

RFC/PG/1000

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

HEAD OFFICE,
TILAK MARG,
JAIPUR.

Ref. No. RFC/LA-12(61)/2288

Dated : 24.03.2003

: PG CIRCULAR :
(LA No.362)

SUB: Scheme for financial assistance to industrial concerns involved in commercial construction activities for development of residential houses/flats/Housing complexes.

With a view to widen scope of operating areas of the Corporation the Board of Directors in its meeting held on 11.03.2003 has decided to introduce a new scheme called as Scheme for financial assistance to industrial concerns involved in commercial construction activities for development of residential houses/flats/Housing complexes. Detailed scheme as approved by the Board is enclosed, which will form part of the P&G as Schedule LA(S) 1/16 H.

It is expected that the Corporation may get a good business under the new introduced scheme. All concerned are advised to give the publicity to the scheme within the area falling in their jurisdiction and attract maximum business

(J.P.Vimal)
EXECUTIVE DIRECTOR

Sub: SCHEME FOR FINANCIAL ASSISTANCE TO INDUSTRIAL CONCERN INVOLVED IN COMMERCIAL CONSTRUCTION ACTIVITIES FOR DEVELOPMENT OF RESIDENTIAL HOUSES/FLAT/HOUSING COMPLEX

OBJECTIVES

To provide financial assistance on commercial basis for construction of housing complex and residential houses/flats either independently or part of commercial complex.

Eligible Borrowers

The borrowers may be a concern having constitution as proprietor, a partnership firm, a company, a registered public trust or Registered Cooperative Society constituted to run the venture on commercial lines as builders.

Eligible Activities

Construction of Houses, Flats, Apartments and Housing complexes providing basic infrastructure facilities like Electricity, Water, Sanitation, Telephones, Lift, Air conditioner and cooling, parking, storage etc.

The financial assistance would be provided for construction activities for the sale on commercial basis.

Purpose of Loan

The assistance may be granted to eligible borrowers for

- a) Cost of land
- b) For construction of building for Housing complexes/Apartments (commercial cum residential complex)
- c) For acquisition of required plant and machinery/equipment like lifts, Air Conditioning plant and fire fighting equipments. other safety devices and also other plants and equipments required for modern type of Housing complexes.
- d) Furnishing of Houses/flats.

Amount of Loan

Amount of loan would be need based within the normal financing ceiling of the corporation, which is presently upto Rs. 500 lacs.

FINANCIAL PARAMETERS

- A. Promoter's Contribution : Minimum 40% of the project Cost
- B. Debt Equity Ratio : Not More than 2:1
(for the concern as a whole)
- C. Margin of security on : 30%
Land, building, Plant and
Machinery & equipments
- On Furniture & fixture : 50%

Repayment Period :

The amount shall be repayable in a period not exceeding 5 years including moratorium period of 12 months from the date of completion as envisaged in the project depending upon DSCR.

Rate of interest :

The rate of interest as applicable from time to time for term loan under commercial complex scheme which is presently as under :-

- | | |
|--|--------|
| 1. Loans upto Rs. 2.00 lacs | 12.25% |
| 2. Loans above Rs. 2.00 lacs
And upto Rs. 25.00 lacs | 13.75% |
| 3. Loans above Rs. 25.00 lacs
(upto project cost of Rs. 10.00
Crore) | 14.25% |
| 4. Loans having project cost
Above Rs. 10.00 crores | 16% |

NOTE: Rebate in interest rate on timely payment would be made available as applicable under General Loan Scheme.

LIQUIDATED DAMAGES:

In case of default, liquidated damages (i.e default rate of interest) shall be charged on the amount in default for the period of default at rates applicable.

Other terms & conditions :

1. The location should have been earmarked for residential commercial cum residential located in cities including district Head Quarters having adequate scope.
2. Financial assistance shall only be made on submission of approved map from the local authorities
3. Financial assistance shall be made available on construction activities under this scheme for the construction of residential flat/houses/complex and the said construction is made for sale on commercial basis.
4. The borrower shall deposit with the corporation 75% of the sale proceedings of the residential houses/flats/housing/complexes upto the clearance of total term loan.
5. That the loanee/borrower shall ensure and stipulated a condition in the sale deed /lease deed/conveyance deed to be executed with the purchaser that the accommodation so purchased shall be used for residential purposes only.
6. Charge to the extent of sale made shall be released by the Corporation soon after depositing the sale consideration with the Corporation as referred above.

Sanctioning Authority

Sanctioning authority shall be RO/ZO/HO only as per delegation of powers.

The cases sanctioned under the Scheme must be monitored closely. In case of two consecutive defaults of installments of Principal and/or interest in any case, the same would not only be reported in the HO without any fail but appropriate action to effect the recovery of overdues shall immediately be initiated by Branch Office.