

Letter Of Offer

NO.HUDCO/RO(NCR)/21009/2016/312

29.07.2016

The Vice Chairman,
Hapur Pilkhuwa Development Authority (HPDA)
Preet Vihar, Delhi Road,
Hapur-245101

Sub : Financial assistance for Construction of 200 EWS & 230 LIG flats/houses at Block-H, Anand Vihar Housing Scheme, Hapur (U.P.) by Hapur Pilkhuwa Development Authority (Scheme No. 21009).

Dear Sir,

Please refer to the loan application submitted by Hapur Pilkhuwa Development Authority (HPDA) (hereinafter referred to as "The Borrower") for the above project. Your application has been processed and we are pleased to approve the finance of Rs.18.82 Crores for Construction of 200 EWS & 230 LIG flats/houses at Block-H, Anand Vihar Housing Scheme, Hapur (U.P.) subject to the terms and conditions stated below:

1. PROJECT :

Financial assistance for Construction of 200 EWS & 230 LIG flats/houses at Block-H, Anand Vihar Housing Scheme, Hapur (U.P.)

2. LOAN AMOUNT :

Rs.18.82 Crores (Rupees Eighteen Crores Eighty Two Lacs only).

3. SECURITY:

The loan will be secured by :
• 1st Mortgage of immovable project properties viz. land and building both present and future admeasuring 13356.13 sq.mt. situated at H-Block, Anand Vihar, Hapur, U.P. (the minimum security coverage would be 125% of loan amount at any point of time).



आर.एल.ओ. 9001 : 2008 प्रमाणित कम्पनी
AN ISO 9001 : 2008 CERTIFIED COMPANY
CIN : U74899DL1979GOI005276

मुख्य कार्यालय : कोर 7-ए, हडको भवन, भारत पर्यावास केन्द्र, लोधी रोड, नई दिल्ली-110003
दूरभाष : 011-24649610-23 फैक्स : 011-24625308 ईमेल : hudco@hudco.org, visit us at : www.hudco.org
Regional Office : Core-7 'A', HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi - 110 003
Tel : 011-24649610-23 Fax : 011-24625308 Email : hudco@hudco.org, visit us at : www.hudco.org

- Opening of separate escrow account in a scheduled bank acceptable to HUDCO wherein project funds/revenue from the project shall be deposited, and escrow on main account of the agency in the event of default (if any) by the agency. Two separate agreements to this effect shall be executed by the agency to the satisfaction of HUDCO.
- The Agency will provide "No Lien Letter" from escrow agent – scheduled bank.

4. (i) **RATE OF INTEREST:**

Interest will be charged as per RMC Amendment No. 95/DF/2016 dated 26.05.2016) ROI would be:

- For EWS Hsg. = 9.15% p.a. (fixed) for MIG housing projects as per HUDCO's financing norms.
- For MIG Hsg. = 10.15% p.a. (fixed) for MIG housing projects as per HUDCO's financing norms.
or any other rate as per the prevailing current financing pattern of HUDCO.

(ii) **INTEREST TO BE PAID QUARTERLY:**

The interest shall be payable quarterly on or before 28th day of February, 31st day of May, 31st day of August and 30th day of November each year. The first payment of interest for a proportionate period, if any, shall be due and payable on the due date immediately following the date of first disbursement against the loan.

5. **DISBURSEMENT:**

Loan of **Rs.18.82 Crores** will be disbursed in phases or in lumpsum depending upon the requirement and progress of the Project as decided by HUDCO.

6. **LOAN REPAYMENT:**

Loan is repayable in 35 quarterly installments of Rs.19.49 lacs and Rs.34.29 lacs in each quarter for EWS & MIG category respectively. The repayment of loan will start after moratorium period of 1.5 years.

7. **FRONT END FEES**

One time Front-end-fees at the rate of 0.50% of the total loan amount sanctioned subject to maximum of Rs.100.00 lacs or such other applicable rate as may be fixed by HUDCO of loan amount sanctioned alongwith applicable Service Tax with Education Cess and other levies (if any) by the Govt. will be payable to HUDCO Limited through Demand Draft payable at New Delhi along with acceptance of this offer of loan. This front-end-fee will be in addition to the application fee, interest, interest tax (if applicable) and

other monies payable. No refund will be made from the front-end-fee in case there is any reduction in the loan amount subsequently.

R&D float refundable @ 0.25% will be levied on the above project and same will be utilized as per R&D guidelines prescribed by HUDCO. However, HPDA will be given option to opt for recovery at full rate or lesser rate or no recovery.

8. GENERAL CONDITIONS :

HUDCO reserves right to modify the security and other terms and conditions at any stage even during the repayment period. Loan has been sanctioned subject to following terms and conditions also :

A. I. Pre-documentation conditions:-

1. Submission of clear and marketable land title documents of ownership of project land admeasuring 13356.13 sq.mt. situated at Block-H, Anand Vihar, Hapur, U.P. alongwith certificate from the HPDA that the same is free from all encumbrances and encroachment & litigations.
2. Undertaking that :
 - i. Undertaking that HPDA shall obtain prior approval/ NOC in writing from HUDCO before creating any further interest on the project land and properties mortgaged to HUDCO.
 - ii. The land on which proposed housing project is being constructed is free of encumbrances and encroachments and agency is empowered to raise constructions thereon.
 - iii. HPDA shall give an undertaking that income sealing of all the allottees of their EWS category flats is less than Rs.6.0 Lacs per annum.
3. The borrowing agency shall submit authenticated copy of its resolutions for the scheme and borrowing including execution of necessary documents as prescribed by HUDCO for the project loan.
4. Resolutions for affixation of Common Seal of the Authority and authorization with respect to signing of loan agreement and other related documents.
5. Govt. approval(s) for scheme and borrowing loan from HUDCO for the project.
6. HPDA shall submit authenticated copy of its bye-laws with amendments if any.
7. Title investigation of Properties offered for mortgage, searches in the office of Competent Authorities etc. and due diligence shall be done by panel advocate of HUDCO and the cost of which shall be borne by the agency.
8. Opening of separate escrow account in a scheduled bank acceptable to HUDCO wherein project funds/ revenue from the project shall be deposited, and escrow on the main account of the agency in the event of default (if any) by the agency. Two separate agreements to this effect shall be executed by the agency to the satisfaction of HUDCO.
9. No lien set off letter from escrow agents - scheduled banks.

B. Pre-disbursal conditions:-

1. The expenditure incurred on the project till date & sources thereof duly certified by Chartered Accountant/ Statutory Auditor of the agency.
2. Application fee at the rate of 0.1% of the loan amount plus applicable service tax thereon shall be deducted from the 1st release of the agency.
3. Agency to pay Non-refundable Front End Fees at the rate of 0.50% along with applicable Service Tax or such other applicable rate as may be decided by HUDCO from time to time of the loan amount sanctioned, else the same shall be deducted from the first release of the agency.
4. The agency shall furnish provisional/audited accounts as on 31.03.2016.
5. Receipt of satisfactory confidential report from the bankers/lenders (if any) of the agency.

C. Running conditions :

1. Agency shall furnish progress report for the project before each release.
2. The agency shall submit utilization certificate duly certified by the Chartered Accountant of the agency for expenditure incurred on the project (out of the funds disbursed by HUDCO) supported by escrow / bank statement before each release.
3. The agency shall furnish the details of advances received before each release. In case the advances received are more than envisaged in the means of finance/projected cash flow, HUDCO loan shall be reduced to the extent of excess advances received. ✓

II. Standard terms and conditions:

I. The borrowing agency shall submit following Undertakings:

- i. That the Debt Equity Ratio will be as per proposal sanctioned and will not be allowed to exceed more than 9:1 (or as per applicable HUDCO norms) at any stage during the currency of loan.
- ii. That it will bear any cost overrun due to any reason from its own sources.
- iii. That it will not appropriate or use any receipts accruing under the instant project for any other purpose till HUDCO loan with other dues, if any, are repaid.
- iv. That it will obtain HUDCO's prior written approval for any expansion/new unit in future.
- v. That it will obtain all necessary statutory approvals, permits, licenses, etc. ✓ including approvals from Fire Services Department., Pollution Control Board, Ministry of Environment & Forests, etc. shall be obtained as and when required. Modifications, if any, will be carried out only after obtaining approvals from statutory authorities and with the permission from HUDCO.
- vi. That in case of shortfall in revenue generation for repayment of HUDCO dues, the agency will make it good from their own / other sources to meet HUDCO dues of interest and instalments payments in time.
- vii. That, fund raised for the project during the currency of HUDCO loan shall not be utilized for any other purpose.

- viii. That the following clause shall be incorporated in the Conveyance Deed/ Sale Deed/ Agreement to sell, etc. in favour of ultimate beneficiaries / purchaser of flat / commercial space, etc. regarding mortgage in favour of HUDCO:

"the HPDA is developing the housing complex with the loan assistance of HUDCO with whom it has mortgaged the entire property towards security for loans and hence the right, title, interest created herein is subject to the prior mortgage / charge of HUDCO. The final transfer of the flats / units in favour of the purchaser / allottee shall be made only after the entire payment of the flat / unit concerned flat / unit is paid to HUDCO. Further, allottee shall make payment towards the booking and all other amount through project escrow account, bearing account no. _____ of _____ Bank and maintained as per HUDCO's guidelines".

- ix. The possession of the flat/shop/ unit etc. shall not be handed over to the prospective allottees/buyers without having prior permission from HUDCO unless and until the entire price of the flat/shop/unit, etc. has been received and is deposited in escrow account and proportionate loan amount pertaining to such flat/shop/unit, etc. has been repaid to HUDCO.
- x. No Objection Certificate shall be obtained from HUDCO before sale/lease of any flat/portion of building /plot/commercial space etc. and a minimum security cover of 125% (or as per applicable HUDCO norms) of outstanding loan amount shall be ensured at all the times during the currency of HUDCO loan.
- xi. Excess sales realization during the project period would be ploughed back into the project, which would mean HUDCO loan to that extent would be curtailed if the realization happen during the project period. In case such realizations occur after implementation, the same would be used towards prepayment of HUDCO loan proportionately.
- xii. All the assets charged to HUDCO would be fully insured against all risks during the currency of the HUDCO loan at agency's cost. HUDCO's interest in the insurance policy will be duly notified.
- xiii. All the material facts concerning the project have been disclosed to HUDCO and that the agency is aware that HUDCO's approval would stand cancelled if any material fact is not disclosed and / or some facts are found to be at variance with the statutory laws required to be fulfilled and / or in any other way detrimental to the interest of the project and to HUDCO. HUDCO shall have the right to recall the loan outstanding in case of any misrepresentation / suppression of information / non-compliance or violation of sanction conditions subsequently noticed.
- xiv. To display signboards indicating HUDCO's assistance to the project at all high visibility points of the project.
- xv. HUDCO shall have the right to accelerate the repayment in case situation requires

2. The borrowing agency shall submit authenticated copy of its resolutions for taking up the scheme, borrowing and mortgaging project property in favour of HUDCO.

3. The borrowing agency will submit Valuation report of the project properties as well as other property offered for security, if any, from Govt. approved valuer empanelled with HUDCO, before release of HUDCO loan for construction, the cost of which shall be borne by the agency.

4. Agency will submit certificate from Structural Engineer that all structural designs were carried out based on the soil test report, local conditions etc. based on relevant IS Codes so as to take care of structural stability, earthquake resistance, wind velocity and other loads etc. and the proposed building is structurally safe for the intended purposes.
5. Title investigation of Properties offered for mortgage, searches in the office of Competent Authorities etc. and due diligence shall be done by panel advocate of HUDCO and the cost of which shall be borne by the agency.
6. Stamp duty, other fees and charges payable on creation of mortgage including title investigation of the properties to be mortgaged and / or other securities under law and execution of loan documents will be borne by the borrower.
7. In the event of borrower committing default on the repayment of loan or payment of interest on due dates, HUDCO shall have an unqualified right to disclose the name of the HPDA as willful defaulter to RBI/CIBIL, to publish their names as defaulters in such manner and through such media as HUDCO in its absolute discretion may deem fit.
8. HUDCO reserves the right to appoint lender's auditors and lender's engineers during implementation period and till the repayment of entire outstanding loan amount and all the expenses to be borne by the borrowing agency.
9. In the event of default, HUDCO or it's nominee will have the step-in-rights into the project.
10. The borrower shall arrange site inspection by HUDCO before the release of each instalment.
11. HUDCO reserves right to review /restrict the loan amount at any stage and HUDCO's decision in this regard shall be final.
12. HUDCO reserves right to stipulate additional security / modify the security structure as and when it feels necessary and the borrower shall arrange the same at its own cost. HUDCO's decision in this regard shall be final.
13. The borrower shall maintain minimum balance of one quarterly instalment of repayment of principle and payment of interest in the Escrow Account with lien of HUDCO till full repayment of principal, interest and other dues.
14. No objection certificate shall be obtained from the existing/ prospective allottees of flats/ units that they have no objection for mortgaging the flats/ units by HPDA in favor of HUDCO for securing the loan of Rs 18.82 crore.
15. HPDA would disclose in the Pamphlets/ Brochures/ allotment letter etc. the name of HUDCO/ other lenders to which the property is mortgaged.
16. HPDA would also indicate in their Pamphlets/ Brochures that they would provide No Objection Certificate (NOC)/ permission of the mortgagee (HUDCO)/ other lenders for sale of flats/ units if required.
17. HPDA shall adhere to and comply with the Fraud Policy of HUDCO for all the schemes sanctioned by HUDCO (including the schemes sanctioned earlier/ in past). A copy of Fraud Policy of HUDCO is enclosed herewith for reference.


The above letter is valid for four months from the date of issuance of this letter and will lapse, without any further notice, if the terms and conditions of the loan are not accepted by you or HUDCO's requirements as stipulated here in before are not complied with within the specified period.

Copy of this letter marked "Acceptance Copy" duly signed by the HPDA in token of having confirmed the acceptance of the terms and conditions of the loan may please be returned to us at the earliest.

Please contact us for completion of further formalities for execution of Loan documentation, creation of securities and for disbursement of loan.

Yours faithfully,


(Ranbir Singh)

 Dy. General Manager (Law)

Copy to :

1. Sr. Executive Director (CI)
HUDCO, Lodhi Road, New Delhi