



ANNEXURE-III

Terms of Sale to Asset Reconstruction Companies/Securitization Companies (ARCs/SCs)

- i) Units of sale : Stand alone
- ii) Basis : Without recourse on As is where is and whatever there is basis.
- iii) Sale consideration : Cash Or
Cash + SR combination.
- iv) All expenses in connection with transaction including Stamp Duty etc. shall be borne by the purchasing ARC /BANK/ NBFC / FI.
- v) RBI guidelines applicable to the purchaser shall be strictly complied with. The purchasing ARC / Bank/NBFC/FI shall give undertaking to that effect.

Terms of Security Receipts (S.R)

- i) Minimum 15 % of SR value shall be paid in cash.
- ii) Tenure of SR shall not exceed 5 years. Extension of tenure is subject to RBI guidelines.
- iii) Bank reserves the first right of refusal for participation in SRs issued by ARCs subject to ceiling of 85% value of SR.
- iv) The initial valuation of SRs should be done within a period of not exceeding six months of acquiring the underlying asset.
- v) Management fee will be calculated and charged as percentage of the net asset value (NAV) at the lower end of the NAV specified by the credit rating Agency (CRA) provided that the same is not more than the acquisition value of underlying asset. (Before the availability of NAV it will be reckoned as a % of the actual outstanding value of SR)
 - a) Not more than 2.00 % for the first 3 years
 - b) Not more than 2.50 % for the 4th & 5th year.
 - c) Not more than 3.00 % for period beyond 5 years.
- vi) Incentive at following rate on cash value of SR redeemed will be given to ARCs if recovery is effected within 3 years:

| | 1 st yr | 2 nd yr | 3rd yr |
|--|--------------------|--------------------|--------|
| Incentive on cash value of SR redeemed | 10.00% | 7.50% | 5.00% |



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- vii) Excess recovery after redemption of SR if any shall be shared by the bank and ARC in 70: 30 Ratio. Incentive at (vi) above shall not be applicable to this component.
- viii) The SCs / RCs should become member of Joint Lenders Forum (JLF) formed by banks in respect of stressed assets reported as SMA-2 and should participate in further process by such JLF.
- ix) RBI guidelines applicable to the purchaser shall be strictly complied with. The purchasing ARC / BANK/NBFC / FI shall be on pari pasu basis with bank for sharing of recovery.
- x) Bank reserves the right to add or delete any account any point of time without ascribing any reasons.



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