

Foreign Exchange Policy Department

Bangladesh Bank

Head Office

Dhaka

www.bb.org.bd

FE Circular No. 19

Date: December 06, 2015

All Authorized Dealers of
Foreign Exchange in Bangladesh

Dear Sirs,

Taka loans to Non-Resident Bangladeshis (NRBs) working abroad

Please refer to Section 5(1)(a) of the Foreign Exchange Regulation Act, 1947 in terms of which prior permission from Bangladesh Bank is required to grant credits to non-residents.

02. To facilitate housing finance to NRBs, it has been decided that Authorized Dealers (ADs) may extend mortgage loans in Taka to NRBs working abroad for the purpose of housing in Bangladesh subject to observance of the existing guidelines of Prudential Regulations for Consumer Financing (Regulation for Housing finance) issued by Banking Regulation and Policy Department, and the following instructions:

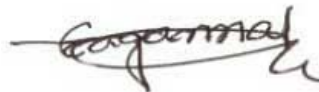
- a) The housing finance facility shall be provided to NRBs at a maximum debt equity ratio of 50:50. The equity portion shall be provided by the borrower-NRBs either through their inward remittances or through debits to their non-resident bank accounts fed by foreign sources.
- b) ADs may obtain securities and savings instruments held by NRBs in Bangladesh as additional collateral beside registered mortgage of the house with registered power of attorney. They may also obtain third party personal guarantee(s).
- c) The repayment against the loans shall be made out of inward remittances. However, rental income from the house concerned, net of applicable taxes, may be used for repayment. In this case, ADs may, at their options, provide necessary custodial services to collect rental income.
- d) ADs shall adhere to all applicable credit norms, prudential parameters, and applicable instructions of other competent authorities.

03. In case of housing finance facility extended by branches of scheduled banks not authorized to deal in foreign exchange, such lending bank branches should have suitable links with ADs channelling inward remittances for equity and repayment. Banks shall maintain proper records in support of such payments from external sources as per stipulation of paragraph 2(a) and 2(b) above.

04. Head offices/principal offices of scheduled banks shall, incorporating all above instructions, develop Product Program Guidelines for housing finance to NRBs.

Please inform the contents of this circular to all your concerned constituents.

Yours faithfully,



(Jagannath Chandra Ghosh)

Deputy General Manager

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