



Case study from Lithuania

Desmond Gardner, Financial Instruments Advisor,
European Investment Bank



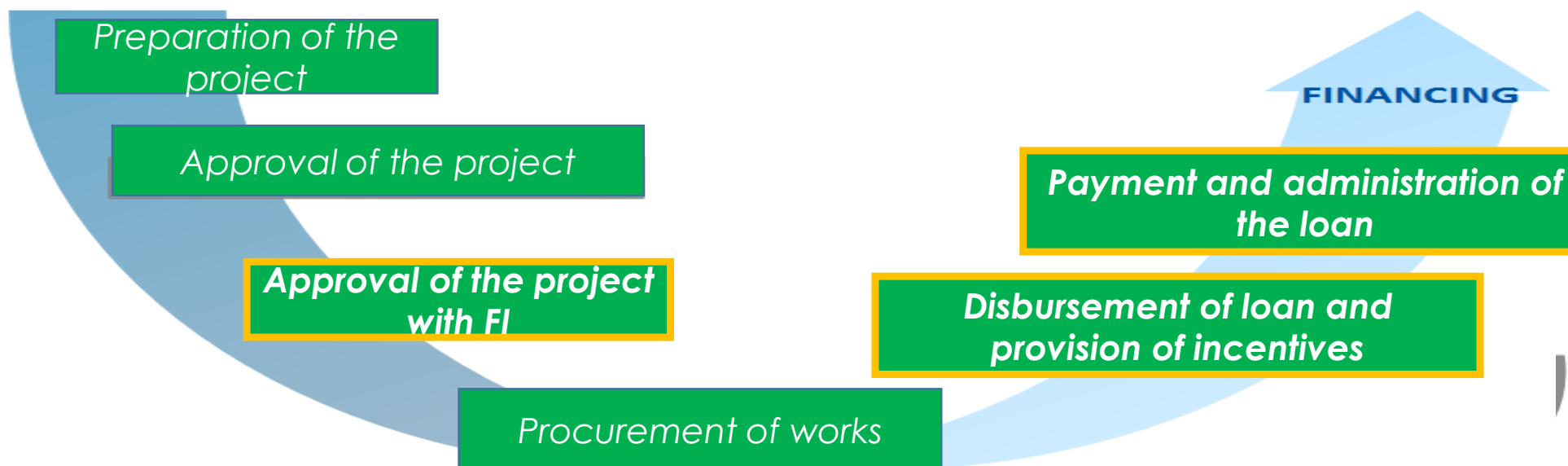
 #ficompass



Implementation cycle: Role of FI



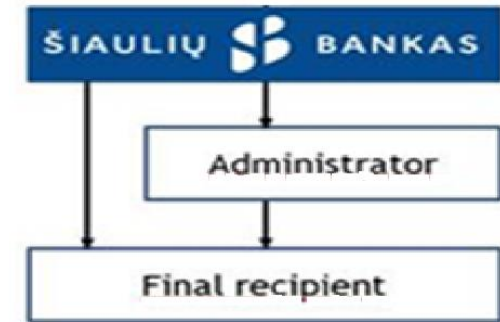
Cycle stage	Preparation of the project	Approval of the project	Approval of project with FI	Procurement of works	Disbursement of the loan and provision of incentives	Payment and administration of the loan
Steps	<ul style="list-style-type: none"> • Initiation • Preparation • Public discussions 	<ul style="list-style-type: none"> • Approval of IP with HESA • Approval of IP in a meeting • Info about State aid 	<ul style="list-style-type: none"> • Presentation of the application to the FI • Project evaluation • Preliminary approval of FI 	<ul style="list-style-type: none"> • Procurement of construction works 	<ul style="list-style-type: none"> • Signature of loans agreement with FI • Construction works • Finish of the project • Approval from HESA to get incentives 	<ul style="list-style-type: none"> • Payment of the loan and interest



Terms of loans from FIs



- Maximum credit maturity - **20 years**
- Credit currency - Euro
- Fixed credit annual interest rate - **3 % p.a.**
- Grace period for credit repayment - **up to 30 months**
- Initial contribution from final recipient - **not required**
- Credit administration fees – **none**
- Collateral/mortgage requirements – **none**



- Consent of the owners must be endorsed by **50% + 1 vote**.
- Bank applies a requirement to receive consent of **not less than 55%**
- The number of flat owners that are past due with their obligations exceeding **EUR 170** for more than **60 days** to at least one company rendering utility services or to the manager of the premises should be **less than 10%** of all the apartment/premises' owners.



Disbursement of loan and provision of grant component



- Following procurement of works, the building Administrator signs a loan agreement with FI
- One loan agreement is signed for one multi-apartment building
- FI opens an account in the name of the building Administrator (on behalf of or for the need of multiple apartment owners)
- Disbursement of the loan follows monthly invoices for construction works
- To properly finalise the constructions works, the Delivery and Acceptance act is being signed by different responsible institutions
- HESA approves finalisation of the construction works (following approved EE certificates) and informs FI
- HESA disburses state support (grant) to the FI
- FI recalculates the monthly instalment depending on the amount of the grant and informs the building Administrator about the reduced monthly payment



Payment and administration of the loan



- **Payment of the loan and interest** – once a month
- Building administrator **responsible for collecting monies from apartment owners and making repayments on the loan from the FI**
- The apartment owner **can prepay (its portion of) the loan at any time** (with no prepayment fee)
- **Recovery procedures** are being performed by the building administrator and then by a third party, if necessary, at a later stage



