



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI /2011-12 /302

DNBS (PD-MGC) CC. No. 10 / 03.11.01 / 2011-12

December 16, 2011

To
The Chairman/CEOs of all Mortgage Guarantee Companies

Dear Sir

Amendment to Mortgage Guarantee Company (Reserve Bank) Guidelines, 2008

Please refer to Para 27 of the Mortgage Guarantee Company (Reserve Bank) Guidelines 2008 issued vide Notification DNBS(PD)MGC No.3 /CGM (PK) - 2008 dated February 15, 2008 wherein it has been stated that no mortgage guarantee company shall provide mortgage guarantee for a housing loan with 90% and above LTV ratio. As scheduled commercial banks are expected to seek mortgage guarantee for their housing loans, it has been decided to align the regulatory prescription of LTV ratio for mortgage guarantee companies with that of commercial banks and revise it downwards from 90% to 80% for housing loans exceeding Rs. 20 lakhs. However for small value housing loans i.e housing loans up to Rs. 20 lakh (which get categorized as priority sector advances), LTV ratio should not exceed 90%.

2. Copy of amending Notification No. DNBS (PD) MGC No. 6 / CGM (US)-2011 dated December 16, 2011 amending Mortgage Guarantee Company (Reserve Bank) Guidelines 2008 is enclosed for meticulous compliance.

Yours faithfully

(Uma Subramaniam)
Chief General Manager-In-Charge

Enclosures as above

**RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING SUPERVISION
CENTRAL OFFICE
CENTRE I, WORLD TRADE CENTRE,
CUFFE PARADE, COLABA,
MUMBAI 400 005.**

Notification DNBS (PD) MGC No. 6 / CGM (US)-2011 dated December 16, 2011

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Mortgage Guarantee Company (Reserve Bank) Guidelines 2008 in exercise of the powers conferred by sections 45JA and 45 (L) of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said Directions shall be amended with immediate effect as follows, namely -

2. Amendment of paragraph 27 –

The existing clause "No mortgage guarantee company shall provide mortgage guarantee for a housing loan with 90% and above LTV ratio" shall be substituted with the following " *No mortgage guarantee company shall provide mortgage guarantee for a housing loan above Rs. 20 lakhs where the LTV exceeds 80%.*" For small value housing loans i.e housing loans up to Rs. 20 lakh (which get categorized as priority sector advances), LTV ratio should not exceed 90%.

Yours faithfully

(Uma Subramaniam)
Chief General Manager-In-Charge