



**NCC Bank**

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

## Product Paper (PP) - NCC Vehicle Loan

### Introduction

This product is designed to finance individual/organizations intending to acquire private vehicle.

### Type of Loan

Long Term Loan

### Purpose of Loan

- To part finance purchase of a brand new vehicles i.e. Car / Van / Jeep
- To part finance purchase of a second hand vehicles i.e. Car / Van / Jeep

### Eligibility Criteria

Individual falling into the criteria of,

- Should be a Nepali Citizen
- Those who have stable source of income.
- Those who will be driving the vehicle themselves will be preferred
- Business Concern
- Professionals/Salaried persons/ Businessmen, etc

### Basic Criteria

- Minimum age of the applicant to be 18 years and the maximum age should be 58 years by the time of expiry of loan.
- The gross monthly income / cash flow of the borrower after deduction of monthly repayment obligation for existing loan with bank/FIs should be at least double the Equated Monthly Installment (EMI) of the proposed loan
- The age of the vehicle should not be more than 6 years at the time of final settlement of the loan

### Margin

- Minimum 25% or more depending upon borrower's capacity for brand new vehicles.
- Up to 60% of the value of the second hand vehicles as valued by enlisted valuator of the Bank or purchase price of the vehicle, whichever is low.
- Where the borrower is availing other credit facility and has provided land and/or land and building as a security and the past repayment record for 1 year is satisfactory, they may be allowed margin of 10% for brand new vehicle and 30% for second hand vehicle.
- Branch should persuade the borrower for higher margin.



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### Amount

- Minimum NPR 500,000.00
- Maximum NPR 3,000,000.00 for brand new vehicles
- Maximum Rs. 1,500,000.00 for second hand vehicles

### Pricing

Interest Rate	As decided by the Bank from time to time. However, for second hand vehicles 1% higher interest rate shall be charged than the applicable rate.
Processing Fee	1% of sanctioned limit
Prepayment Fee	Nil
Penal Interest Rate	a minimum of 3% p.a.
Loan swap fee	2% of loan outstanding

### Repayment & Source of Repayment

- The gross monthly income of the borrower should be double the Equated monthly installment (EMI) for the loan. For the purpose, the monthly repayment obligation towards existing loan with Bank/FI's to be deducted.
- The first EMI shall start from 1<sup>st</sup> day of Gregorian month from the next/next to next month of the final disbursement.

### Tenure

- For brand new vehicle, maximum 5 Years, However, in special cases financing up to 7 years may be allowed based on the merit of the case.
- For second hand vehicle maximum 3 years however, the age of the vehicle should not exceed 6 years by the time of final settlement of the loan.

### Prepayment

- Prepayment is allowed at any time.
- The prepayment shall be applied in reverse order.
- Prepayment should be of Rs. 25,000.00 or multiples thereof

### Valuation

- The valuation of the second hand vehicle is to be carried out by an independent valuator enlisted by the Bank after acceptance of application. The valuation charge is to be paid by the applicant.
- Valuation of the vehicle is to be carried out by the valuator other than the dealer.



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- The current market price of the same brand/make of the vehicle should be obtained from the authorized dealer for the country for reference.

### Security

- Registration of vehicle in the name of the Bank.
- Comprehensive vehicle insurance policy with third party risk covered. The insurance should be in favor of the Bank.
- Personal Guarantee of a reputed person, if any.
- Hire Purchase Agreement
- The above are prerequisites, however, the branch should try to obtain additional security in the form of mortgage over land and building.

### Basic Documentation

- Completed Know Your Customer (KYC) form
- Completed application form
- A recent photograph of applicant/guarantor.
- Copy of blue book incase of second hand vehicle.
- Copy of Driving License, if any
- Map of the applicants and the guarantors' residence
- Pro-forma Invoice from the dealer of the vehicle addressed to the applicant showing details of the vehicle (model, options etc.) and final price.
- Copy of Citizenship Certificate/Passport of the applicant and guarantor
- Certificate of incorporation of the Firm/Company, if any
- Income Tax Registration Certificate of the applicant (In case of firm / company)
- Financial Statement in case of firm / company.

### Security Documentation

- Accepted copy of our offer letter
- Comprehensive insurance policy with NCC's interest noted
- Insurance premium paid receipt
- Personal guarantee (if any)
- Loan Deed and Promissory Note
- Condition of vehicle use.
- Copy of "Blue Book" of the vehicle financed duly attested by Branch Manager or Credit Officer.
- Tax invoice of the vehicle being financed.

### Service Procedure

- KYC form to be filled up.

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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.
- Inspection of the vehicle incase of second hand vehicle
- Approval for the loan to be obtained by the Branch vide Credit Memorandum-Vehicle 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 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 NCC Vehicle Loan
- Monthly Irregular Statement of NCC Vehicle loan

### Credit Waiver

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

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