



Terms of Sale of Non Performing Financial Assets to ARCs/NBFCs/F.I.s

1. Assets will be sold on **without recourse** basis.
2. Sale consideration shall be on **Cash** basis Or combination of **Cash & SR** basis in which cash component shall be minimum 5%.
3. In case of sale on the basis of SRs the terms of SR shall be as below-
 - i) Minimum 5% of SR value shall be paid in cash. ARCs offering more cash component will be preferred.
 - ii) Tenure of SR shall not exceed 5 years. Extension of tenure is subject to RBI guidelines.
 - iii) Bank shall reserve the first right of refusal for participation in SRs issued by ARCs subject to ceiling of 95% value of SR.
 - iv) Management fee will be
 - a) Not more than 1.50% for the first 3 years
 - b) Not more than 1.25% for the 4th & 5th year.
 - c) Not more than 0.75% for period exceeding 5 years.

Fee shall have relation to cash component in the SR value. ARCs offering lesser fee will be preferred.

 - v) Appropriation of recovery shall be on pari pasu basis.
 - vi) Excess recovery after redemption of SR if any shall be shared by the bank and ARC on 80: 20 basis.
 - vii) Incentive on cash value of SR redeemed will be given to ARCs if recovery is effected within 5 years at the following rates:

	1 yr	2 yr	3 yr	4yr	5yr
Incentive on cash value of SR redeemed	10%	8%	6%	4%	2%
4. All expenses in connection with transaction including Stamp Duty etc. shall be borne by the purchasing ARC.
5. RBI guidelines applicable to the purchaser shall be strictly complied with. The purchasing ARC / NBFC/F.I shall give undertaking to that effect.

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