

NCC Bank

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

Product Paper (PP) – NCC-Education Loan

Introduction

This product has been structured for financing the parents of the needy students intending to pursue higher studies in Nepal as well as abroad.

Type of Loan

Long Term – Education Loan

Purpose of the loan

Advances shall be allowed for the following purposes as well as for other similar purposes in connection with the studies of the Son, Daughter, Daughter In Law, Son In Law of the borrower(s) and the borrower him/herself with in the country or abroad:

- Admission Fee
- Books and stationery
- Instruments required for the courses undertaken by the borrower.
- Monthly fees/Tuition fees
- Examination Fees
- Insurance Expenses
- Security deposit//refundable deposit supported by Institution bills/receipts
- Any other expenses required for completing the course like study tours, project work, thesis, etc.
- Travel Expenses
- Accommodation expenses.
- Any other expenses as deemed fit by the bank

Eligibility

- The intending students should be a Nepalese national in the age group of 18-40 years.
- The age of the borrower should not cross 60 years by the time of full settlement of the loan.
- The intending student should have completed +2 level from recognized Board.
- The intending student should have secured admission in the institution recognized by any university in Nepal or abroad
- The borrower should have established and regular source of income supported by documentary evidence
- Employed persons intending to improve their educational qualification and/or to receive training in modern technology in Nepal / foreign countries can also be considered provided that the education/training received by them in Nepal/foreign countries affords prospects for the better employment.
- Up to 100% of the cost of pursuing higher education shall be allowed subject to maximum loan size of Rs.5 million.

Loan Amount

- The amount of loan shall be co-related to the expenses involved in taking up the course by student and the expected earning after qualifying, subject to maximum of,
 - Rs. 3,500,000/- - For studies in Nepal and SAARC countries
 - Rs. 5,000,000/- - For studies abroad in other countries.

NCC- Education Loan - PP

-1-



NCC Bank

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

Product Paper (PP) – NCC-Education Loan

Pricing

Interest Rate	As decided by the Bank from time to time
Processing Fee	1% to be collected up front upon approval of the loan and 0.5% for the students who have secured 75% and above marks in the preceding level of intended higher level of studies.
Prepayment Fee	Nil
Penal Interest rate	3% p.a. on due amount for the period of default
Loan Swap Fee	2% on the outstanding loan amount
Margin	Nil

Pricing may be reviewed periodically by the Management within its discretion.

Service Delivery 5 days from the date of receipt of complete documents

Disbursement

- Year-wise limit shall be set up based on total expenses involved in completing the course within the overall limit and disbursement made accordingly.
- The borrower shall satisfy the branch officials who will permit withdrawal on the borrower's account within the yearly limit fixed.
- The initial amount required before leaving the country like, traveling expenses, Visa Expenses, advance payment to the institution may be disbursed after presentation of documentary evidence to the satisfaction of the bank officials.
- The disbursed amount except traveling expenses should be remitted to the institution/intending student through NCC through bank's instrument.
- In case if the loan has to be granted against lien over deposit account of the borrower with NCC, National Saving Bond/Development Bond/Fixed Deposit Receipt, etc full loan amount may be disbursed.

Repayment

- The repayment shall be started from the subsequent month of initial drawdown.
- The loan to be repaid in Equated Monthly Installment (EMI) basis. The first EMI shall start from 1st day of Gregorian month from the next/next to next month of the final disbursement.

Eligible Source of Income

- Salary Income supported by salary statement
- Business income supported by latest Financial Statement
- Professional Income supported by Income/ Expenditure statement.
- Dividend/Interest income supported by dividend/interest coupon.
- Rental Income supported by "Rent Agreement".
- Any other income supported by documentary evidence to the satisfaction of the Bank.
- Income from foreign employment.

Tenure

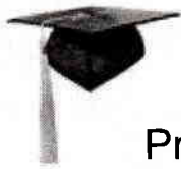
- Maximum of 10 years including the time required for completion of education.

NCC- Education Loan - PP

3424/2013

- 2 -

Ji



NCC Bank

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

Product Paper (PP) – NCC-Education Loan Insurance

- The applicant shall ensure that the building forming part of the security is insured at all times having a comprehensive insurance policy (covering at least against the risk of fire, earthquake, flood, terrorism, riot, etc.) with Bank's interest duly endorsed on the policies.
- The applicant shall pay all incidental (legal and contingency) expenditures to availing of the policy.
- The insurance of land provided as security is not required.

Security

- Registered mortgage over first party real estate property.
- Comprehensive insurance policy of the building as security, if any endorsed in favour of the Bank.
- Demand Promissory Note.
- Personal/Corporate Guarantee of intending student / any other person acceptable to the Bank.
- Lien over deposit account of the borrower with NCC.
- Lien over National Saving Bond/Development Bond/Fixed Deposit receipt, if any

Basic Documentation

- Completed Know Your Customer (KYC) form
- Completed application form
- True copy of academic certificates of past qualification
- Document evidencing confirmation of admission
- Documents evidencing cost to be incurred for completion of course
- Passport size photograph of the borrower and guarantor
- Map of the applicants' and the guarantor's residence
- Copy of Citizenship/passport of the applicant and guarantor
- Income statement or cash flow of the applicant – proof for substantiation of the income to be submitted:
 - Salary Statement In case of salaried individuals
 - Details of income source for self employed professionals
 - **In case of businessman**
 - Firm/ Company registration certificate (If any)
 - Income Tax Certificate
 - Financial statements related to the business
 - Lease payment receipt or agreements
 - Dividend / Interest warrant, etc.
 - Other sources supported by documentary evidence
- Copy of Title Deed of land.
- Copy of "Land Registration Deed"
- Building Construction Permission letter from competent authority, if any
- Latest land revenue payment receipts.
- Four boundaries certified Copies.
- Blue print of land.
- Approved drawing of the building as applicable
- Trace map

NCC- Education Loan - PP

- 3 -



NCC Bank

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

Product Paper (PP) – NCC-Education Loan

Security Documentation

- Accepted copy of our sanction letter.
- Insurance Policy with Bank's interest noted with premium paid receipt
- Personal guarantee
- Loan Deed
- Demand Promissory Note
- Registered mortgage over the land and/or land and building
- Education Loan agreement

Credit Approval Discretion (CAD)

- As circulated by the Bank from time to time.

Security Valuation

- In case of real estate property provided as security, the valuation to be done by the Bank's approved valuator, which should be verified by the Branch Manager/Second in command of the Branch. They should mention the estimated value of the property in the credit appraisal and get the valuation done after approval of the loan.
- The proposed site should have motorable access of at least 8 ft.
- The proposed collateral should be within the distance of maximum 15 k.m from the branch centre of NCC.
- The branch manager should ensure that the collateral has high resale prospect.
- The distress value of the collateral should be 167% of the loan limit.
- Valuation from our approved valuator is not required if one of the security is Lien over cash and near cash item.

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 letter a legal notice 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 and the security held for the loan.

Reporting to Corporate Office

- Monthly statement of NCC-Education Loan
- Monthly Irregular Statement of NCC-Education Loan

Credit Waiver

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



NCC- Education Loan - PP


- 4 -

