

RAJASTHAN FINANCIAL CORPORATION
(CREDIT APPRAISAL SECTION)

Head Office,
Udyog Bhawan,
Tilak Marg,
Jaipur-302 005

Ref. No. RFC/LA-13(11)/1459

Dated : 04.01.2011

: P&G CIRCULAR :
(LA No. 563)

Reg: Charging rate of interest as applicable at the time of considering further term loan to implement the project under project loan scheme for construction of residential complexes / commercial complexes / multiplexes/ hotels (tourism related activities) / hospital and nursing homes in the cases wherein term loan was availed by the borrowers @ 17% per annum under the scheme for purchase of land under the scheme for construction of residential complexes/ commercial complexes / multiplexes/ hotels (tourism related activities) / hospital and nursing homes.

The Corporation is considering financial assistance under the scheme for financing to builders / commercial / residential complexes / multiplexes/ hotels (tourism related activities) / hospital and nursing homes for purchase of land and building. Presently the applicable rate of interest under this scheme is 17% per annum.

The borrowers approach the Corporation for further term loan under project loan scheme for implementation of the complete project after availing loan for purchase of land from the Corporation. Such borrowers are regularly requesting the Corporation to reduce the rate of interest charged on the loan already availed for purchase of land when they approach for project financing and the rate of interest should be charged as applicable to the respective loan scheme.

The matter was placed before the Board of Directors in the meeting held on 24.12.2010 and it has been decided that if the borrowers approach the Corporation for further term loan under project loan scheme for

implementation of the complete project after availing loan for purchase of land from the Corporation, the rate of interest may be charged on the existing outstanding in the land loan account as applicable to the respective loan scheme prevailing at the time of further sanction of term loan for implementing the project.

In such cases, the revised rate of interest under the respective project loan scheme shall be charged on the existing outstanding in the land loan account from the date of execution of loan documents for further term loan subject to the condition that in case any default is made in the existing land purchase account, the Corporation shall revert interest rate to original rate of interest charged in the loan account of land purchase, in addition to liquidated damages payable from time to time on the amount if default for the default period as per norms.

Modification deed for charging revised rate of interest in the existing land purchase loan account shall also be executed alongwith execution of loan documents for further term loan.

All concerned are advised to take a note of above and ensure compliance with immediate effect.

Sd/-
(G.S. SANDHU)
Chairman & Managing Director

Copy to :

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2. Standard Circulation at HO.
3. DGM (A&I) Eastern & Western Zone