclusive of redemption schedule) and (f) Internal Audit Certificate [as required in point d below].
- c. The refinancing request shall be duly signed by the authorized officials of the PFI.
- d. The refinance shall be provided on the basis of certification by the Internal Audit of PFI with regard to confirmation that the loan is within the terms and conditions laid down in the Scheme. A copy of the said Internal Audit Certificate shall also be submitted to the concerned office of SBP BSC along-with application for refinance.

7. Repayment of the loans and SBP's refinance:

- a. Loans shall be repayable in monthly installments after prescribed grace period, if any. However, if a borrower will repay the loan amount or its installment, in part or in full, before the due date(s), the PFI shall be under obligation to repay the amount(s) so received within fifteen working days to the concerned office of SBP-BSC failing which fine for late adjustment of loan will be recovered from the concerned PFI, at the rate specified by the State Bank.
- b. The refinance granted by SBP-BSC offices to the PFIs and mark-up thereof shall be recovered on the due dates as reported in the original repayment schedule from the account of the banks/DFIs maintained with the respective office of the SBP BSC. In case the borrowers fail to make repayment of the amount of installment as per the original repayment schedule, the PFIs will be entitled to charge market rate of mark up on such overdue principal amount besides taking other actions to recover the same as are incidental to such defaults. In no case the liability of PFIs to pay/repay to SBP BSC the principal amount of refinance, or mark up or any other charges or penalty thereon shall be dependent upon the recovery from the borrower nor shall such liability be affected by any default on the part of the borrower.



8. Rates of Service Charges:

- a. The rate of service charge at which SBP shall provide refinance to the PFIs shall be fixed for the entire duration of the loan, provided the loan continues to be regular as per Housing Finance PRs.
- b. Service charges and rates for end users have been fixed as under:

Rate of Refinance	Banks' / DFIs' Maximum Spread	End Users' Rate
1.0%	4.0%	5.0%

- c. The lending bank shall provide a consolidated repayment schedule to the borrower at the time of offer of loan facility.

9. Grant of Refinance:

- a. The State Bank shall provide refinance to each participating bank/DFI on service charge basis in terms of Section 17 (2) (d) read with section 22 of State Bank of Pakistan Act 1956.
- b. Refinance shall be allowed to the banks/DFIs by the concerned office(s) of SBP BSC on submission of documents as may be required by State Bank. The documents initially required are attached herewith.

10. General Terms & Conditions:

- a. PFIs shall ensure that loan proceeds are used exclusively for the purpose it is approved. They shall also ensure that borrower has fulfilled pre-disbursement formalities, through due diligence as per their own internal arrangements to avoid malpractices and misutilization of funds under the Scheme.
- b. PFIs shall provide financing facilities to the prospective borrowers as per their lending policies duly approved by their Board of Directors. Further, financing shall be subject to compliance with all instructions, guidelines and directions, including Prudential Regulations, as prescribed by the State Bank from time to time.
- c. The PFIs shall not take more than two weeks in evaluating an application for financing after receiving the complete required documents. Where the request is declined, the PFI shall explicitly apprise the prospective borrowers, in writing, the reasons for rejecting the application.
- d. Financing under the Scheme shall be reviewed by SBP's Banking Inspection Department (BID) during inspection of the PFIs to ensure that the same has been allowed as per the instructions issued by SBP from time to time.
- e. Where a PFI considers the requests of their borrowers for rescheduling of loans granted under the Scheme, the principal amount of refinance shall only be rescheduled in a way that total tenor of refinancing under the Scheme does not exceed maximum period of 12½ years from the date of 1st disbursement made by the PFI. Further, the borrower shall be liable to make payment of mark-up on the SBP



- refinance at the rate applicable on the date of such rescheduling, or the original rate whichever is higher.
- f. In case of early repayment of principal or rescheduling of loan, the concerned PFI shall be required to submit revised repayment schedule of that loan.
 - g. PFIs should ensure adequate training arrangements for the staff/officials handling cases under the facility with a view to ensure compliance with internal rules / regulations / procedures and those prescribed by SBP.
 - h. In case of violation of the instructions issued by SBP on the Scheme, the SBP shall reserve the right to recover the entire amount of refinance granted to the PFI along with a fine at the rate of Paisa 60 per day per Rs 1000/- or part thereof.
 - i. In case a borrower makes early repayment(s) of the amount of loan/installment(s) and PFI fails to repay the same to concerned office of SBP-BSC within the specified time period, late adjustment fine shall be charged from the concerned PFI at the rate of Paisa 60 per day per Rs 1,000 or part thereof.
 - j. The fine, as mentioned in clause ‘h’ and ‘i’ above, shall be recovered through the PFI who availed refinance under the Scheme. In no case, the fine imposed on PFI due to its negligence shall be passed on to the borrower. In case it passes on the fine so recovered from them to the borrower, the PFI shall be under obligation to justify the same to ensure that the fine is not passed on to the borrower merely on the strength of the action of the State Bank of Pakistan.
 - k. SBP, in its capacity as the regulator, shall have the right to appoint an independent consultant to verify that the conditions of the scheme are properly fulfilled/ complied with by the financing PFI.
 - l. In case the report of the consultant points out irregularities on part of the financing PFI or the customer, SBP reserves the right to redeem the amount of refinance provided, along with penalty at the rate prescribed in clauses ‘h’ and ‘i’ above, including the cost of such verification.
- 11.** The refinance under the Scheme shall be available for loans sanctioned from the date of issuance of this circular and up-to December 31, 2023.
- 12.** The Scheme can be amended as per the instructions issued by SBP from time to time.

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