

**PBOC Shanghai Headquarter Restricted Loans to Foreign-invested Real Estate**

Chinese version The Shanghai headquarter of the People's Bank of China (PBOC) emphasized to restrict the credit provision to the foreign investment in the real estate industry and prohibited the illegal provision of loans against laws and state policies.

According to the recently released Shanghai Credit Provision Guidelines (2008 revision) (the Guidelines), the credit provision in Shanghai will be classified into 4 colors under 14 categories: blue for inclined credit provision, green for supported credit provision, yellow for prudential credit provision and red for restricted and prohibited credit provision. And the credit provision for foreign investment in the real estate industry falls under the red.

The Guidelines also stipulated that if foreign invested real estate enterprises failed to fully pay their registered principals, or obtain the State-owned Land Use Certificate, or have a principal for project development less than 35% of the total investment of the project, financial institutions may not provide both domestic and offshore loans to such enterprises.

(Source: 21st Century Business Herald)

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