



NCC Bank

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

Product Paper – NCC – Saral Karja

Introduction

This product has been structured for financing personal/ business financial requirement for the Nepali individuals having identifiable and stable income source.

Type of Loan

Long Term Loan and Overdraft Loan

Purpose of the loan

- To meet business and /or personal needs of an individual.

Eligibility

- Should be a Nepali Citizen
- Self-employed professionals (Doctors, Engineers, Chartered Accountants, Consultants, etc)
- Employees of corporate entities/ government entities/Army /Police, Civil Servants and Pension Earner.
- Businessman
- Any other individual having identifiable and stable sources of income.

Basic Criteria

- Minimum and Maximum age of the applicant to be 18 years and 58 years respectively by the time of expiry of loan.
- The applicant should have a stable and sustainable source of income. Income of spouse, one house family member of the applicant may also be included for this purpose, provided that they are the guarantor for the loan.
- The minimum gross income of the borrower should be Rs.300,000 per annum.
- The real estate property provided as collateral should be within the city area of NCC Branch Centre or adjoined VDC i.e. within maximum 15 k.m. distance from our branch centre. The branch should ensure that the property has adequate resale prospect.
- The property should be owned by the borrower and or his/her spouse/one house family members.
- The overdraft loan will be considered keeping in view the finance required for running the business of the borrower. The branch manager to ensure that the overdraft limit is required to invest in the business not for any other speculative purpose.
- Joint owners or one of the joint holders of the property may also be allowed loan/limit under the Product Paper.
- In a situation when loan/limit is being raised by one of the joint owners, the guarantee of other joint owner should also be obtained
- The proposed site should have motorable access of at least 8 ft.

Loan Amount

- Minimum amount of the loan shall be NPR 500,000/-
- Maximum amount of the loan shall be NPR.10,000,000/-

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- The loan amount shall be limited to 30 times of gross monthly income. The monthly obligation towards other bank/FI's installment should be deducted from the income to arrive at gross income.
- In genuine cases, need based finance beyond the limit may be allowed on merit of the proposal.
- Income of spouse and unmarried son / daughter / joint family members can be taken into consideration for determining income criteria. In such case, the facility should be sanctioned in joint names or against their guarantee

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
Prepayment Fee	1% on amount prepaid <ul style="list-style-type: none">• Prepayment shall be applied in reverse order• The minimum prepayment should be Rs.50,000.00 or multiples thereof
Penal Interest rate	3% p.a. on overdue amount for the overdue period
Loan Swap Fee	2% p.a. on the outstanding amount

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

Service Delivery 7 to 10 days

Disbursement

- Lump sum after creation of charge over security offered and completion of security documentation.

Tenure

- Maximum of 8 years for Term Loan. However, branch should endeavor to provide loan up to 5 years only.
- Maximum 1 year for Overdraft (subject to renew/review up on satisfactory past performance).

Repayment

In case of Term Loan:

- The term loan to be repaid in Equated Monthly Installment (EMI) basis.
- The first EMI shall start from 1st day of Gregorian month from the next or next to next month of the disbursement.



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- The level of gross income should be at least the double the EMI of the proposed loan. Financing up to 60% may be allowed, provided that the expected income of the customer's will increase in subsequent years and the loan size is high.

In case of Overdraft:

- The loan shall be repaid within a period of one year subject to renewed/reviewed on satisfactory past performance.
- The overdraft limit will be sanctioned to only those customers who are having business income and the business is in operation for at least last 2 years and new ventures with satisfactory business prospect being operated by the experienced promoters with proven track record.

Eligible Source of Income

- Salary Income / Pension income supported by salary/pension 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 as deemed fit by the Bank.

Insurance

- The property should be insured for risk like Fire, Riots and terrorism wherever required, and also against other appropriate hazards, such as Earthquake, Flood, Lightening, etc. by the borrowers with usual bank clause covering the value of the property.
- The insurance for land is not required.
- The insurance of the property mortgaged to the bank shall be done through the Bank.

Security

- Registered mortgage over the first party real estate property.
- Insurance policy endorsed in favour of the Bank.
- Demand Promissory Note.
- Personal/Corporate Guarantee, if any.

Basic Documentation

- Completed application form.
- Completed Know Your Customer (KYC) form.
- 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:



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- **In case of salaried individuals**
 - Salary Statement from the employed organization/company
 - Latest two salary slips (if any).
- **In case of self employed professionals**
 - Detail of income source/ profession
 - Proof of practice.
- **In case of self employed businessman**
 - Firm/ Company registration certificate (If any)
 - Income Tax Certificate
 - Financial statements related to the business
- **In case of other sources**
 - Lease payment receipt or agreements
 - Dividend / Interest warrant, etc.
 - Pension Certificate/Statement
 - Other sources
- Relationship certificate with spouse.
- Title Deed of land.
- Copy of "Registration Deed"
- Building Construction Permission letter from competent authority.
- Latest land revenue Payment Receipts.
- Four boundaries certified Copies.
- Blue print of land.
- Drawing of the building to be constructed (where applicable).
- Cost estimation duly prepared by qualified civil engineer/architect.
- Trace map

Security Documentation

- Accepted copy of our sanction letter.
- Insurance Policy endorsed in Bank's favour with premium paid receipt
- Personal guarantee (if any).
- Loan Deed
- Demand Promissory Note.
- Registered mortgage over the land and building.
- Term Loan or Overdraft Loan Agreement
- Other document for the purpose, if any.

Security Valuation

- Valuation of proposed collateral 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.

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- The finance is restricted to maximum 60% of the distress value of the property offered as collateral.
- The branch manager of the branches to ensure that valuation as well as verification of immovable properties charged/mortgaged to the Bank is properly done at periodical intervals so as to know the correct position of the assets charged to the Bank.
- The real estate property provided as collateral to be revalued once in every two years.

Credit Approval Discretion (CAD)

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

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 immediately
- 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 / Quarterly statement of NCC- Saral Karja
- Monthly Irregular Statement of NCC-Saral Karja

Credit Waiver

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