**Rules and Procedures Related for Lending Educational and Training Private Projects**

* **Lending scope:**
* Universities and colleges
* Educational complexes (schools and kindergarten):

 The educational complex is intended to consist of two phases or more in order to accommodate (1000) students or more and for classes, more than thirty classes and include a number of laboratories, a library and a number of multi-purpose halls.

* Specialized training institutes and centers

**Requirements for Obtaining a Loan:**

 Natural and legal persons are qualified to borrow when the following conditions are met:

* Obtaining a valid license from the competent authority.
* The project which is to be loaned must meet all the general and specific conditions and specifications specified by the competent authorities.
* Approval of the competent authority, for the project site and availability of public services in the project site.
* If the project is to be built on a land owned by the investor, the land and buildings of the project will be held in pledge or a bank guarantee shall be provided equal to the value of the loan provided that the bank guarantee is valid until the loan is fulfilled and its value is reduced as the installments are paid .
* If the project is to be built on a land not owned by the investor, the mortgage must be on another land which its value shall be equal to its estimated valueof the loan or offer a bank guarantee equal to the loan amount.

**Information and Documents to be Submitted to the Ministry**:

* To fill out the application forms of the loan.
* A copy of the national identity card of the investor. If he is a legal person the I.D shall be attached as it is extracted from the Commercial Register, authorization from responsible person to borrow on his behalf and a copy of the Articles of Association, provided that the duration of the establishment shall not be less than the loan repayment period and grace period.
* A copy of the documents that prove the solvency of the investor and his ability to complete and operate the project.
* Economic feasibility study for the project in Arabic prepared and approved by a certified office.
* A copy of the title deed of the land on which the project will be built or the lease if the land of the project is leased. The lease period shall not be less than twenty years and shall be accompanied by a map of the site.
* A copy of the license for establishing the project from the competent authority.
* A copy of the license for building the project from the Secretariat or the Municipality
* A copy of the engineering drawings, certified by design office licensed and certified by the Secretariat (Municipality) and from the project authority with scale rate of (100/1).
* A copy of the technical specifications in Arabic, approved by the project design office.
* A copy of the bill of quantities in Arabic, showing the prices approved by the project design office
* A Copy of the furniture, facilities lists and buses, transporting students, with a brief description of each item.
* A certificate from the Labor Office to abide by Saudization percentage.
* A certificate issued by the General Organization for Social Insurance, proving that the establishment of the investor registered in the institution and that he has fulfilled all his obligations towards them, or that he is not subject to the provisions of the social insurance system

**Loan Amount:**

* The loan is allocated to finance buildings, facilities, furniture and buses of the project provided that the allocation for furniture and fittings do not exceed the following percentages:
* Ratio of (15%) of the total cost of buildings and facilities for educational complexes, schools and institutes and training centers projects.
* Ratio of (20%) for administrative and humanitarian faculties.
* Ratio of (30%) for the projects of applied scientific colleges.
* Ratio of (40% (for health colleges projects.
* The maximum limit of the loan including buildings, facilities, furniture, and buses shall be equal to (50%) of the cost approved by the Ministry for the whole project and not exceeding the following limits:
* The maximum loan amount for a university project of five colleges or more, two hundred million ( SR.200.000.000). Each college shall be in an independent building at a rate of 40 million riyals per faculty, if the project is limited to less than five colleges.
* The maximum loan amount for an educational complex project (schools) consists of four phases, twenty five million (SR 25,000,000) at a rate of SR 7 million (SR 7,000,000 per phase if the project is limited to less than four stages ), and four million Saudi Riyal (SR 4.000.000) for the kindergarten stage.
* The maximum amount of the loan for the project of a medical or technical training institute or center is ten million Saudi Riyal (SR 10,000,000).

For the project, which includes student transport buses, an amount that is not exceeding 10%, is allocated from the total cost of buildings, facilities, and furniture to finance this aspect.

**Loan Implementation Requirements:**

After signing the contract, the investor is obliged to:

• Submit a copy of the agreement with the project implementation contractor, and an agreement with the design office to oversee the implementation of the project .

• Open in a local bank, an independent account in the name of the project in which he deposits the proceeds of the loan that will be paid to implement the project.

• Assign a certified Saudi accountant to audit the project accounts.
• Submit to the Ministry periodic reports on the progress of the project and what has been accomplished every six months throughout the project implementation period.

**Loan Disbursement**:

• The amount allocated for buildings and structures shall be disbursed in ten installments at a rate of 10% (10%) for each payment.
• The amount allocated for equipment, furniture and buses shall be disbursed in three installments as follows:

* First payment: (25%) of the value of the amount allocated to it, after the submission of documents and supporting documents for supplying them after the completion of (%60) or more of the construction and architectural works of the project.
* Second payment: (50%) of the value of the amount allocated to this payment, after the completion of the whole building of the project with full supply, to the site, and (50%) installation.
* Third payment: (25%) of the amount allocated for it, upon completion of installation and application of specification lists on the site. And the registration of buses on behalf of the borrower or the project.

**Loan Repayment:**

• The repayment of the loan disbursed to educational complexes and schools projects shall commence four years after the date of signing a contract. The loan is divided into ten equal annual installments.
• The repayment of the loan disbursed to university, college projects, specialized training institutes and centers shall commence four years later from the date of signing the loan contract, divided into sixteen equal annual installments.

**General Conditions**:

• Lending in accordance with these rules shall be limited to projects to be established and not ongoing projects. The investor may obtain extension loan, provided that the project which is to be expanded has been operated and paid out three installments of the loan on time. The expansion shall be on the same or adjacent project land. The total of the first loan and expansion loan shall not exceed the upper limit stipulated in these rules, with the submission of all documents required to the Ministry and the necessary guarantees.

 • For projects that have been not financed by this program, they may be lent in accordance with these rules provided that the project is in building and construction phase.

 • If the investor does not provide a guarantee against the loan and the other procedures are not completed within one year from the date of being notified with the approval of the Ministry, the approval shall be null and void.

• If the investor does not start implementing the project within one year from the date of signing the contract, the loan will be canceled.

 • The investor shall not have the right to dispose of the land of the project, which is accordingly financed by the Ministry, or with any transfer of ownership or lease without the prior written consent of the Ministry.

 • If the investor breaches any of the terms of the contract, the loan will be canceled and all amounts disbursed will be repaid.

**(Application Forms for Loan)**

Form No. 1 Formation of the letter: - Click here to obtain this form in Word or PDF format.

Form No. 2 Information for applying for a loan to establish ():

 - First: General information: - Click here to get this form in Word or PDF format.

 Second: cost estimates- Click here to get this form in Word or PDF format

Third: Other information: - Click here to get this form in Word or PDF format

Fourth: Timeline for implementation: - In addition to the furniture and facility list of the project Click here to get this form in Word or PDF format

Note: - The applicant shall sign each page of this form, sign any additional pages and to sign at any delete, clear, edit, or any write on the pages.

 (General notes and technical documents to be submitted with the request)
1 - General Notes:

 A - The technical documents required to be submitted with the request aimed to inform applicants of required documents that are requested by the Ministry of Finance in order accept their submitted applications when they send them and also to help he Ministry of Finance to know about all the details of the investors.

 B- The application cannot be prepared until the final design of the project has been completed and all documents shall be submitted with the application and if not? the applications may be delayed or returned due to non-compliance.

2 - Technical documents to be submitted with the request:

1. Drawings: Full design drawings must be submitted for architectural, structural, engineering, plumbing, drainage works, air conditioning, private services and electrical work. These drawings shall also outline the overall scheme of the project location, to outline the building, to cover the horizontal projection of each project role, to specify the areas of each sections and the number of existing halls, as well as the facades and all the details of planning and design.
2. Detailed specifications: These specifications must be given a complete description for each item of the project.
3. Table of Quotations: The Quotation Table shall be detailed, clarifying all items of work and divided by the same division as in specifications:
4. Equipment, facilities and furniture Table: This table should provide in details the equipment, facilities and furniture required to be supplied for each section, and also to provide a complete description of the factory catalogs or references, items must be fully priced and explained as a whole.