

Project Finance

Payment coupons

1. A banking corporation will not finance a construction project under the project finance method unless the following conditions regarding the project's account are fulfilled:
 - (a) The banking corporation, or other banking corporation at which the project's account is managed by the banking corporation, will issue a payment coupons booklet in respect of every apartment in the project which the contractor will sell, and will send it to the contractor: The payment coupons will be used for every payment which the purchaser will pay to the contractor in respect of the price of the apartment, from the first to the last payment, and will include all of the following details and those alone, inasmuch as they are known to the banking corporation at the time the coupon is issued:
 - (1) A unique identification number for the booklet and the coupon;
 - (2) The name of the contractor and a unique identifying number for the contractor;
 - (3) The name of the project and a unique identification number for the project;
 - (4) A unique identification number for the apartment sold;
 - (5) A block and plot number for the apartment sold;
 - (6) The geographic location of the project;
 - (7) The account number of the project;
 - (8) The telephone number of the entity at the banking corporation whom the purchaser can contact in order to ascertain that the details of the coupon match those recorded at the banking corporation;
 - (9) Text explaining that payment of the original coupon confers upon the purchaser of the apartment the right to obtain a guarantee or some other collateral from the bank in accordance with the provisions of the Law of Sale (Apartments) (Securing of Apartment Buyers' Investments), 5735-1974, in respect of the amount of money paid by means of the coupon;
 - (10) Text explaining that the banking corporation must issue a guarantee to the purchaser of the apartment, or must verify the issuance or provision of another collateral, in accordance with the provisions of the Law of Sale (Apartments)

(Securing of Apartment Buyers' Investments), 5735-1974, within 14 business days from the date of payment.

- (11) Text referring the purchaser to the consecutive nature of the numbers of the coupons;
 - (12) Text explaining that no detail printed on the coupon can be changed;
 - (13) Text explaining that payment of the coupon and the subsequent issue of a guarantee, in and of themselves, are not to be construed as creating a right for the purchaser beyond his legal rights, including in the matter of a letter of exception in respect of the land pledged to the banking corporation, in circumstances where the banking corporation is obligated to do so.
- (b) The purchaser's name, his identity number and the amount for payment will be filled in by the purchaser. Nothing stated is to be construed as preventing the lender banking corporation that issues the coupons from adopting a method whereby these details, or part of them, will be filled in by it in advance.

Issue of a bank guarantee to the purchaser

2. The banking corporation will issue the purchaser of the apartment with a guarantee in respect of the amount paid by means of the original payment coupon as stated in paragraph 1 above, or will ensure that it is issued or that another collateral is granted in accordance with the Law of Sale (Apartments) (Securing of Apartment Buyers' Investments), 5735-1974, within 14 business days from the date of the payment.

Details in the project finance agreement

3. The banking corporation will include in the project finance agreement, *inter alia*, the following details:
 - (a) The contractor's obligation to send the payment coupons to the purchaser;
 - (b) The contractor's obligation to make a reasonable effort to return to the banking corporation all of the payment coupons that have yet to be paid in the event that the apartment sale agreement has been revoked;
 - (c) A paragraph specifying that a payment by the purchaser by means of the coupon constitutes an irrevocable instruction by the contractor to the banking corporation to issue a guarantee to the purchaser;

- (d) The contractor's consent to provide information to the purchaser, as detailed in Section 4 below;
- (e) The contractor's consent that the banking corporation will confirm to a banking corporation granting a loan to the purchaser for the purpose of purchasing the apartment from the contractor and which contacts it for the purpose of transferring the loan funds to the project's account, that the details of the project's account in its possession match the details recorded at the banking corporation;
- (f) The contractor's obligation to specify in the apartment sale agreement that the sole and exclusive way for the purchaser to pay any amount to the contractor in respect of the sale of the apartment will be by means of the payment coupons;
- (g) The contractor's obligation to specify in the apartment sale agreement the means whereby the purchaser will be able to obtain the information detailed in paragraph 4 below from the banking corporation;
- (h) The contractor's obligation to submit to the bank copies of all the sale agreements that have been signed, within 7 days from the time of signature of each of them.

Information for the purchaser

- 4. The banking corporation will confirm to a purchaser providing it with a project account number and project name, that the details provided match the details recorded at the banking corporation, by all of the following means:
 - (a) At the branch of the banking corporation at which the project's account is managed;
 - (b) By means of a telephone message – when the purchaser contacts an entity whom the banking corporation has defined for this matter, the telephone number providing access to which will appear in the payment coupon as stated in paragraph 1(a)(8);
 - (c) By means of the banking corporation's Internet site, by the purchaser inputting specific details from the payment coupon.

Applicability

- 5. This directive will apply to cases in which the following two conditions are fulfilled:
 - (a) Assets, transactions and rights to which the Law of Sale (Apartments) (Securing of Apartment Buyers' Investments), 5735-1974, applies.

(b) The contractor's financing is done by means of a closed project finance agreement.

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Updates:

Circular number	6	Version	Details	Date
2225		1	Original Circular	February 4, 2008
2344		2	Update	July 30, 2012