



TERM LOAN AGAINST GOLD ORNAMENTS

1. **cost of application** As per service charges manual of the bank
2. **Membership/Share linking** Nominal Member–
3. **Maximum Limit**
 - 1) Under bullet repayment scheme Rs.2.00 lakhs
 - 2) Under repayment of monthly Rs.5.00 Lakhs (EMI)
4. **Purpose of loan** Purpose under Priority Sector lending OR all other purposes other than speculative purposes.
5. **Process fees** As per prescribed Bank's Service Charges Pledge of Gold ornaments only
6. **Type of charge on Security** Valuation charges charged by the Valuer as fixed by the Board will be payable by the borrower
7. **Valuation charges** the borrower
8. **Type of facility** Term Loan
9. **Surety** One
10. **Period of repayment** 12 months maximum
11. **Margin on security** 25% of the Valuation of Gold Ornaments

Gold Ornaments will be valued as per RBI guidelines noted as under from the Approved/Authorized Gold Valuers of the Bank. There at subject to purity of Gold and Market fluctuations from time to time as certified by Bank's Approved Valuer.



The loans against Gold and Silver, Fixed / R D / DRD Deposits are repayable either by equated monthly installments (with interest) or in lump sum with interest due or on maturity date.

The Tax Audited Balance Sheet and other relevant Financial Accounts and Statements in case of Business A/Cs having Sales or Purchases of Rs.100.00 Lakh and above per annum. However, the condition of taking Tax Audited Balance Sheet can be relaxed in case of the businessmen who are doing the business on commission basis.

The Borrower must have Bank Account with the Bank, exclusively and should have satisfactory account operations for Minimum 03 months period. In case Borrower is required to operate Bank Account elsewhere for some genuine reason he may do so only after obtaining N.O.C. from this Bank. However, in loans can be sanctioned to new Customers also, in such cases Pass-Book / Statement of Account for the Latest one year of earlier Bank Account will require to be produced.

The Bank reserves the right to Alter/Add/Modify these Rules at any time without notice to the Borrower/Member.

The interest rates shall be fixed by the Board of Directors from time to time subject to the stipulations spelt out in R.B.I. directives.

The borrower has prohibited from using the loan amount/ Limit or any part thereof for any purpose other than for which it has been sanctioned. If the Bank apprehends OR it has reason to believe that he/she has violated OR violating. Bank has right to recall the loan amount/ Limit OR part thereof at once notwithstanding anything to the contrary contained in the loan agreement OR any other agreement.

The Bank has every right to alter, rescind the rate of interest from any date.

The Bank will charge Penal Interest on the overdue amount @ 2 % or at the rate fixed by the Board from time to time.



In case security offered other than Borrower's own, then irrevocable consent of the owner of the property to be taken on record. The loan can be granted against third party deposits of this Bank, if the Depositor agrees to lien the receipts for the loan.

Any 'Tangible security having reselling value in Bank's Jurisdiction could be accepted as security. These securities shall include all Industrial Raw material, Semi finished goods, food grains, Cereals and Pulses, Construction material, Tinned Foods, Cold Storage goods, Vehicles etc. In short, all types of goods that are readily sellable could be accepted as security.

Further all types of machineries also shall be considered as security and assets of the Borrower. However, the Board will have the authority to add/delete any material or stocks in this list.

The Bank has right to call for additional security or proportionate amount if the cost of the security is reduced due to market fluctuation, aging effect or wear and tear and obsolescence.

The maximum limit of Loans & Advances shall be fixed by the Board subject to R.B.I. directives issued from time to time.

Share Linkage

- (a) The Borrowing Member is required to purchase shares of the Bank in proportionate to the amount of advance is subject to R.B.I. directives.
- (b) Sureties should be Nominal Members or Regular Members.
- (c) In case of Partnership Firm and Private Limited Companies, its Partners/Directors shall hold each individually at least TEN shares in addition to the shares held by the Firm/Company.

Applicant should not be defaulters in respect of any loan from the Bank.



V) Custody of Ornaments:

The ornaments belonging to each borrower (or articles of each loan) together with a list indicating the description of ornaments, gold loan account number, name of party, etc. should be kept separately in small cloth bags. A tag indicating loan account number and name of the party should be tied to the bag to facilitate identification and kept in the strong room or fire proof safes under joint custody.

VI) Return of Ornaments:

On repayment of the loan together with the interest payable in the account, the ornaments should be returned to the borrower and his receipt obtained in token of having received the ornaments.

VII) Part Release will not be allowed

VIII) Delivery to third Parties:

When the ornaments are delivered to third parties, a letter of authority from the borrower and subsequent confirmation of the borrower should be obtained. The letter of authority should contain an undertaking by the borrower, absolving the bank of any responsibility in the event of dispute or loss arising from the delivery of the ornaments to the party named therein. The receipt of the third party with KYC of the third party should be or obtained on the letter of authority as well as in the gold loan ledger.

IX) Default:

When the borrower fails to repay the loan on the due date, a notice calling upon him to repay the loan within a specified time should be given and if no response is received, a reminder should be sent by registered post and thereafter public notice should be given in the news paper informing the borrower that the ornaments would be auctioned or sold out and after adjusting the sale proceeds against the outstanding dues to the bank, the balance, if any, would be paid to the borrower against his receipt & if loan outstanding dues are excess than sale proceeds then it will be recovered from the borrower.

X) Verification:

The bank can undertake surprise verification of the packets containing gold ornaments by an officer other than the joint custodian.



17. Safeguard s to be observed -

I) Ownership of Ornaments:

It is advisable that the advances are made to persons properly introduced to the bank. The bank should satisfy itself about the ownership of the gold ornaments etc. before accepting them for pledge. The bank should obtain a declaration from the borrower that the ornaments are his own property and that he has the fullest right to

pledge them to the bank. Taking of ornaments for pledge and release thereof to the parties concerned after repayment of the bank 's dues should be done strictly in the authorized official's room to avoid any risk .

In case of pledge of Mangalsutra consent letter is to be obtained from the concern lady/ relative of the applicant of who's the Mangalsutra is owned.

II) Appraiser

Valuation and appraisal of the ornament in the bank's premises itself would be ideal but when these are not possible, the bank should take suitable precautions against their loss while in transit. The bank should take a suitable insurance cover for loss of the ornaments while in transit.

III) Valuation Report:

The valuation certificate of the appraiser should clearly indicate the description of the ornaments, their fitness, gross weight of the ornaments, net weight of the gold content exclusive of stones, lac, alloy, strings, fastenings and the value of the gold at the prevailing market price. The valuation report should be duly signed by the appraiser and kept along with the loan documents by the bank.

IV) Record of Security :

The full name of the borrower, his residential address, mobile number date of advance, amount and description of the ornaments in detail should be recorded in the gold ornaments register which should be checked I initialed by the Manager.



Note: It will be observed that Gold jewelry accepted as security should not be valued more than average of closing price of 22 carat Gold for the preceding 30 days as quoted by the India Bullion and Jewelers Association Ltd. If the Gold is of purity less than 22 carats, the valuer should translate the security in 22 carats and value the exact gram of the security. In other words, jewelry of lower purity of gold shall be valued proportionately.

Adequate Margin on the Market Value should be maintained. The Interest on advances to be collected promptly. In no circumstances should it allow to water down the margin any point of time by debiting the Interest Accrued to the Loan Account.

12. Rate of Interest

- 1) Fixed by the Board of Directors, under the directives of R.B.I. from time to time.
- 2) In case of bullet repayment scheme interest will be charged to the account at monthly rests but will become due for payment along with principal at the end of 12 months from the date of sanction.

13. Penal Interest

2% p.a. penal interest will be charged on defaulted amount for defaulted period.

As per service charges manual of the bank

14. The gold ornaments should be evaluated by the Appraiser authorized by the bank. The charges for evaluation will be borne by the borrower and the evaluation will be binding on the borrower. One copy of the valuation report cum Ornament receipt will be given to the borrower.

It should be preserved by the loanee for obtaining gold ornaments back, after full repayment.

15. After the entire amount of loan is repaid by the borrower, the gold ornaments pledged with the bank will be handed over to the borrower after obtaining a receipt thereof.

16. At the time of taking delivery of the pledged ornaments, the borrower will give due discharge by returning the original copy of receipt of ornaments pledged duly signed as token of having received the pledged ornaments back in good order & condition.



corporation.

14. It should be ensured that the policies are kept alive and premium is paid regularly by the assured

15. To avoid any complication that might arise in the event of maturity of the policy or death of the assured only policies where age has been admitted shall be accepted as security for advance

16. A policy already assigned by the insured in the name of wife/minors shall not be accepted.

17. Policies which are operative for less than 3 years shall not be accepted as they lapse in case of default in payment of premium.

18. Life insurance policies taken under Married Women's Property Act, 1874 which constitute a trust in favor of the wife and children are not assignable and hence shall not be considered as a security for advance.

19. The insurance policy should be released only on repayment of the loan by the borrower and before releasing the security the bank should reassign the policy in the name of the borrower and advise the Insurance Company that it has no interest in the policy.

Chief Executive Officer

Chairman