

**GOVERNMENT OF PAKISTAN**  
**PRIME MINISTER'S OFFICE**  
**NAYA PAKISTAN HOUSING & DEVELOPMENT AUTHORITY**  
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F. No.1(1)/20-BDI/Subsidy

Islamabad, the April 12, 2021

Subject: **HOUSING FINNACE - COST SUBSIDY FOR HOUSING UNITS**

This is to inform that a Summary for the ECC of the Cabinet on the subject matter was submitted by Naya Pakistan Housing and Development Authority (NAPHDA) through the Cabinet Division. The ECC, in its meeting held on 17 March, 2021 considered and approved the Summary. Consequently, the Cabinet Division [in terms of Rule -17 (1)(b) read with Rule -19(1) of the Rules of Business, 1973], circulated a Summary for the Cabinet [dated 19 March, 2021], for ratification of the decision taken by the ECC of the Cabinet. The Cabinet considered the Summary, and ratified the decisions taken by the ECC in its meeting held on 17 March, 2012. The Summary contained; (a) Eligibility Criteria for Cost Subsidy and (b) Modalities for payment of Cost Subsidy, reproduced below:

**(a). ELIGIBILITY CRITERIA FOR COST SUBSIDY:**

- (i)** Applicants verified by NADRA for 'Naya Pakistan Housing Program (NPHP)' shall be eligible **except** the following:
  - a. Applications received from applicants of Unverified, incorrect or blocked CNICs.
  - b. More than one application per CNIC (only one application per CNIC is allowed)
  - c. More than one application per family (only one application per family - which includes applicant, and applicant's father, mother, spouse and dependent children - is allowed).
- (ii)** Applicants who qualify [Eligibility Criteria mentioned above (i) excluding [a, b, and c] shall be subject to clearance by:
  - a. National Counter Terrorism Authority (NACTA) as required under Schedule – IV (Proscribed Persons);
  - b. Pakistan Telecommunication Authority (PTA) – to identify TELCOs and PTCL based income proxies of the applicants; and
  - c. Participating banks from bankability [credit worthiness] point of view.
- (iii)** NAPHDA shall obtain consent of the verified bankable applicants to occupy low cost housing units at the proposed location and terms and conditions of loan on a prescribed form.

**(b) MODALITIES FOR PAYMENT OF COST SUBSIDY**

An Escrow Account (Project Account), maintained with the participating bank or the Lead Bank [in case of consortium of banks] shall be used for routing all

transfers and payments, including [the payment of cost subsidy @ Rs. 300,000/- per low-cost-housing unit to be paid up front by the Government and the amount of down payment paid by the end-user(s)/borrower(s)].

#### **SELECTION OF APPLICANTS:**

- (i) NAPHDA will share the list of applicants who fulfil the eligibility criteria as mentioned above, with Bank(s) for their credit assessment.
- (ii) Bank(s), based on their selection criteria [Risk Assessment Criteria mentioned in SBP Circular], select applicants for extension of financing and share the list with NAPHDA.
- (iii) NAPHDA will ballot the list of eligible/willing applicants shared by banks to select allottee(s) and share the list back with banks. [through the Lead Bank in case of consortium]
- (iv) The Banks shall process/sign loan agreement(s)/document(s) with eligible applicants (borrowers) for providing loan equal to cost of the housing less Rs. 300,000 and the amount contributed by the borrower as down payment.
- (v) The Banks (through Lead Bank in case of consortium) shall provide to NAPHDA, list of the borrowers.

#### **A. RELEASE of FUNDS**

- (i) NAPHDA will submit a Sanction Letter (along with list of approved applicants/allottee(s)borrowers to Finance Division for release of subsidy funds [Rs. 300,000/- per allottee/borrowers].
- (ii) Finance Division (Expenditure Wing) shall endorse the Sanction Letter to Accountant General Pakistan Revenue (AGPR). AGPR shall issue Sealed Authority of the sanctioned amount in favor of participating bank [or Lead Bank in case of consortium] to be credited in the Project Account (Escrow account).

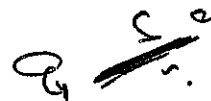
#### **B. RELEASE OF PAYMENT FROM THE PROJECT ESCROW ACCOUNT**

- (i) NAPHDA shall decide construction milestones along with schedule of payments to the selected Builders/ Developers and convey the same to participating bank [or Lead Bank in case of consortium].
  - (ii) The Builder/Developer will approach NAPHDA for release of payment [against the agreed construction milestones] from the Project Account with documentary proof of achievement of construction milestone, which shall have been verified beforehand by the consultant.
  - (iii) NAPHDA shall verify the assessment of the claims carried out by the Consultant, and issue Milestone Achievement Certificate and Authority Letter to the participating bank [or Lead Bank in case of consortium] for payment to Builder/Developer.
  - (iv) NAPHDA shall carry out reconciliation of bank statements with AGPR on monthly basis.
- (c) **IN CASE OF DEFAULT:** The amount of cost subsidy shall be treated as equity participation for mortgage in each case, and shall be liable to be re-possessed by the Federal Government [on the analogy of re-possession by the Banks to the extent of their exposure] in the event of default by the borrower, after completion

of the due process of Recovery of Finance in accordance with the Foreclosure Law and underlying regulations. [This aspect shall be covered separately through regulations to be framed under the Recovery of Finance Act]. In case of default of builder/ developer, ownership of under construction property will be transferred to allottee(s), Government and financing bank proportionate to their investment in the property under the "equity participation mortgage agreement".

2. The aforementioned instructions /decisions of the Federal Government [ECC/ Cabinet] may be brought to the notice of all concerned for information and necessary action, where required.

3. Kindly acknowledge the receipt.



**Muhammad Bilal**  
Senior Executive Director  
(Finance)

**Governor,**  
State Bank of Pakistan,  
Karachi

**Copy for information to:**

- i. Secretary, Cabinet Division,  
Government of Pakistan,  
Islamabad
- ii. Secretary, Finance Division,  
Government of Pakistan,  
Islamabad