



MUTHOOT HOUSING FINANCE COMPANY LIMITED

STANDARD OPERATING PROCEDURE

FIXATION OF RESERVE PRICE AND AUCTION

VERSION -7

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DATE OF ORIGINATION :13.7.2016	
DATE OF SUBSEQUENT MODIFICATIONS:25.1.2019;21.6.2021;4.8.2023;8.8.2024 and 5.8.2025	
DATE OF BOARD APPROVAL	7.8.26

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1. **FIXATION OF RESERVE PRICE:**

After executing possession notice u/s 13(4) of the Act we issue sale notice and process furnishing below:

- HO Legal MIS Team will arrange external valuation report through Technical Team from empanelled approved valuer.
- Upon receipt of the valuation report the Authorised Officer/ HO Legal Manager shall carefully scrutinize the said valuation report and ensure that the valuation is properly done and is signed and stamp by the approved valuer. Also, we will compare the valuation of property at the time of disbursement and post possession to understand the variation in value of property.
- The Authorised Officer shall also verify and ensure that valuation is realistic, and the company can realize the value by proceeding for auction of property and shall take overall condition of the property and also make discrete market enquires to decide the prevailing market value in particular locality and choose that value for fixing the Reserve Price.
- Reserve Price may be Fair Market Value, Realizable Value or Distress Sale Value sale or it may be any value in between.
- Where the Market Value of the property is above **Rs. 25 lakhs** two valuations report to be obtained from two different empanelled approved valuer. In such case the average of the stressed value of the two valuations should be considered for the purpose of fixing Reserve Price.
- After obtaining valuation the Authorised Officer / HO Legal Manager shall prepare a note recommending for fixation of Reserve Price (RP) and place the same for approval.
- The first auction should not be below the Stressed Value from the technical report not older than 6 months unless approved by CEO.
- In the event of unsuccessful auction, subsequent auction shall be conducted by revising the RP further by 10%-15%. This however only for cases which are less than 6 months from the date of possession. For the cases which are more than 6 months in possession the Reserve Price can be further reduced upto 25% with the approval of Head Collections. Any reduction beyond these limits should be approved by the CEO.

APPROVING AUTHORITY	RESERVE PRICE FIXATION
Head Collection	Reserve Price upto 50% of the principal outstanding
CEO	Reserve Price lower than 50% of the principal outstanding.

- After Reserve Price fixation Sale Notice to be issued by HO Legal Manager first public auction sale notice will be of 30 days and subsequent public auction sale notice or private treaty sale notice will be of 15 days.
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2.1 **PUBLIC AUCTION:**

- After obtaining approval for fixing Reserve Price a Sale Notice will be prepared by the HO Legal Manager for auctioning off the secured asset by way of public auction.
- First public auction notice will be of 30 days and subsequent public auction notice will be of 15 days.
- Sale is strictly subject to the terms and conditions mentioned in sale notice and other related documents and as per extant guidelines under SARFAESI Act, 2002 and Security Interest (Enforcement) Rules, 2002.
- Sale of immovable secured asset will be done on “as is where is” and “as is what is” “whatever there is” and “no recourse basis”.
- **Sale notice is to be served through following modes:**
 - **Registered Post:** Notice to be served by HO Legal Manager through post the postal receipt alongwith the tracking report and returned envelop is to be maintained in case file.
 - **Pasting:** The pasting of Sale notice is to be done by Authorised Officer the service shall be effected by affixing a copy of the Sale notice on the outer door or some other conspicuous part of the house or building of the mortgaged property on the same day of issuance of notice.
 - **Publication:** HO Legal MIS Team will publish the contents of the Sale notice in two leading newspapers, English and Vernacular language, having sufficient circulation in the locality.
 - The detailed terms and conditions of sale to be uploaded on the website of MHFCL www.muthoothousing.com
 - **Hand Delivery (optional):** Copy of Sale notice to be hand delivered by the Authorised Officer and take acknowledgement from the borrower, co borrower(s) and guarantors or to their nearest kins (husband, wife, son(major), daughter (major), mother, father) or if property is on lease take acknowledgement from tenant.
 - **E-mail (optional):** Sale notice will be served by Authorised Officer E-mail id authorised.officer@muthoot.com by HO Legal Manager.

Process to be followed for Public Auction:

- Sale is strictly subject to the terms and conditions mentioned in Sale Notice, Bid Form and as per extant guidelines under SARFAESI Act, 2002.
- No sale shall take place before the auction date fixed i.e. expiry of 30 days for first auction and subsequent auction of 15 days from the date on which the public notice of sale is published in newspaper.
- The property can be inspected by the prospective purchaser as per the date and time mentioned in the Sale Notice.
- Bidder/s may inspect and verify the title deeds and other documents relating to the property available with MHFCL.
- A bid register to be maintained at all branches and details of all prospective bidders participating in the auction and attendance of bidders on the day of auction should be maintained by the branches.

- It is mandatory that the prospective bidders/ purchaser send their offers with completely filled Bid Form along with Demand Draft / Pay Order Payable at Mumbai favoring “Muthoot Housing Finance Company Limited”, towards earnest money deposit (EMD) 10% of Reserve Price in a sealed envelope on or before the bid submission date.
- Along with Bid Form, the prospective bidders/ purchaser shall also provide KYC documents i.e. PAN card and Aadhaar Card.
- Auction is conducted through offline/online mode in MHFCL branch mentioned in the notice.
- No property would be sold below the Reserve Price.
- The property is being sold with all the existing and future encumbrances whether known or unknown to MHFCL and shall not be responsible in any way for any third-party claims/rights/dues.
- The purchaser should conduct due diligence in all aspects related to the property to his/her satisfaction. The purchaser shall not be entitled to make any claim against MHFCL in this regard at a later date.
- All dues and outgoings, i.e., Municipal Taxes, Maintenance / Society Charges, Electricity and water taxes or any other dues including Stamp Duty, Registration Charges, Transfer Charges and any other expenses and charges in respect of the registration of the Sale Certificate in respect of the said properties shall be paid by the successful bidder/purchaser.
- MHFCL reserves the right to reject any offer of purchase without assigning any reason.
- The successful bidder/purchaser shall have to pay **25%** of the final bid amount (after adjusting 10% of the E.M.D. already paid) immediately i.e. on the same day or not later than next working day from the acceptance of the offer by HO Legal Manager in respect of the sale by DD/Pay Order/ or electronic means like RTGS/NEFT transfer.
- A sale confirmation letter will be issued to the successful bidder/purchaser by the HO Legal Manager.
- The balance **75%** of the Sale price shall have to be paid within 15 days of conveying the confirmation of the sale to the successful bidder/ purchaser by the HO Legal Manager.
- If any extension is sought by the successful bidder to deposit the balance sale proceed a request letter is to be submitted by the successful bidder to the Authorised Officer at branch.
- The HO Legal Manager will have to take approval from Head Collection for extension of time to deposit balance sale proceed but not beyond 90 days and a letter for extended period as agreed upon in writing is to be given by the HO Legal Manager.
- Any default in payment by the successful bidder/ purchaser within the period mentioned the deposit will be forfeited and property shall be resold, and the purchaser shall lose all claim to the property and or any part of the sum paid.
- The forfeited amount will be booked as income to the company HO Legal Manager to take approval from Head Collection.
- A forfeiture Letter will be issued by the HO Legal Manager after approval from Head Collection. The forfeiture letter will be sent through registered post and E-mail.
- In case non acceptance of offer of purchaser by MHFCL the amount of 10% paid will be refunded without any interest with prior approval taken by HO Legal Manager from Head Collection.

- The terms of payment on being complied by the successful bidder/purchaser the HO Legal Manager shall issue Sale Certificate in favour of purchaser and the copy to be send by Regional Legal Manager/ Authorised Officer to the HO legal Team for records.
- After registration of Sale Certificate original documents to be handed over by Operation Team as per process and possession of property to be handed over to the purchaser by Authorised Officer by taking acknowledgment and if possible, to click photographs of handing over the possession to purchaser.
- If the property is not sold in the last auction or the highest bidder had not complied with the terms and condition of the Sale. The entire Sale process as mentioned above is to be followed without any deviation except for subsequent sale a Sale Notice with clear 15 day's notice is to be issued to the borrower(s)/ co borrower(s)/ guarantors.

Note:

- If a loan is taken by the purchaser from MHFCL original registered Sale Certificate will not be handed over to the purchaser, the same needs to be handed over to the operation team.
- Loan taken by the Purchaser from other bank/ Financial Institution handover the original documents with original registered Sale Certificate after receiving the disbursed amount.

CHECK LIST OF DOCUMENTS AFTER SALE:

- Bid Form with KYC documents.
- Sale Confirmation Letter
- Sale Certificate
- Letter from purchaser requesting for extension of time to deposit balance sale amount and Letter from MHFCL granting extension of time to deposit balance sale amount
- Handing over possession property and taking over possession property
- Forfeiture Letter

2.2 PRIVATE TREATY:

- If a secured asset is to be sold under Private Treaty HO Legal Manager will have to take approval from Head Collection.
- Sale is strictly subject to the terms and conditions mentioned in sale notice and other related documents and as per extant guidelines under SARFAESI Act, 2002 and Security Interest (Enforcement) Rules, 2002.
- Sale by Private Treaty can be conducted only after sale by way of a public auction.
- Reserve Price fixed for the Private Treaty shall not be less than the Reserve Price fixed for last failed auction.
- No sale shall take place before the expiry of 15 days from the date on which the private treaty sale notice has been issued to the borrower.
- A Private Treaty sale notice will be prepared by the HO Legal Manager for auctioning off the secured asset by way of private treaty.
- Sale of immovable secured asset will be done on “as is where is” and “as is what is” “whatever there is” and “no recourse basis”.

➤ **Sale notice is to be served through following modes:**

- **Registered Post:** Notice to be served by HO Legal Manager through post the postal receipt alongwith the tracking report and returned envelop is to be maintained in case file.
- **Pasting:** The pasting of Sale notice is to be done by Authorised Officer the service shall be effected by affixing a copy of the Sale notice on the outer door or some other conspicuous part of the house or building of the mortgaged property on the same day of issuance of notice.
- **Hand Delivery (optional):** Copy of Sale notice to be hand delivered by the Authorised Officer and take acknowledgement from the borrower, co borrower(s) and guarantors or to their nearest kins (husband, wife, son(major), daughter (major), mother, father) or if property is on lease take acknowledgement from tenant.
- **E-mail (optional):** Sale notice will be served by Authorised Officer mail id **authorised.officer@muthoot.com** by HO Legal Manager.

• **Process to be followed for Sale under Private Treaty:**

- Sale is strictly subject to the terms and conditions mentioned in Sale Notice, Bid Form and as per extant guidelines under SARFAESI Act, 2002.
- No sale shall take place before the expiry of 15 days from the date on which the private treaty notice of sale is issued.
- The property can be inspected by the prospective purchaser as per the date and time mentioned in the Sale Notice/ Bid Form.
- Bidder/s may inspect and verify the title deeds and other documents relating to the property available with MHFCL.
- The prospective purchaser will have to give a letter showing interest in purchasing the mortgaged property to Authorised Officer.
- A bid register to be maintained at all branches and details of all prospective bidders participating in the auction and attendance of bidders on the day of auction should be maintained by the branches.
- It is mandatory that the prospective purchaser send their offers with completely filled Bid Form, request letter along with Demand Draft of **25%** of Reserve Price Payable at Mumbai favoring “Muthoot Housing Finance Company Limited”.
- Along with Bid Form, the interested purchaser shall also provide KYC documents i.e. PAN card and Aadhaar Card.
- No property would be sold below the Reserve Price.
- The property is being sold with all the existing and future encumbrances whether known or unknown to MHFCL and shall not be responsible in any way for any third-party claims/rights/dues.
- The purchaser should conduct due diligence in all aspects related to the property to his satisfaction. The purchaser shall not be entitled to make any claim against MHFCL in this regard at a later date.
- All dues and outgoings, i.e., Municipal Taxes, Maintenance / Society Charges, Electricity and water taxes or any other dues including Stamp Duty, Registration Charges, Transfer Charges

and any other expenses and charges in respect of the registration of the Sale Certificate in respect of the said properties shall be paid by the successful bidder/purchaser.

- MHFCL reserves the right to reject any offer of purchase without assigning any reason.
- On receiving **25%** of the sale price a sale confirmation letter will be issued by HO Legal Manager, and Consent Terms will be executed with the purchaser by the Authorised Officer.
- The balance **75%** of the Sale price shall have to be paid within 15 days of conveying the confirmation of the sale to the purchaser by HO Legal Manager.
- If any extension is sought by the successful bidder to deposit the balance sale proceed a request letter is to be submitted by the successful bidder to the Authorised Officer at branch.
- The HO Legal Manger will have to take approval from Head Collection for extension of time to deposit balance sale proceed but not beyond 90 days and a letter for extended period as agreed upon in writing is to be given by the HO Legal Manger.
- Any default in payment by the purchaser within the period mentioned the deposit will be forfeited and property shall be resold, and the purchaser shall loss all claim to the property and or any part of the sum paid.
- The forfeited amount will be booked as income to the company HO Legal Manager will take approval from Head Collection.
- In case non acceptance of offer of purchaser by MHFCL the amount of 25% paid will be refunded without any interest with prior approval to be taken by HO Legal Manager from Head Collection.
- The terms of payment on being complied by the successful bidder/purchaser the HO Legal Manager shall issue Sale Certificate in favour of purchaser and the copy to be send by Regional Legal Manager/ Authorised Officer to the HO legal Team for records.
- After registration of Sale Certificate original documents to be handed over by Operation Team as per process and possession of property to be handed over to the purchaser by Authorised Officer by taking acknowledgment and if possible, click photographs of handing over the possession.
- If the property is not sold in the last auction or the highest bidder had not complied with the terms and condition of the Sale. The entire Sale process as mentioned above is to be followed without any deviation.
- **Note:**
 - If a loan is taken by the purchaser from MHFCL original registered Sale Certificate will not be handed over to the purchaser, the same needs to be handed over to the operation team.
 - Loan taken by the Purchaser from other bank/ Financial Institution handover the original documents with original registered Sale Certificate after receiving the disbursed amount.

CHECK LIST OF DOCUMENTS

- Request letter from interested purchaser.
- Consent Terms
- Letter of Confirmation

- Sale Certificate
- Handing over possession property and taking over possession property
- If there is any belonging of the borrower lying in the mortgaged property a notice of 7 days will be issued to the borrowers to remove the belongings failing which the movables lying in the property will be sold after valuation and the amount recovered will be adjusted in the borrowers loan account.

3. POST SALE NOTICE:

After registration of Sale Certificate post sale notice will be issued by HO Legal Manager to the borrower, co borrower and guarantor in below scenario:

3.1 REFUND OF SURPLUS SALE AMOUNT:

If there is any surplus amount post adjustment of the amount outstanding due in the borrower's loan account, HO Legal Manager shall issue letter to the borrowers informing to collect the surplus amount, if no response is received from borrowers HO Accounts shall do the needful to secure the excess amount.

3.2 LOSS ON SALE:

After Sale of mortgaged property as per process if there is loss on principal outstanding for amount more than Rs. 2,00,000/- a notice will be issued to all the borrowers and guarantors to pay the outstanding amount.

➤ **Post Sale Notice is to be served through following modes:**

- **Registered Post:** Notice to be served by HO Legal Manager through post the postal receipt alongwith the tracking report and returned envelop is to be maintained in case file.
- **Hand Delivery (optional):** Copy of Post Sale Notice to be hand delivered by the Authorised Officer and take acknowledgement from the borrower, co borrower(s) and guarantors or to their nearest kins (husband, wife, son(major), daughter (major), mother, father) or if property is on lease take acknowledgement from tenant.
- **E-mail (optional):** Post Sale Notice will be served by Authorised Officer mail id **authorised.officer@muthoot.com** by HO Legal Manager.