



# PROJECT LOAN POLICY

STAR HFL

VERSION 1.0

## Project Loan Policy

PREPARED BY:		
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<b>Title</b>	Star HFL Project Loan Policy
<b>Date of Latest Release</b>	
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## Project Loan Policy

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**PROJECT LOANS** - This product would be handled by the centralized Team of corporate office. The major policies detailed in the said circular pertaining to builder funding are as below:

1. Exposure to Land & Building developers shall be subjected to a ceiling of Rs. 10, 00 cr.
2. While sanctioning loans to builders and real estate developers, care shall be taken by the sanctioning authority to ensure the following.
  - a. The borrowers are reputed and financially sound and would be able to successfully manage the projects. Past exposure of at least completion of 3 projects compulsory.
  - b. Real estate exposures should be assumed for specific projects after examining their viability and risks from various perspectives. Sufficient margin not below 50% should be stipulated as cushion against the loan exposure.
  - c. Personal guarantees of promoters / directors, credit ratings by agencies, eligibility for NHB refinance, approval upfront for our putting the premises to alternative use in case of foreclosure etc. should be stipulated wherever appropriate.
  - d. STAR HFL will not extend loan facility to the private builders for acquisition of land even as a part of housing project.
  - e. STAR HFL will ensure that prices charged from the ultimate beneficiaries do not include any speculative elements, that is, prices should be based only on the documented price of the land, the actual cost of construction and a reasonable profit margin.
3. While financing any NBFC, it shall be ensured that the borrower is reputed with healthy financials and is backed by financially sound parent/group/promoters.
4. Preference will be given to real estate developers/companies for Priority credit, while taking cognizance of the risks specific to real estate sector. The STAR HFL shall avoid financing the construction activities not eligible for credit as per RBI guidelines.

With reference to the above listed policy, we have formulated our product norms wherein all these criteria are covered.

5. We propose to restrict our total exposure in a product to maximum to Rs.10 crores at any given point in time.
6. The sanctioning process & norms of this product are structured as below so as to cover the policy criteria
  - a. The loan quantum is computed based on repayment eligibility of the borrower as evidenced by the latest three-year IT returns. The builders are also selected based on their profiling of experience, number of projects completed, market reputation and other criteria as detailed in the product norms herein.
  - b. As per this product norm we would be funding a max of 50% of the project cost subject to ceiling of Rs. 10 cr for a project and this is well within the stipulated norm of 50% margin
  - c. We start funding only after the construction plan of the project is approved by appropriate authorities, hence we fund only after finalization of the project

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- d. As stipulated, we take Personal guarantees of promoters / directors and take other appropriate confirmation / declarations from the borrower(s)
  - e. As we would start funding only after the construction plan is approved there will not be the possibility of funding for acquisition of land.
  - f. The project cost is arrived at on the basis of the two independent valuations by our empanelled valuers; hence the speculative elements in the project cost workings are eliminated.
7. The other guide lines as stipulated in the policy will be adhered to.

The Risk perceived and mitigates for the same along with the detailed product norms are attached herewith for your reference and approval.

### Risk Perceived and Mitigates – Project Funding to Builders

No.	Risk perceived	Risk mitigation proposed in the process / Risks which cannot be mitigated (conscious)
1	Industry Risk - Real estate exposure is considered as part of sensitive sector exposure.	This risk is addressed by the lower exposure and ceiling of Rs. 10 cr per project. The limit allotted by the company for the project Loans to land and building developers is limited to 5% of total portfolio or 30 cr in a year whichever is lower.
2	Market Risk – Real estate prices are subject to fluctuations induced by market forces & base product being landed property, inherent risks associated – especially immediate liquidity.	The loan quantum for any project has been restricted to a maximum of 50% of the project cost as certified by our empanelled valuer. We ensure two independent valuation reports for ascertaining the project cost. Also this loan product is extended only for a max of 18 months.
3	Product Risk - Timely completion of the project under consideration with appropriate approvals and Saleability of the same	The loan will disbursed in parts as per the progress / completion of construction stages so as ensure limiting our exposure to be within 50% of the project cost as on the date of such disbursements.

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		<p>We start disbursement only after appropriate approvals for the projects are obtained by the builder / borrower(s)</p> <p>Project to be funded are selected on the basis of the past track record on completion and sales experience of the builder. The location of the project is identified based on the demand prevalent in that locality and the sales potential of the projects.</p> <p>All assets charged to the bank should always be fully insured by the Borrower against fire lightning, riots, strikes, floods, cyclones, earthquakes, civil commotion, and other natural calamities, etc., with a company approved by the company in the joint names of the company and Borrower(s).</p>
4	Borrower Risk – Default in loan repayment and non closure of loan within the stipulated loan tenor	<p>The Interest servicing (of the proposed loan) eligibility of the borrower is assessed based on his past 3 year IT returns. The company's charge on the property is registered as first charge so as to ensure non liquidation of the security to the extent of loan outstanding</p> <p>We stipulate Personal guarantee of all property owner(s), partner(s), director(s) and borrower(s)</p> <p>Repayments are stipulated as and when the individual flats / apartments / units get sold.</p>
5	Interest Rate – Asset liability mismatch – Fluctuations, Net yield, Risk Weightage, Tenor related ALM.	<p>This loan will be extended on fixed rate of interest and not less than 15 % PA.</p> <p>Maximum loan tenor of 18 months</p> <p>We also collect up front fees of Rs.1.50 lacs and administrative fee of .50% of loan amount.</p>
6	Documentation Risk – Enforceability of the loan documents executed, inadequate / incorrect documentation, fraud & enforceability issues.	<p>The loan documentation for this product would be in the formats prescribed by our Legal Department.</p> <p>Company's Charge on the property under consideration will be registered with the local registrar's office (EM Creation).</p> <p>company's charge on the project property to be registered with ROC as may be applicable.</p>

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7	Asset / Ownership Title Risk – Borrower(s) ownership on the property	<p>The title of the property under consideration for this funding is cleared by two independent empanelled lawyers. And all declarations (if any) as prescribed by the lawyers are taken before release of funds.</p> <p>We stipulate Personal guarantee of all property owner(s).</p>
8	Business Risk	<ul style="list-style-type: none"> <li>• The total group exposure (on sanctioned quantum of live deal basis) to any builder will not exceed Rs.10 Crores.</li> <li>• Right of first refusal of individual loan in the project to be with STAR HFL</li> <li>• The builder would have option to part payment. .</li> <li>• If the Project (under consideration for our funding) qualifies for Advance Disbursement Facility (ADF) from any Bank / Institution, star housing reserves the right to adjust such amount out of the ADF disbursements against the facility outstanding as it may deem fit</li> <li>• If the Properties are sold (fully / partially) either with / without being developed to any other third party (not being the end user / flat buyer) / builder, Star HFL would have the first right to recover / adjust the proceeds of such sale against the loan then outstanding</li> <li>• On a case to case basis additional collateral to be taken with a value equal to the loan if the collateral offered is a building premises and if a vacant land then the market value as assessed by our valuer should be equal to two times the loan quantum.</li> <li>• Stage wise margin of our exposure is ensured before release of every disbursement.</li> </ul>

## Product Norms – Project funding to builders

### Product offering

- Minimum loan quantum of Rs.1.0 cr
- Maximum loan quantum of Rs. 10.00 cr
- Maximum loan tenor of 18 months
- Processing fees of Rs. 150000/- (+ Service tax & cess) irrespective of the loan quantum to be paid upfront along with the loan application
- Administrative fees of .50% (+ Service tax & Cess) on the sanctioned loan quantum
- Stamping & Registration charges to be borne by the builder / borrower(s)
- ROI range of 15- 18 % fixed basis.

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- Application form of project loans to be used.
- The following particulars / documents are to be collected for sanctioning
  - a) Permanent Account Number (PAN) of each Borrower / Guarantor and Corporate Identity Number (CIN) in the case of companies.
  - b) Photocopies of Passport and other relevant details of each Borrower and Guarantor
  - c) 3 Self attested Pass port size Photographs of the Borrower and Guarantors.
  - d) Location / Site-map of immovable properties under consideration with important land marks.
  - e) Details of all other properties of the borrower(s) not charged to the bank.
  - f) Brief write-up on the organization setup, projects completed so far, current projects, future projects, asset base of the borrower and guarantor and details of all / any other loan currently being serviced by the borrower(s).
  - g) Audited Financials for the past three years
  - h) Latest one year Bank statement of the active current account of the borrower(s)
  - i) Details of all / any other loans being currently serviced by the borrower(s)
  - j) Net worth certificate of promoter / directors duly certified by auditors

### **The Builders for project funding will be profiled in line with the below listed criteria's:**

- The Builder should have a minimum experience of 5 years in the industry.
- The builder should have completed his previous projects within the committed time frame.
- The builder should have completed at least 3 projects.
- The quality of construction of the previous projects should be good (Market feedback)
- The project under consideration should be located in a easily marketable locality
- The builder should be in the approved list of at least two other HFC / Banks (Proof to be collected)
- The builder should have constructed and sold at least 30000 Sq.ft of built area
- The builder should not be appearing in the negative list of RBI / CIBIL
- The builder should have a well laid out office and trained personnel
- The financials should be good – Should have filed profits for the past three years.
- The builder should have a strong second line of management
- The total group exposure (on sanctioned quantum of live deal basis) to any builder should not exceed Rs.20 Crores and not more than Rs.15 Crores of outstanding exposure

### **Additional norms specific to Project funding exposure (for us) on any builder for the first time**

- Minimum total Project cost to be Rs. 10.00 cr (Including cost of land). 50 % of LTV to be maintained.
- For multi storied building- Indicatively minimum Project size to be 10 – 15 flats in medium segment or 4 – 10 flats in high end segment.
- For land development/colonies – minimum land area 5 acres.

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- Average Unit Sale price to be Rs. 10 lacs.
- The Maximum loan quantum will be restricted to Rs.100 lacs.
- Funding to be started only after commencement of construction – at least 20% of the construction should have been completed.
- In proposals where the builder has taken only a POA for the property the Equitable Mortgage registration has to be executed by the land owner.
- Additional collateral to be taken with a value equal to the loan if the collateral offered is a building premises and if a vacant land then the market value as assessed by our valuer should be equal to two times the loan quantum.
- The property offered as additional collateral should be owned by the builder or by his / her spouse or jointly by the builder and his / her spouse. Where the property is jointly owned all the owners should sign in the guarantee deed and deposit of title deed documents / equitable mortgage to be registered in our favour as prescribed by the Bank.

### **The loan sanctioning will be based on the below norms**

- Loan to be Sanctioned by a credit committee comprises of credit head, legal head, Business head and CFO.
- Maximum Loan to Value – LTV to be restricted to 50% of the project cost.
- The Maximum Loan tenor to be restricted at 18 months from the date of first disbursement
- Valuation of the project for the purpose of our loan will be based on the approved part of the project as per the approved plan.
- The loan eligibility will be based on the latest three years IT returns filed by the builder. Documents required for KYC norms compliance will be collected as pre sanction documents.
- The interest servicing eligibility of the borrower is assessed with reference to his IT returns and the acceptable debt to equity ratio would be pegged at 3:1.
- Sanction letter issued would valid for 90 days from the date of issue

### **The security for this loan would be stipulated as below:**

- Equitable Mortgage of the Project Land with all buildings and Structures there on, both present and future (MODT – Memorandum of Deposit of Title deeds to be registered) in our favor by the builder in his capacity as owner of the land or as POA holder vide power derived through POA executed by the land owner(s).
- An exclusive charge on the scheduled receivables under all the documents entered into with each of the flat buyers / customers and all insurance proceeds both present & future.
- No Paripasu or second charge on any of the property (being offered as security to COMPANY) to be accepted
- Primary Security
  - First Charge on the property / project being funded
  - EM in favour of company on the project be registered vide Memorandum of Deposit of Title deeds.
- Collateral Security – as may be stipulated on a case to case basis



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- Personal guarantee of all property owner(s), partner(s), director(s), borrower(s) & Guarantor(s) as mentioned herein
    - a. In case of Ltd companies, the personal guarantee of the MD and active directors to be taken.
    - b. Personal guarantee of all Directors in case of Pvt Ltd companies
    - c. In case of the builder being a proprietor / partnership concern then the all the partners / proprietor to stand in as borrowers of the loan.
  - Good marketable Property with a current market value equal to or higher than the loan quantum if the property offered is building
  - If the offered property is a land, then the market value of the same should be more than or equal to twice of the loan quantum
  - The title of the property to be cleared by our empanelled lawyer
  - The value of the property be certified by our empanelled valuer
  - EM in favour of COMPANY on the project be registered vide Memorandum of Deposit of Title deeds
- Funding to be done in stages as per the progress of construction
  - At any point of time minimum security must be at least 2 (50% LTV) times of the loan amount.
  - Land title owners should join in the loan agreement as borrower / co-borrower / guarantor and for the creation of mortgage.
  - Negative Lien on flats to the extent of 2 times of the loan amount.
  - Assignment of receivables from the project under consideration
  - Our charge on the project property to be registered with ROC as may be applicable.
  - Monthly / quarterly audit of the project and cost for the same to be reimbursed by the applicant company.

**Documentation** - The Documentation / loan agreements for this product will be in the format prescribed by our legal Department.

**Insurance** - All the assets charged to the bank should always be fully insured by the Borrower against fire lightning, riots, strikes, floods, cyclones, earthquakes, civil commotion, and other natural calamities, etc., with a company approved by the Bank in the joint names of the company and Borrower(s), at borrower's cost for full market value or company's interest, whichever is higher. The policies / cover note should be lodged with the Bank. The policies should be kept alive (current) during the currency of the loan. In the event of non-compliance, the company reserves the right (but not be bound to exercise) to take the insurance cover as required by the Bank by debit to the borrower's account. Likewise all the renewals of the policies should also be effected / done by the Borrower at all materials.

### Pre disbursement conditions

- Building Plan approval and all other approvals required for commencement and completion of Project to be in place before 1st disbursement.

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- All Statutory compliance to be satisfactory.
- Specific verification by our empanelled lawyer & valuers in respect of clearance applicable on the projects which are given as security for the loan.
- Land Owners to join for the creation of mortgage.
- Clear, marketable and unencumbered Title to the Property as certified by our empanelled lawyer.
- Declaration to the effect that the loan availed will be utilized solely for the construction of the projects under consideration.
- Disbursement based on security Value and Progress of construction.
- Right of first refusal of individual loan in the project to be with COMPANY
- Any increase in project cost would be met by borrower with promoter contribution.
- Any shortfalls in project funding on account of booking money would be met by the promoters from their own sources.

### **In case of a Company being the borrower, the following terms are applicable;**

A resolution to be passed in a meeting of the Board of Directors of the Company for availing the credit facilities sanctioned by the company and a duly certified extract of the same be submitted to the company Star HFL . The resolution should contain, inter alia, the following particulars;

- a. Acceptance of the Terms & Conditions of the credit facilities sanctioned to the construction Company.
- b. Authority in favour of Directors / Authorized Signatory to execute the security documents for availing the credit facilities sanctioned to the construction Company.
- c. Authority in favour of Directors / Authorized Signatory for filing the documents and Form 8 and 13 with the registrar of Companies for creating a charge over the assets of the Company in favour of the Bank.
- d. Affixation of the Company's Common Seal on the security documents and vesting of authority to authenticate such affixation.
- e. Requesting the guarantors to offer their Personal Guarantee / Corporate Company.
- f. Creation of first charge on the assets of the Company in favour of the lender company for the credit facilities sanctioned to the construction Company.
- g. The charge over the assets of the construction's Company in respect of the limits sanctioned herein should be registered with the Registrar of Companies with 30 days from the date of execution of documents and filed copies of Form 8 and Form 13, together with receipt should be deposited with us. The Certificate of Registration is to be produced to the Bank within reasonable time for our records.

During the currency of the company's credit facilities, the Unit / guarantors will not, without the Star HFL's permission in writing;

- a. Effect any change in the Unit's capital structure.

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- b. Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Star HFL.
- c. Formulate any scheme of amalgamation or reconstruction.
- d. Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary / group concerns. However normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
- e. Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, Company or person.
- f. Undertake guarantee obligations on behalf of any other company, firm or person.
- g. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
- h. Effect any drastic change in their management setup.
- i. Effect any change in the remuneration payable to the Directors / Partners, etc., either in the form of sitting fees or otherwise.
- j. Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the bank.
- k. Create any further charge, lien or encumbrance over the assets.
- l. Sell, assign mortgage or otherwise dispose off any of the fixed assets charged to the Star HFL
- m. Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.
- n. Open any account with any other bank. If already opened the details there of is to be given immediately and any confirmation to this effect given to the Star HFL .

### **The following process for disbursement / release of funds would be followed.**

- The title of the property to be cleared by two independent HL empanelled lawyers
- The Property to be valued by two independent HL empanelled valuers
- The required loan documents in the formats prescribed by our legal department to be executed by the borrower(s) and Co-borrowers.
- Disbursement Memo (DM) to be prepared by our team for every drawdown
- Individual disbursements will be approved by credit head.
- Collateral management, EM creation etc., would be managed by ops team
- All original title documents of the property would be physically vaulted and maintained at head office
- Collection issues if any will be handled by the HO team.

### **The repayment of the loan will be structured as below**

- The deal will be booked in our system and the Interest on outstanding balance will be calculated as per existing system.

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- Delay in repayment of accrued interest will attract penal interest @ 24% pa.
- The receivables of the project should flow into the ESCROW account.
- Principal to be repaid on registration of undivided share of land (UDS) to individual buyers of each unit.

### **The individual Housing Loan deals would continue to get booked and maintained in LMS.**

- Flat getting financed by any other financier (or) is a cash purchase- The builder has to get an NOC from the STAR HFL.
- If the Project (under consideration for our funding) qualifies for Advance Disbursement Facility (ADF) from any Bank / Institution, COMPANY-STAR HFL reserves the right to adjust such amount out of the ADF disbursements against the facility outstanding as it may deem fit
- If the Properties are sold (fully / partially) either with / without being developed to any other third party (not being the end user / flat buyer) / builder, The COMPANY-STAR HFL shall have the first right to recover / adjust the proceeds of such sale against the loan then outstanding.

### **Loan Recall- The loan can be recalled for any of the below mentioned reasons**

- Construction not started / finished within the stipulated time period
- Construction progress not as per the project report submitted.
- Construction not being done as per the approved plan
- Property not getting sold as projected
- Changes in Market conditions
- Any unforeseen reasons that may result in dilution of Bank's security / affect Bank's Interests.
- Borrower(s) defaulting in payment of accrued interest / repayment of principal outstanding as per terms stipulated herein / agreed upon
- Any other reasons that may be deemed as fit for recall of the loan as decided by the bank from time to time.

In any of the above-mentioned events THE COMPANY-STAR HFL shall, at its sole discretion, be entitled to call upon the borrower to

- i. Prepay the facility (in whole or part) and the Borrower shall forthwith upon demand remit the monies demanded
- ii. Revise the repayment norms as decided by the credit head.

### **OTHER NORMS TO BE COMPLIED-**

1. Bureau of Indian Standards has formulated National Building Code (NBC) of India 2005, providing guidelines for regulating the building construction activities. The

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- Builder has to agree for adherence to the above National Building code specification in the Project.
2. All documentation charges and Quarterly Audit charges shall be borne by the Borrower(s). The audit fees will be paid by STAR HFL and the same to be reimbursed by the Borrower(s).
  3. The said loan will be used for construction of the specified housing project only (Project name and address to be specified) and it is clearly understood that the said loan or any part thereof shall not be utilized for any other purpose whatsoever.
  4. STAR HFL 's individual Housing Loan schemes will be given wide publicity in the Builder's brochure and literature. Builder should ensure that maximum numbers of intending borrowers are sent to THE COMPANY-STAR HFL for individual loans.
  5. A clause to be incorporated in the Loan Agreement for referring individual loan applicants to THE COMPANY-STAR HFL and the right for first denial of individual loan applicants in the above Project should lie with STAR HFL.
  6. Appropriate hoardings of THE COMPANY-STAR HFL will be displayed on all projects of the builder.
  7. If there is any interest tax levied by the Government of India or any other authority under the Interest Tax Act 1974 or under any other law, Borrower(s) shall reimburse to THE COMPANY-STAR HFL any such tax imposed or levied by the Government of India or any other authority on interest and / or other payments required to be paid by borrower to THE COMPANY-STAR HFL in connection with the said loan facility.
  8. It is the responsibility of the Borrower(s) to ensure that the 'Property' for which the loan is availed / and / or the "Property" taken as security for loan to be duly insured at the Borrower(s) cost and expenses for all risk and the same to be assigned in favour of THE COMPANY- STAR HFL.
  9. The title of the property to be clear, marketable, unencumbered and the same to be satisfactory and acceptable to THE COMPANY- STAR HFL. The search in the ROC and in the Sub - Registrar's office to be done and the same should be satisfactory.
  10. Approved Building plan along with all other approvals from various authorities relating to the project to be obtained for commencement and completion of the project. The details of the project are enclosed herewith.
  11. Security cheques for the sanctioned loan amount to be taken.
  12. NOC from other Financial Institutions and / of Banks from where the Builder might have taken loan for any other projects if such and approval is stipulated in the agreement / arrangement with them.
  13. The Borrower(s) or any of their group companies should not have defaulted with any of the lenders in the past. A declaration from the Applicant Company / Firm and a Confirmation from their auditors to be obtained in this regards.
  14. The borrower shall not raise any loans from any other source without prior written permission from THE COMPANY-STAR HFL.
  15. The Borrower will at all times maintain /open:
    - a) Open a separate account with in bank , which account shall be used for the purpose of all disbursements of the said Loan made to borrower, which will be deposited by borrower in this account.

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- b) Inform all the flat purchasers in the project, to draw all cheques in favour of the designated ESCROW account .
  - c) Utilize the funds from this account for the specific purpose of completion of this project and make repayments to COMPANY-starhfc and not to any other purpose whatsoever; and
  - d) THE COMPANY SATR HFC shall have full authority to monitor, including auditing all transactions through this account in such manner as it may deem necessary.
16. In the event Borrower sells any space in the project financed, borrower will deposit all the sale proceeds in the designated account opened and maintained as conveyed above. THE COMPANY-STAR HFL will have the first option to adjust the sale proceeds against the principal outstanding / other dues.
17. The borrower will give a irrevocable instruction to the bank with reference to the said account stating that COMPANY –STAR HFL has a right to freeze the account at any time without borrower’s confirmation and transfer the outstanding credit to the loan repayment without having to obtain any further instruction from borrower
18. The Borrower will also undertake and confirm that in the event the cash flow in the account is not sufficient to service the said Loan, interest or other dues, the shortfall will be met through inflow of fresh fund therein by borrower in a manner and form as mutually acceptable to borrower and LENDER COMPANY. The support shall be kept valid until repayment of the entire loan with interest and all other dues.
19. The Borrower will not withdraw any funds to repay the principal to the providers of subordinate debt, if any until repayment of the entire said Loan to THE LENDER COMPANY with interest and all other dues are made to THE LENDER COMPANY.
20. The sanction letter shall stand revoked and cancelled and shall be absolutely null and void if:
  - a) There are any material changes in the proposal for which the said loan is sanctioned.
  - b) Any material fact concerning borrower’s profits, etc., or ability to repay, or any other relevant aspect of borrower’s application of loan is withheld, suppressed, or concealed or not made known to us.
  - c) Any statement made in the loan application is found to be incorrect or untrue.
  - d) The loan agreement and other documents, as required by us are not executed within a period of 60 days from the date hereof (sanction letter date) or during any further extension of the period mutually agreed upon.
  - e) Any information as may be required by THE LENDER COMPANY from time to time pertaining to the project is not furnished in the from prescribed / approved by THE LENDER COMPANY
21. Borrower(s) should obtain NOC for sale of flats in the project. The proceeds towards the sale of negative lien flats in the project shall be adjusted towards the outstanding loan of the above project. The total outstanding project loan and the outstanding

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individual loan in the above project should not be more than 70% of the security available at any point of time. Other safeguards if any that may be advised in the title investigation report have to be adhered to. Borrower(s) shall execute loan agreement, Demand Promissory note and /or such other documents as may be required by THE LENDER COMPANY in the format laid down by THE LENDER COMPANY. Borrower(s) shall also declare and certify that the loan will be used for development, construction and completion of the above-mentioned project only.

22. The rate of interest mentioned above is the minimum ROI. THE LENDER COMPANY reserves the right to reset the rate of interest after the review, if the market rate of interest appreciates (as judged by THE LENDER COMPANY) at any point from the date of disbursement to the closing of account. If at any time during the tenure of the loan, the security provided by the applicant company becomes inadequate (as judged by THE LENDER COMPANY), Borrower(s) shall provide and furnish to THE LENDER COMPANY's satisfaction such security in the form of mortgage of immovable property as may be required and acceptable to cover such deficiency, Borrower(s) shall not deal with the property mortgaged to THE LENDER COMPANY in any manner till the loan is fully repaid.

The above listed norms / conditions will form a part of the sanction letter being issued wherein the borrower(s) acknowledge the sanction and the terms thereon.