

Guidelines - Transfer of Lease Deed to Financial Institution

In case the lease deed is required by any financial institution or any other bank (even private or foreign) recognized by RBI with a request to permit equitable mortgage, the same shall be sent to them permitting creation of equitable mortgage, provided:-

i) The request has been made in writing by the concerned financial institution/bank as well as by the lessee. The financial institution shall clearly mention that a loan has been sanctioned for the project approved by the GIDA specifying quantum of sanctioned loan and they need it to secure their loan amount and

ii) The financial institution undertakes to pay the balance premium, if any, of the plot under question alongwith interest till receipt of the payment Alternatively if the financial institution is ready to pay only the premium portion, then the allottee shall be required to pay 3 months advance interest on the balance premium, if the financial institution does not undertake to pay the premium/ interest as above, the same shall be paid by the allottee beforehand, and in case it is proposed to send the lease deed to any bank for mortgage, full payment of the balance premium along with outstanding dues shall be paid beforehand either by bank or allottee.

iii) The allottee has deposited duplicate copy of registered lease deed with the GIDA. In case the plot is fully paid, the lease deed may be sent to financial institution for securing its interest against other facilities provided to the allottee like cash credit limit, working capital etc.

iv) The loan has been sanctioned for the existing/proposed unit on the plot.

v) The loan has been sanctioned to allottee and not to his/her sister firm/concern/sublette.

vi) In no case shall the lease deed be transferred to any financial institution if the allottee defaulter in making the payment of dues of the GIDA. While sending lease deed to the financial institutions, it shall be ensured that: -

1. Entry of this fact is made in the register kept for this purpose.
2. The amount to be received from the financial institution in the covering letter is clearly mentioned.
3. The date by which payment is to be received from financial institution is also shown clearly.

The following conditions are included:

vii)

a) That permission for mortgage is valid against the concerning financial institution only, and on repayment of loan/termination of facility to the lessce, the lease deed shall be returned to the GIDA only and shall in no case be handed over to the lessee/other financial institution. If this clause is violated, the permission of the mortgage shall stand automatically rescinded without any notice.

b) That permission for mortgage shall cease to have any effect if payment is not made within stipulated period.

c) That mortgage permission is subject to the conditions of the lease deed. The format of the covering letter to be sent in this case is given in Annexure 4.

d) In case the FI/Bank directly or by intervention of District authority/DRT/any other court takes action for auction of the plot to recover their dues then prior notice shall be given to the GIDA. While dues, if any, shall remain the first charge additionally transfer levy etc. shall be payable by the auction purchaser,

e) It shall be clearly mentioned in the letter forwarding the lease deed to bank/financial institution that before taking any action as mortgagee the GIDA shall be informed beforehand and its NOC shall be obtained so as to recover its dues and enforce the applicability of transfer levy. Otherwise, any sale/auction transfer made by bank financial institution shall not be recognized by the GIDA.