

Documentaion Procedures of Loan and Advances



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Documentaion Procedures of Loan and Advances

Application form



for Individuals

Submitted to Voltaire Bridging by Name _____ Date _____

Company _____ Club _____
 Tel _____ Fax _____
 Mobile _____ E-mail _____

A. Loan details
 Purpose of loan (required) _____
 Net amount required £ _____ Term of the loan _____
 How will the loan be repaid? (required) _____

B. Application details (please enter other applicants on additional sheet)

Applicant 1
 Title _____ Full name _____
 Residential address _____
 Tel _____ Postcode _____
 Mobile _____
 E-mail _____
 Does the applicant own his/her own resident? Yes No
 Value of residence: _____ Outstanding Charge: _____
 Date of birth: _____
 Any adverse credit history? Yes No

Applicant 2 (or Guarantor)
 Title _____ Full name _____
 Residential address _____
 Tel _____ Postcode _____
 Mobile _____
 E-mail _____
 Does the applicant own his/her own resident? Yes No
 Value of residence: _____ Outstanding Charge: _____
 Date of birth: _____
 Any adverse credit history? Yes No

C. Primary property being used as security for loan
 Full address of property _____



GENERAL AFFIDAVIT

STATE OF _____
 COUNTY OF _____

PERSONALLY came and appeared before me, the undersigned Notary, the within named _____, who is a resident of _____ County, State of _____, and makes this his/her statement and General Affidavit upon oath and affirmation of belief and personal knowledge that the following matters, facts and things set forth are true and correct to the best of his/her knowledge:

(Insert Statement)

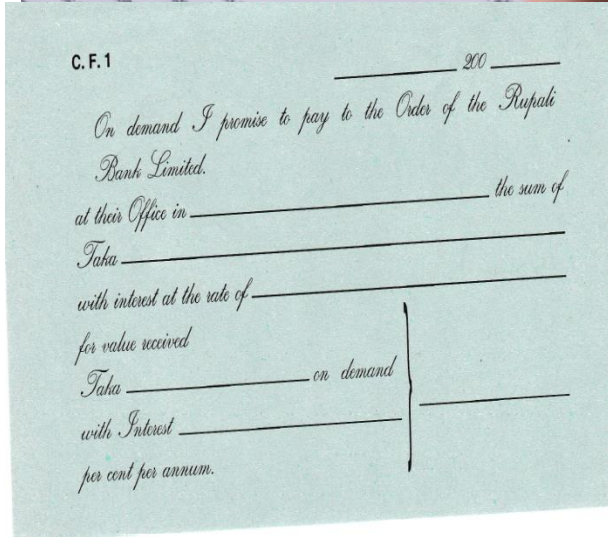
DATED this the _____ day of _____, 20____

Signature of Affiant

SWORN to subscribed before me, this _____ day _____, 20____

NOTARY PUBLIC

My Commission Expires: _____



Item #

Date Due:

AGREEMENT FOR TEMPORARY LOAN OF DURABLE MEDICAL EQUIPMENT

The following agreement is a waiver and a release for the temporary use of durable medical equipment by Arizona Bridge to Independent Living (ABIL) and

NAME: _____

ADDRESS: _____

PHONE: _____

Description of Equipment: _____

Condition of the Equipment (accepted as is):
 In consideration for being allowed to borrow the equipment without charge, borrower hereby agrees as follows:

- Borrower will inspect the equipment prior to taking possession of it, and shall notify ABIL if the equipment appears to be broken, malfunctioning, or otherwise unsafe. Borrower shall not take possession of the equipment if borrower believes the equipment to be unsafe.
- Borrower acknowledges that he/she is taking possession of and will use the equipment "as is" and "with all faults," and that ABIL has disclaimed all warranties. There is no warranty that the equipment will be fit for a particular purpose. Borrower acknowledges that he/she assumes all risks resulting from the loan and/or use of the equipment.
- Borrower will store and maintain the equipment only at the address listed above, and shall not remove the equipment from the address listed above to another address without the written consent of ABIL.
- Borrower will properly maintain and care for the equipment. Borrower will notify ABIL and obtain ABIL's written consent before performing any modifications or repairs to the equipment.



Documents vs Documentation

What is Document ?

□ According to section 3 of Evidence Act. 1872: Document means any matter expressed or described upon any substance by means of letters, figures, symbols or by more than one of these means. intended to be used or which may be used for the purpose of recording that matter with an intention of producing the same as evidence. .

(দলিল বা দস্তাবেজ (Document) বলতে বুঝায় কোন বিষয় যাহা অক্ষর, অংক বা চিহ্নসমূহ দ্বারা বা একাধিক উপায় দ্বারা এরূপ কোন পদার্থের উপর অভিব্যক্ত বা বর্ণিত হইয়াছে যাহা ঐ বিষয় অভিলিখিত করিবার উদ্দেশ্যে ব্যবহৃত হইতে অভিপ্রেত বা ব্যবহৃত হইতে পারে যা ভবিষ্যতে সাক্ষ্য হিসাবে কাজে লাগতে পারে, যেমন কোন কিছুর উপর লিখিত, মুদ্রিত, অখিতি, নকশাকৃত বা খোদাইকৃত)

□ Document হলো আইনগত মর্যাদা সম্পন্ন ব্যক্তি কর্তৃক স্বাক্ষরিত লিখিত দলিল যাহা কোন ঘটনার লিখিত বিবরণ থাকে । ব্যাংক সাধারণত ঋণের নিরাপত্তার জন্য গ্রহন করে এবং ইহা ঋণের স্বাক্ষরী হিসেবে কাজ করে ।

Importance of Documents:

1. Identification of borrower
2. Written Record of transaction
3. Legal coverage
4. Documentary evidence
5. Deciding Period of limitation
6. Filling of cases.

Importance of Document in Banks Loan

- It **identifies** borrower, guarantor, security, nature of charge & creation of Bank's charge on security.
- Documents are related to **written record** created for the purpose of **evidence and serve as an official record** while lending the bank funds.
- Document is a written statement of facts **evidencing certain transactions** covering legal aspect duly **signed by the authorized concerned persons having legal status**.
- Documents are **evidence receiving of credit** from the bank by the borrowers .
- Helps Bank to safeguard it's interest by incorporating **protective clauses** as & when felt necessary.
- Deciding period of **limitation**.
- The Documents should correctly be taken by the Bank in order **to create required charge on the securities effectively** in favour of the bank.
- The proper and correct Documentation is essential from the point of view of the **safety of the Bank's interest**.

What is documentation ?

- The execution of documents in proper form, correct/authentic way and according to the requirement of law is known as "Documentation". So obtaining all concerned documents properly and correctly from the particular loanees is called documentation.
- There is no credit or investment without documentation.
- In respect of security of investment, "Nothing can be better prove of ceration of investment than Documentations"
- Documentation is permanent record of rights and liabilities of bank, borrower and guarantor (if any) of a credit.
- If the bank failed to get documents properly, advance will not get legal protection.

Types of Documents

1. **Charge Documents:** it establishes the right of the bank to get back of the loan/advance extended to the borrower. In Rupali bank we called it Charge form (C.F).
2. **Security Documents :** it establishes the right of the bank on the property of the borrower.
3. **Other documents :** it establishes the right of the bank and obligations on the borrower

Some important documents

Charge Document/Form	Security Documents	other documents
1. DP note (CF-1,2)	1. Tile deed and via deeds with khatian.	1. Letter of request
2. Letter of continuity (CF-11)	2. Mortgage deed	2. Sanction Letter
3. Letter of Guarantee (CF-6)	3. Power of Attorney	3. Letter of acceptance
4. Letter of Hypothecation (CF-8)	4. Affidavit	4. Letter of authority
5. Letter of deposits of title deeds (CF-10)	5. Agreement	5. Balance conformation
6. Other charge documents	6. Rent receipt	6. Letter of disclaimer
	7. NEC from sub register office	8. Letter of undertaking
	8. Others documents	9. Letter of arrangement and disbursement.
		10. others

Some Printed Form or may be said legal based forms which are commonly used in Rupali Bank as CHARGE FORFS (CF's) in the credit lines are depicted hereunder:-

DEMAND PROMISSORY NOTE=	CF-1&2
LETTER OF CONTINUITY	=CF 11
LETTER OF PLEDGE	= CF 4
LETTER OF <u>HYPOTHECATION</u>	= CF 8
LETTER OF 3 rd PARTY GUARANTEE=	CF 6
CHARGE OVER BONDS	= CF 5
<u>HYPO</u> OF VEHICLE	= 8A
HYPO.OF PLANTS MACHINERY	= CF 8B
DEPOSIT OF TITLE DEED <u>1st</u> PARTY	= CF-10
DEPOSIT OF TITLE DEED 3 RD PARTY	=CF-10A
CHARGE OVER FDR	=CF-12
PLEDGE OF GOLD	=CF=14
ADVANCE AGST. <u>DPS</u> , SPS ETC.	=CF 19A
PACKING CREDIT	= CF 9
<u>LOAN AGNST.</u> SB/CD	= CF 19
<u>LOAN AGNST.</u> TEA	= CF-21
COUNTER GUARANTEE	= CF 25
LETTER OF BALANCE CONFIRMATION=	SF - 175

Types of Advance and its documentation.

There are different types of loans and advances and so documentation will depend on and will vary considering the types of advances and types of properties/Securities to be charged, still then there are some common compulsory documents that are always to be obtained while disbursing loans and advance such as ;

Master/common documents.

There are some common compulsory documents that are always to be obtained while disbursing loans and advance such as ;

1. The application received from the borrower
2. Letter of agreement.
3. Execution of Deed of Mortgage and POA
4. Sanction advice
5. Letter of acceptance
6. DP note (C.F-1,2)
7. Charge forms (C.F)
8. Letter of Arrangement
9. Letter of disbursement
10. Letter of authority.
11. Letter of disclaimer
12. Balance confirmation.

Procedures OF Documentation.

- Drafting/Taking Proper Documents/Printed Formats.
- Stamping.
- Filling Up documents properly as per sanction letters .
- witnessing
- Execution of the documents
- Verification of signature
- Checking.
- Records of documents
- Registration .
- Preservation/Safe custody.
- Documents as per approval letter.

(Rupali bank Credit Manual -2014, P-118)

CONTENTS OF DOCUMENT

1. Correct **name** of borrower/guarantor. (গ্রাহক ও জামিনদারের নাম)
2. Issuing date (ডকুমেন্টস ইস্যুর তারিখ)
3. Borrower's address (ঋণ গ্রহীতার ঠিকানা)
4. Loan account number/section advice no. (অনুমোদন নম্বর ও তারিখ)
5. Sign of the both party (স্বাক্ষরিত)
6. **Properly stamped.** (উপযুক্ত স্ট্যাম্প লাগাতে হবে)
7. Description of **security and goods.** (জামানত ও মালামালের বিতরণ)
8. Amount of **loan/limit.** (ঋণ সীমা/ঋণের পরিমাণ)
9. **Terms** of Repayment. (পরিশোধের শর্তাবলী)
10. Other Terms mutually agreed upon. (অন্যান্য শর্তাবলী)
11. **Date & Place** of execution . (ডকুমেন্টস সম্পাদনের তারিখ ও স্থান)
12. Valid & Legally **enforceable.** (আইন দ্বারা বলবতযোগ্য ধারা)
13. Expiry date (মেয়াদ উত্তীর্ণের তারিখ)

Steps for Documentation

i) Prepare a list of require Documents.

ii) Verify the legal capacity of the executor.

(Minor/Insana/Bankrupt cant executor of documents)

(In case of LLC, power should be witin the limit of MoA &AoA)

iii) Affix properly valued adhesive stamp or type on a duly stamped paper.

iv) Execution:

- In presence of Manager.
- In one sitting & with indelible ink
- Any correction alteration etc must be authenticated with full signature
- Correctly dated
- If several pages executor (s) put their full signature in all pages
- Witness
- Registration

Execution OF DOCUMENTATION

- ❑ Drafting or Taking Proper Documents Formats.
- ❑ Filling Up the Formats properly and correctly .
- ❑ Stamping (Adhesive, Embossed, Nonjudicial).
- ❑ Witnessing (Mortgage Paper/IGPA) (but DP note, LG, Pledge, Hypo needs no witness)
- ❑ Signing (Execution)
- ❑ Verification of Signature as per SS of AoF
- ❑ Proper Dating of execution is required(to fix the limitation time)
- ❑ Checking and correcting with authentication.
- ❑ Registration where necessary (1. SRO-Mortgage , 2. RJSC-Charge) .
- ❑ Contents: Name, array, description, rate of Interest, due balance, terms and conditions etcto be clarely mentioned)
- ❑ Documentation Charges/fees collection
- ❑ Cancellation of stamps (other than embossed stamp).
- ❑ Recording/Entry in the proper register.
- ❑ Safe-keeping and preservation after serealing in SISO Register
- ❑ Documents as per approval letter.

PRECAUTIONS IN DOCUMENTATION.

- Obtain full set of documents depending upon the nature of facilities.
- Fill in the documents correctly as per the terms of Sanction .
- Never to deliver blank documents to the borrower for execution in absentia as it may prove to be fatal.
- Schedules of Securities should be properly filled in full details.
- As a principle, the security documents should always be signed by the borrower/s himself/themselves and not by their Constituted Attorneys otherwise it may lead to several legal complications.

REQUISITE OF SOUND DOCUMENTATION

1. Correct **name** of borrower/guarantor.
2. Proper particulars (**Drafting** part).
3. **Properly stamped and Cancellation.**
4. Description of **security.**
5. Consideration amount, i.e. Amount of **loan/limit.**
6. **Terms** of Repayment .
7. Other Terms mutually agreed upon.
8. **Date & Place** of execution .
9. Duly **registered** wherever required .
10. Valid & Legally **enforceable.**

CARE TO BE TAKEN IN DOCUMENTATION DURING EXECUTION

- Documents should be properly filled in
- All additions, insertions, alterations, cutting etc must be properly authenticated under full signature of the borrowers. Overwriting ,erasing in a document should not be allowed
- Execution should be in the presence of officer responsible for obtaining them as he should be able to identify the executants personally.
- Same handwriting, same ink for maintaining continuity and uniformity in the fields.
- Full signature (not initials) & each page to be signed at same style (specimen signature card) at the end and at also the places wherever blanks (information to be filled in) appear.
- Date & Place of execution.

CARE TO BE TAKEN IN DOCUMENTATION DURING EXECUTION- Cont'd

- Word 'ONLY' never to be put after the amount particularly in the DP Note.
- Power of Attorney (POA) should be irrevocable and registered.
- Documents to be entered in the security register under initial of responsible officer.
- Illiterate person - contents of the documents to be explained in the language understood by him.
- Declaration to be obtained from borrower duly countersigned by responsible officer to be kept on record.
- Normally we obtain Right Hand Thumb Impression (RHT) in case of females & Left Hand Thumb Impression (LHT) in case of males.

CARE TO BE TAKEN IN DOCUMENTATION DURING EXECUTION- Cont'd

- ✓ The date of the document should **be later** than the **date of the stamp paper**.
- ✓ Better if the cost of stamps is debited to the borrower A/C.
- ✓ **Date** to coincide with first **disbursement**.
- ✓ Documents in case of limited company , partnership firm, association etc. the laws and regulations of the company, firm , association etc must be consulted and satisfaction of charge is necessary in case of charging assets of the ltd company.
- ✓ Documents **can not be punched** and to be preserved in cover file

Witness of Document

WITNESSING under **section 3 of Transfer of Property act -1882** If document is not duly witnessed will be treated as not executed, must be executed first then witnessed by **2 or more** persons not a party to the transaction.

1. Mortgage Deed
2. POA
3. Loan contract
4. Sale deed.
5. Assignment on Instrument
6. Will.
7. Personal guarantee.
8. Others.

STAMPING OF DOCUMENTS

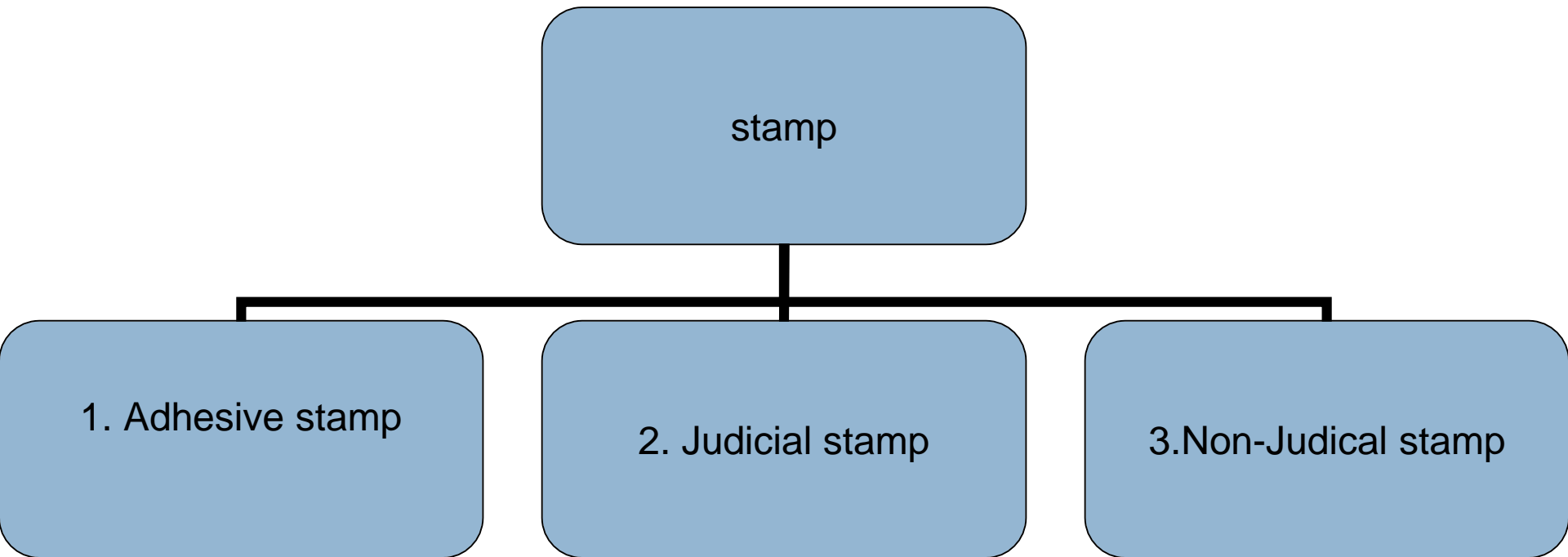
VALUE /CANCELLATION OF STAMPS

1. Document should be stamped **on or before execution**. (Stamp act-1988, sec.17)
2. **Value of the Stamp** . In case of doubt, collector stamp duty will decide the amount. (Stamp act-1988, sec.31)
3. By executants in writing and cross the stamp so that it cannot be reused.
4. **Non Cancellation will be deemed as unstamped**. (Stamp act-1988, sec.12)
5. One signature to be obtained outside the stamp also.

Types of Stamps

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- ❖ **Stamp Act 1899** (Act No. II of 1899) is in force in Bangladesh.
- ❖ stamp duty has been revised **on 28 June-2012** and introduced from 1, July - 2012.



EXECUTION OF DOCUMENTS AS PER TYPE OF BORROWERS

- Individual;
- Joint Account holder;
- Hindu Undivided Family (HUF);
- Trusts;
- Executors & Administrators;
- Agent/Attorney;
- Firms - Proprietary & Partnership;
- Clubs & Associations;
- Limited companies;

Legal provisions & Documentation differ for all above customers.

WHO WILL EXECUTE THE DOCUMENTS

- **Minor** - Guardian to execute clearly stating him as guardian for the minor.
- **Sole Proprietorship** - PROPRIETARY FIRMS Business wholly owned by an individual. In law, there is no difference between proprietor & the firm. **Creditors have recourse not only against assets of the firm but also against private assets of the proprietor.** Proprietor has to sign documents on behalf of the firm as well as in his individual capacity. **On DP Note "We" to be written.**
- **HUF (Hindu Undivided/Joint Family)**- Documents to be executed by Karta. All major coparceners (Partners of joint property) to be made guarantors.
- **Illiterate Borrower**- Normally Left hand thumb (LHT) impression in case of males in the presence of Bank official. Wording to appear below LTI - "Left Thumb Impression of Shri-----". This should not be attested on the document.
May be attested on a separate piece of paper which may be kept with the documents. Additionally, a letter stating that the contents of the documents were explained to & understood by him to be obtained and countersigned by a witness & kept on record.

WHO WILL EXECUTE THE DOCUMENTS————— Cont'd

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JOINT BORROWERS :

- Two or more persons or a group of individuals **who do not constitute a registered body of association** are called joint borrowers.
- All documents are signed by all - jointly & severally. It means all are jointly liable plus each one of them is individually liable for repayment of Bank's dues.
- *In case of death or insolvency of any one or more of joint borrowers, account showing debit balance is broken to determine liability of deceased joint account holder/s.*

Partnership firm

- Documents to be executed by all partners on behalf of firm as well as in their individual capacity. This is to make their individual estate liable for bank's dues.

Limited company -

- As per stipulation in Board Resolution. Affixing of common seal of the company on security documents. Registration of charge with Registrar of Companies (ROC) under **S.172 of Companies Act 1994**. Charge to be created within 21 days of the date of documents. **Form 8 - For Registration & Modification of charge**. **Form 17 - For satisfaction of charge**.

Creation of Charge on Security

- Lien
- Assignment
- Set-off
- Pledge
- Hypothecation
- Mortgage

Documentation for Lien

Commercial bank generally extends loan facility to its customers against the lien of ;

1. Fixed deposit Receipt (FDR).
2. Credit balance of DPS,SPS etc

Documentation:

1. Application from the customer.
2. DP note
3. Letter of continuation (CF-11).
4. **CF.12,19,19A**
5. CF-6 in case of third party guarantee
6. Letter of authorization
7. Sanction advice
8. Letter of acceptance.

Documentation for Lien

Lien on Financial Instrument like FDR etc.

- The Instrument duly discharged on the back of it.
- Letter of Lien ('1st Party Lien' - if the Borrower is the owner of the Instrument, '3rd Party Lien'- if the Owner of the Instrument is one other than Borrower)
- **Letter of Authority to encash the instrument as and when needed by the Bank**
- Confirmation of Lien (Marking of Lien) from the issuing Bank.

□ Lien on Demated Stock/Shares

- NOC of the Company in case of Sponsor's Share
- Confiscate Request Form (Form19-1) duly signed by the pledgor.
- Pledge Request form (By Law 11.9.3) duly signed by the holder of the share.
- Pledge setup Acknowledgement from Brokerage House
- CDBL generated copy of Pledge Setup

DOCUMENTATION OF MORTGAGE.

- ✓ Chain of documents (if available).
- ✓ Original title deeds and via deeds.
- ✓ CS/SA/RS/BS/City Jorip Khatiyān.
- ✓ Mutation Khatiyān.
- ✓ Up to date rent receipt.
- ✓ Non-encumbrance certificate.
- ✓ Power of Attorney.
- ✓ Legal opinion.
- ✓ Valuation certificate
- ✓ Location map and mouza map.
- ✓ No-objection certificate from any development authority (If any).
- ✓ Letter of depositing title deeds (CF. 10 or 10 A).
- ✓ Letter of guarantee. (CF. 06).
- ✓ Affidavit of the borrower

DOCUMENTATION OF HYPOTHECATION

1. D.P note. (C.F-1). incase of joint account/ joint stock company (C.F-2)
2. Letter of continuity.(C.F-11)
3. Letter of Hypothecation.(C.F-8)
4. Letter of authority.
5. Letter of arrangement.
6. Letter of disbursement.
7. Letter of guarantee. (C.F-6)
8. Letter of disclaimer in case of rented godown.
9. Insurance of the goods as per approval letter.
10. Deed of mortgage and related document.
11. Others.

DOCUMENTATION OF PLEDGE.

1. D.P note. (C.F-1. incase of company C.F-2)
2. Letter of continuity.(C.F-11)
3. Letter of pledge .(C.F-4)
4. Cash memo/receipt of locally purchased goods/identification of cash price in case of locally manufactured goods. Invoices incase of imported goods.
5. Letter of authority for deductions of any expenses including interest.
6. Letter of arrangement.
7. Letter of disbursement.
8. Letter of guarantee. (C.F-6)
9. Letter of disclaimer in case of rented godown.
10. Insurance of the goods as per approval letter.
11. Others.

Essential Features of SET OFF

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1. Mutual debts must be certain.
2. Debts must be due .
3. Debts in the same right.
4. No agreement to the contrary.
5. Notice of set-off.

Right of set off without Notice

1. On the death, insanity, bankruptcy of the customer
2. On the insolvency of a partner of a firm.
3. On the winding up of a company.
4. On receipt of a garnishee order.
5. On receipt of an information of a second mortgage over the security which is charged to bank.
6. On receipt of a notice of assignments of the credit balance of the customer.

Documentation of Assignment.

- Assignment of Bill by the beneficiary through IGPA
- Letter of Acceptance of Assignment by the work giving authority
- Original Work Order
- Other relevant documents as per **sanction advice.**

LATTER OF DISBURSEMENT

Place. -----

Date: -----/2016

The Manager
RUPALI BANK LIMITED

Re: Loan for Tk -----

Dear Sir,

With reference to the above demand loan availed of by me/us today in respect of which I/we have this day signed a demand promissory note for Tk. ----- Please disburse the amount of the loan by crediting the same to CD A/c ----

Yours faithfully,

Applicant's signature

LETTER OF ARRANGEMENT

The manager

RUP ALI BANK LIMITED

----- Branch

RE: Loan/C.C (P)/C.C (H)/Overdraft/LIM (SME) Shahaj/Baboshahi/shulov/
Majhari Granted by you in my/our favor ----- for taka.

Dear Sir,

With reference to the above limited granted. ----- for which I/we have this executed pro-note and other necessary documents .I/we hereby ace knowledge your right to cancel the facility at ay time with/without intimation to us.

In the event of facility being cancelled by you I/we undertake to pay you all dues together with all other changes due from me/us immediately on demand.

I/we also acknowledge your right to take legal recourse and initiate legal proceedings against me /us in the event that /we fail to repay the outstanding liability in full with any interesting, fees or legal charges accrued thereon.

Yours faithfully

Applicant's signature

C. F. 1

200

On demand I promise to pay to the Order of the Rupali
Bank Limited.

at their Office in _____ the sum of

Taka _____

with interest at the rate of _____

for value received

Taka _____ on demand

with Interest _____

per cent per annum.

C. F. 2

200

On Demand we jointly and severally promise to pay in the Order of
Rupaly Bank Ltd at their Office the

sum of Taka _____

with interest at the rate of _____

per cent per annum payable quarterly for value received

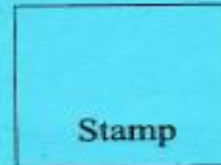
Taka _____ on demand with

Interest _____ per cent per

annum

C.F. 11

THE MANAGER
RUPALI BANK LIMITED



Date

Dear Sir,

I/We are enclosing a Demand Promissory Note dated.....
for Taka..... (Taka) only
signed by me/us. This is given to you in cover of the Loans/advances facilities
accorded to me/us and Which is outstanding in my/our name or which may be
Which you have agreed to grant me/us
outstanding at a later date in your Books. This will also be deemed to cover the
final balance of my/our account/accounts which may not necessarily be in
agreement with the amount mentioned in the enclosed Promissory Note. It is also
agreed that I/We shall continue to remain liable on the Promissory Note referred
to above notwithstanding the fact that the liability/liabilities has/have
occasionally been fully or partly adjusted during the validity of the said instrument
or even though my/our account may occasionally show a credit balance.

Yours faithfully,