



NCC Bank

नेपाल क्रेडिट एण्ड कमर्स बैंक लि.
Nepal Credit & Commerce Bank Ltd.

Product Paper (PP)- Commercial HP Loan

Introduction

This product is for financing of Commercial Vehicle i.e. Bus, Trucks, Taxi, Jeep, Microbus, Heavy equipment like excavator, roller, Dozer, etc to be used for the purpose of public transport or official use by business firm/companies and repayment of which is dependent on its own earning/business income.

Type of Loan

Loan Term – Commercial Hire Purchase Loan

Purpose of Loan

- To part finance chassis and bodybuilding of commercial vehicle (for brand new vehicle).

Eligibility Criteria

Individual / Firm /Company falling into the criteria of

- Should be a Nepali Citizen
- Those who can provide additional source of income.
- Those having previous experience in similar area as an entrepreneur (e.g. owners of Commercial heavy/light vehicles, Taxi, microbus used for similar purpose)
- Those who will be driving the vehicle themselves will be preferred
- Those who can provide sufficient collateral if asked by the Bank.
- Those who have necessary route permits and recommendation of local committees where they operate (if the case may be)

(To substantiate the experience of the individuals, a copy of the blue book of the old vehicle in the name of borrower confirming that the borrower is involved in such business in past should be produced.)

Basic Criteria

- Minimum age of the applicant to be 18 years in case the applicant himself drives the vehicle.
- The monthly income / cash flow from the proposed vehicle should be at least more than 70% of the EMI.

Type of Vehicles

- All type of brand new vehicle used as public transport/means of transport. (Care should be taken that the resale value of the vehicle is high.)
- The vehicles which are not tested in Nepalese market shouldn't be financed.

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Amount

- Minimum loan size to be NPR 500,000/-
- Maximum loan size to be NPR 10,000,000/-
- Maximum upto 70% of the cost of the vehicle. Cost of vehicle includes the cost of chassis and the expenses incurred on body making. Any other related expenses such as entry fee, etc shall not be calculated in cost of the vehicle.
- The estimated cost of body building should be realistic and not to be inflated.

Pricing

Interest Rate	As decided by the Bank from time to time
Processing Fee	1% of sanctioned limit to be collected up front upon approval of the loan
Prepayment Fee	Nil
Penal Interest Rate	a minimum of 3% p.a.
Loan swap fee	2 % on loan outstanding

Repayment

- Equated monthly installment (EMI)
- The first EMI shall start from 1st day of Gregorian month from the next/next to next month of the final disbursement or completion of moratorium period as the case may be.

Tenure

- Maximum 5 Years, However, effort to be made by the branch to finance up to 3 years.

Moratorium Period

- A maximum of 3 (three) months from the date of disbursement of loan for the vehicle that required body-making in case of brand new vehicle. The interest to be paid during the moratorium period.

Prepayment

- Prepayment is allowed at any time.
- The prepayment shall be applied in reverse order.
- Prepayment should be of Rs.25,000/- or multiples thereof

Security

- Registration of vehicle in the name of the Bank.

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- Submission of duly filled application along with the required supporting documents
- Personal interview by Bank's official
- Inspection of residence/collateral of the borrower
- Approval for the loan to be obtained by the Branch vide Credit Memorandum-CHP Loan (format attached)
- Issuance of an offer letter
- Collection of fee/charges
- Obtaining insurance policy
- The disbursement will be made after ownership of the vehicle has been transferred in the name of the Bank and securing borrower's margin.

Credit Approval Discretion (CAD)

- The CAD is rest with Chief Executive Officer until further notice from the Corporate Office.

Service Standard

- Maximum 5 working days from the date of submission of all documents.

Inspection

- The vehicle financed under this PP shall be inspected from time to time not less than 2 times in a year and the gap between such inspection not to exceed 6 month period
- The residence/collateral to be inspected by at least two credit officials before approval of loan.

Recovery Process

- In case of default of any loan for more than 1 month, a follow up letter would be sent to the borrower.
- If the default is not rectified within 2 months from the date of the follow up loan call back allowing maximum time of 35 days would be sent in similar manner.
- If the default is not rectified upon initiation of above processes, legal action to be initiated against the Borrower/ Guarantors.

Reporting to Corporate Office

- Monthly Status of HP Loan
- Monthly Irregular Statement of HP loan

Credit Waiver

- The waiver in terms and conditions of the proposal should specifically approved by Chief Executive Officer.

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