

GUIDELINES FOR PROPER DOCUMENTATION - FOR THE KIND
ATTENTION OF OUR NEW OFFICERS AND MANAGERS

1. Since printed forms were not readily available, branch has obtained Xerox copies of the printed form and filled the documents correctly.

Defective document as per 3.2 of Documentation manual. I. O.s to explain to the branches about the implications. (3.2.iv - Part I)

2. Another branch has got sufficient number of forms typed with carbon and carbon copy is used for obtaining signature of borrowers.

Defective document as per 3. 2.v of Doc manual.

3. NF 482 is invariably signed by single signatory only

NF 482 has to be signed by the officials who have verified the loan papers. NF 482 can be signed by a single signatory for loans upto Rs. 5 lacs and beyond Rs. 5 lacs, to be signed by two signatories. Wherever EMT of property is involved, NF 482 to be signed by 2 officials irrespective of the loan amount. (4.1)

As per the norms of the Bank, the filling up of the loan papers and checking of the same should not be done by the same person and these two jobs are to be got done through two different persons. (7.8.8)

4. Pronote is not witnessed by 2 persons.

Whenever a document requires attestation/witness, such a document should be necessarily be witnessed by at least two witnesses. If a document requiring witness/attestation is not witnessed/attested, it will be treated as an incomplete document. (7.8.10)

5. AOD is witnessed by a single person

As per R & L section opinion, it is advisable to obtain two witnesses in AOD. The AOD format has also provided column for two witnesses. Documentation manual is silent about the validity of AOD when only one witness has been obtained.

6. Branch has entrusted the inspection rectification work to an officer who has joined the branch recently and he is actively filling up all the blank columns pointed out by you.

The documents should be got completed in one sitting in the same hand writing using the same ink and pen. Any infirmity in this regard may lead to avoidable doubts regarding fair execution of the document. (3.6.2)

I.O.s to bring to the attention of the Branch manager about the above provision in the manual. (3.6.2)

7. Documents filled in two different colour inks

It may lead to avoidable doubts regarding execution of documents on the same day and in the presence of the customer. Customer may take a plea that those columns were filled without his concurrence, amounting to material alteration. (3.6.3)

8. Branch has not filled up the age of the borrower in the Preamble portion or in the Pronote.

The full name of the party, age and parentage (or husband's name) and full address of the borrower and the co-borrower should be

clearly mentioned failing which there will be difficulty in future in locating the party. (3.6.3)

9. NF 803 is not obtained or if obtained, signed by single signatory only

In case of term loans (other than agriculture) and some collateral security Agreements, there is no provision for signature of the manager for obvious reasons. However, the name of the Manager/Senior Manager and an employee in whose presence the documents are executed should be mentioned invariably in the last para of the related hypothecation/loan agreement. In such cases NF 803 should be signed by the employees whose names appear in the documents as above.

In the case of clean loans as we are having only pronotes, the Manager / Officer to sign in the witness column. (3.7.8)

10. NF 821 obtained for LTI only

NF 821 is to be obtained for all those who are signing in vernacular language in documents. (3.7.5) Also for purdanishin ladies (3.7.7)

11. Pronote is witnessed by 2 outsiders

It is advisable to get the witnesses of our own employees, one from the Manager/officer and another from an employee in Advances Department in whose presence the document should have been executed. (3.7.8)

12. Branch has used oval shaped date seal for cancelling NJ stamps.

Branches should use only the round seal inscribed with the words "Manager, Canara Bank, branch) with date. Oval sized date stamp should not be used.

13. Branch in charge has not cancelled the NJ stamps but the officer in charge of advances department is cancelling. In a VLB/ELB, CM/AGM is not cancelling the NJ stamps.

As per Stamp Act, in certain States, Bank Agents (Managers) and Co-operative Officers are empowered to cancel the NJ stamps provided they maintain a record of such cancellations and by taking the signature of the borrower for whom these stamps were issued.

Hence, the officer in charge of advances department cannot cancel the NJ stamps. Since the Act mentions only a Bank Agent and no reference as to the branch in charge, other managers are empowered to cancel the NJ stamps in the case of ELB/VLB. (3.7.13)

14. NJ paper is purchased subsequent to the date of the loan and details filled in.

Stamping should have been done on or before the date of execution and

hence is invalid in this case. (3.7.13)

15. Branch has obtained NF 482 for all loans including Retail Lending loans.

Bank has already introduced NF 967 - Certificate of Compliance of Terms and Conditions in the case of retail loans. (HO Cir 74/05). It has also done away with obtention of specimen card, preparation of separate credit report, obtention of NF 589, issue of sanction letter etc. New NF 990 - Rating sheet cum credit report in place of NF 927 and NF 966 dispensed with. But still some of the branches are not aware of the new form and continue to obtain all the documents already dispensed with.

16. NF 546 not signed by Manager. Whether NF 546 should be obtained for retail loans?

NF 546 can be signed by any officer or manager. NF 546 dispensed with for retail loans.

17. Credit reports not prepared.

In case of retail loans, the existing rating sheet has been redesigned and certain critical details of the credit report are incorporated in the rating sheet. The re-designed form NF 990 shall be used by the sanctioning authorities to record their observations / sanction conditions for internal use etc.

In some loan applications, credit report is also annexed. I.O.s to note that no credit report is generally being prepared by branches in the case of loans to SHGs since there is provision in the application itself. Credit sanction memorandum is to be prepared for all loans.

18. Branch has filled the same ROI as applicable to loans in Page 2 of NF 370

Page No. 2 of NF 370 - guarantee agreement should be loaded with 2% penal interest.

19. Branch Manager is signing NF 370 last page without affixing bank seal

Wherever the formats are printed with " For Canara Bank - Manager" there is no need to affix seal. In all other cases, if seal is not affixed, it would tantamount to signing the document in personal capacity. Advise the branch suitably.

20. Branch has cut the stamped portion of NJ paper and pasted on the printed agreement.

It is a violation of the Stamp Act. (3.7.13.vi)

21. There are 3 borrowers in a loan. Only one of them has signed across the revenue stamp in the pronote.

When there are more than one borrower, it is enough if one of them signs across the stamp. It is not necessary that all the borrowers should sign across the stamp. (3.7.15.iv)

22. Branch has neatly filed all the loan papers in files so that documents are not spoiled due to frequent handling.

Punching and filing of loan papers should not be done (5.4)

23. Loan was given to guardian on behalf of minor. Minor has attained majority.

A letter to be obtained from the minor acknowledging the liability on the lines of Appx 1 of Page 52.

24. There is no provision for borrowing in the Partnership Deed in respect of a loan given to a partnership.

Borrowing and execution of documents will be subject to the provisions in the Partnership Deed. I.O.s to verify the latest partnership deed whenever loans are given to partnership.

25. Branch is not issuing Sanction letters as per Fair Practice Code.

Most of the branches are still using the old sanction letter format and has not updated the same with the format given as per Fair Practice Code. Para 10 Page 226 of Documentation Manual also has not modified the protective clause as per FPC. Sanction letters should be as per the Fair Practices Code containing relevant clauses for sanction.

26. Personal guarantee of partners/directors residing abroad executed by a P A holder.

The Power of Attorney should be specific as to the execution of personal guarantee by the PA Holder.

27. Common seal not affixed on loan documents executed by a private limited co.

Where Articles of Association of a company (whether private or public) prescribes that the loan documents are to be executed under common seal, it must be ensured that all loan documents are affixed with the common seal as required by the Articles. Execution shall be as per Page 29 of Doc Manual.

28. Branch is not obtaining letter addressed to SPF Section, Gratuity Fund for each loan given to a staff member.

Branches are required to obtain the letter in duplicate and send one copy to Staff Section. The acknowledgement received be pinned with the office copy and preserved in double lock. There is no need to obtain this letter every time, if this procedure is followed. (Page 349 Chapter E)

29. Signature in AOD differs from loan documents.

Branch should have obtained Appendix 6 Page 57 of the manual.

30. Branch is obtaining AOD from guarantor in NF 760 itself.

AOD from the guarantor is to be obtained in Appendix 2 Page 53 of the Manual and not in NF 760.

31. Panel advocate has not attested the xerox copies of EMT documents. Branch manager, however, has attested the documents.

Panel advocate has to attest the xerox copies of EMT documents for having verified with the originals. (2.1.6 Part III)

32. Branch has not obtained duplicate keys of the vehicle financed by us.

LHV loans : (P.291 of Doc Manual)

Duplicate key of the vehicle should be kept alongwith the loan papers, in the case of power driven vehicles. The sanctioning authority may waive production of the duplicate keys by the borrower, whether the dealer / manufacturer has supplied the duplicate keys or not.

Canara Vehicle loans : (P.261 of Doc Manual) :

Duplicate key of the vehicle should be kept along with the loans, in case of all power driven vehicles wherever duplicate keys are supplied by the dealer/manufacturer. Wherever the dealer/manufacturer supplies a single key, a declaration to that effect should be obtained from the borrower and lodged with the loan papers.

33. Loan is in the name of partnership firm whereas vehicle is registered in the name of a partner.

Branch should have filled the relevant clause in LHV agreement whereby all the partners jointly authorise the registration of the vehicle in the name of a specific partner.

Where road transport authorities do not register the vehicle in the name of the partnership firm, a letter is to be obtained as per Annexure 10 of the LHV Manual.

34. Branch has obtained NF 821 from a person who signs in vernacular language.

Not in order. The attestor should know the language of the documents as well as the language of the signatory. (3.7.4)

35. Loan is given to a firm Viru & brothers whose stocks generally lie with various processors.

A letter to be obtained from borrower as per Appendix 5 and a letter from the processing units as per Appendix 4 of Working Capital Manual.

36. Loan is granted for construction of building but BAR policy is not obtained.

In the case of construction of house, the BUILDERS ALL RISK (BAR) policy should be obtained till the completion of the construction, followed by a comprehensive insurance after completion of the building. (2.29.2 of Page 34 of Retail Lending Manual)

37. Loan documents are dated 17 09 16 but disbursement is made on 21 09 16.

Link letter is to be obtained. Format is available only in AL manual

38. Branch is preparing NF 425 (application for loans/advances to employees) in triplicate but has kept at branch level all the three copies without sending to RO/Staff Section

Now there is no need to send to them.

39. Branch is not filling up Box item in NF 497 - gold loan.

Branch to continue to fill up as otherwise per party limit concept cannot be monitored

40. Sanction communications are not acknowledged by borrowers

This is a requirement under Fair Practice Code. All the parties to the loan viz. borrowers, co-obligants, guarantors to sign.

41. Branch is obtaining NF 721 for all loans.

NF 721 need not be obtained for all loans but has to be necessarily be obtained when NF 722, NF 723 and NF 724 are obtained.

42. Branch is obtaining AOD from ex-employees whenever OD limits are renewed but fail to obtain from existing employees. Some branches obtain AOD for OD against other securities like NSCs, LIP, KVP etc. from existing employees.

AOD need not be obtained from employees, unless where a mandate obtained from the employee for recovery of loan installments from the salary ceases to be in force for any reason such as suspension, termination, resignation etc when the liability is still outstanding. (7.24

Part II)

43. Branch is not aware of Credit Investigation Report (NF 588). Should it be prepared for renewals also ?

NF 588 should be prepared for all new parties and need not be prepared for renewals.

44. Branch is obtaining both NF 718 (link letter for enhancement) and NF 719 (supplemental agreement) whenever enhancement in the limits is considered.

Yes, they are in order

45. Vehicle details are not entered in NF 373 properly

Vehicle details are to be entered as per Notes 2 to the form NF 373 duly furnishing Make, Engine No., Chassis No. etc.

46. Branch is obtaining NF 803 for clean loans like Canbudget, Canpension etc

Not required since officials sign in the witness column in pronote itself.

47. Branch has waived obtention of photos in some loans.

Obtention of photographs may be waived for the following category of borrowers : (Page 221)

a] Firms, companies & Other traders, reputed persons who can be easily identified

b] Existing borrowers who have long standing connections and well known to the Bank

c] Crop loans granted under tie-up arrangement

d] staff members.

48. Branch is not communicating changes in ROI to borrowers.

If the agreement provides for the clause for waiver of communication, then individual communication can be waived. Whenever old forms are used without this clause, a suitable letter as per Appx 2 to be obtained. However, display of change of interest in the Notice Board is a must.

Else a notice in NF 808 needs to be sent to individual borrowers and guarantors.

49. Branch has obtained Corporate Guarantee in our usual NF 370.

No. Branch to obtain the format for Corporate Guarantee from R & L Section

50. Cash receipt issued by Post Office for noting lien on NSCs, KVPs etc not obtained by the branch.

Branch to obtain the receipt since we will not be in a position to verify the signature of the Post master.

51. Negative lien letter alongwith title deeds obtained and kept with loan papers.

Undertaking Letter as per Appendix 1 of Part III to be obtained. The title deeds are to be entered in Security Register.

52. NF 455/855 hypothecation agreement is obtained for LHV loan to employees.

Not correct. Branch to obtain NF 825 for employees LHV loans.

53. A corporate borrower is permitted to pay guarantee commission on instalments every year. Branch is not aware of any special documentation for this.

Branch to obtain Appendix 29 Page 447 of Doc Manual - Letter to be obtained from the borrowers when they are permitted to pay the Guarantee Commission on instalment basis.