

FINANCIAL INSTITUTIONS ASSOCIATION OF BHUTAN

**COMMON STANDARD GUIDELINES
FOR SEIZURE AND AUCTIONING
OF MOVEABLE AND IMMOVABLE PROPERTIES
OF FINANCIAL INSTITUTIONS OF BHUTAN, 2023**

Date of First Publication _/~/----

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Approved By: Board of _____ during its _____ Meeting held on __/__/_____

Chairman	Signature

PART - A

Preamble

In compliance with the Section 25 of the *Guidelines on Auction of Seized Properties 2023* of the Royal Monetary Authority of Bhutan (hereinafter called the “Authority”), the Board of Directors of the _____(*name of the financial institution*) (hereinafter called the “Board”) hereby approve this *Common Standard Guidelines for Seizure and Auctioning of Moveable and Immovable Properties of Financial Institutions of Bhutan, 2023* (hereinafter called the “Auction Guidelines”) to institute a common standard process and procedure in all Financial Institutions of Bhutan (hereinafter called the “FI”) for seizure and auctioning of movable and immovable properties to facilitate discovery of fair market price of properties and conduct seizure and auctioning of properties in a fair and transparent manner to protect the interest of both borrowers and/or property owners and the financial institutions.

1. Short title, commencement, and extent

- 1.1. This Guidelines shall:
 - a. Be called as the Common Standard Guidelines for Seizure and Auctioning of Moveable and Immovable Properties of Financial Institutions of Bhutan, 2023 (hereafter called the “Auction Guidelines”);
 - b. Come into force from ___/___/2023; and
 - c. Apply to seizure and auctioning or sale of all moveable and immovable properties by the Financial Institution of Bhutan.

2. Objective and purpose

- 2.1. The primary objectives of the Auction Guidelines are:
 - a. To facilitate the disposal of moveable and immovable properties through fair, transparent, and efficient manner; and

- b. To discover the fair market price of properties to protect the interest of both borrowers and/or property owners and the Financial Institution.

3. Rule of Construction

In the Auction Guidelines, unless the context indicates otherwise, the singular shall include plural.

4. Interpretation

The Board of Directors shall have the power to interpret any provision under the Auction Guidelines and its interpretation shall be final and binding.

5. Amendment

- 5.1. Any amendment, by way of additions, changes, or repeal of any provision of the Auction Guidelines may be proposed by the management of the respective FI to its Board of Directors.
- 5.2. An amendment to any provisions in the Auction Guidelines shall be approved by the Board of Directors.

6. Structure of the Auction Guidelines

The Auction Guidelines shall be structured as follows:

- A. Preamble
- B. Pre-seizure Procedures
- C. Seizure Procedures
- D. Pre-auction Procedures
- E. Auction Day Procedures
- F. Post-auction Procedures
- G. Auction Expenses and Prudential Requirements
- H. Governance Framework

I. Definition.

PART - B

Pre-seizure Procedures

7. Pre-seizure Procedures

- 7.1. The Legal Unit (LU) of the FI may, upon expiry of the time granted by the court, submit a petition to the court to enforce the judgment and obtain the seizure order as per the Court's Judgment or proceed directly with seizure procedures if no separate order is required as per the Court's Judgment. The LU of the FI may report this to the Chief Executive Officer/management or any other official designated by the Chief Executive Officer/management.
- 7.2. The LU of the FI shall advise the Credit Unit (CU) to freeze the interest on the loan upon receipt of the seizure order from the court or upon seizing or taking possession of the property mortgaged or hypothecated against the loan account or as specified in the judgment or court order. The CU shall immediately freeze the loan account.
- 7.3. As per the process and procedures of the Rules and Regulations of Foreclosure and Write-off of Non-Performing Loans (NPLs) 2022 or Moveable and Immoveable Property Act of the Kingdom of Bhutan 1999 or the Land Act of Bhutan 2007 or any other Guidelines, Rules and Regulations in force, the LU of FIs shall process to take over or seize or take possession of property mortgaged or hypothecated with the NPLs or any account related to the NPLs.
- 7.4. The LU of the FI may seek help from relevant agencies or authorities or branches offices, and complete due diligence for taking over possession of properties, prepare necessary documents, finalize the list with all required details of properties to be seized, and make necessary arrangements for seizing or taking possession of properties.
- 7.5. The LU of the FIs shall serve a written notice to the owner and/or borrower of the FI's plans and arrangement to seize or take possession of the properties. The notice shall be in a prescribed format provided in **Annexure - I** of this Auction Guidelines.
- 7.6. In the event the owner of the property to be seized or taken possession of by the FI intimated the FI of his/her or his/her authorized representative's inability to be present at the site for the seizure proceedings, the LU or the concerned branch office

of the FI shall request for a surveyor from the local government authority where the property is located for identification and demarcation of the property. Any costs or related expenses shall be first paid by the respective FI and later charged against the owner of the property or the borrower.

PART - C

Seizure Procedures

8. Seizure Procedures

8.1. Seizure Committee

8.1.1. The CEO/management/head of the relevant unit of the FI shall approve, through office order, the formation of a Seizure Committee comprising of but not limited to the following members:

- a. One or two member representatives from the Local Government Administration or relevant agency depending on the requirement of the FI;
- b. One or two members from LU and/or CU of the FI; and
- c. One or Two members from other relevant units or branch or regional offices of the FI, if required.

8.1.2. The FI may constitute any other additional Seizure Committee as deemed necessary based on respective FI's industry practice. Further, the FI may increase or decrease the numbers of members of the Seizure Committee as per the requirement of the FI.

8.1.3. The members of the Seizure Committee shall declare the "Conflict of Interest" if any.

8.1.4. The members of the Seizure Committee shall be present at the site of the property or any other place on the date and time of the seizure as specified in the office order.

8.1.5. The Seizure Committee shall verify all documents and properties for seizure or for any anomalies. If there is any change in specification of the property or if the property is found to have been sold without the FI's consent, the Seizure Committee shall report this in writing to the management of the respective FI.

8.1.6. The Seizure Committee shall take over possession of the property in presence of the owner of the property or his/her authorized representative using the prescribed handing-taking format in **Annexure-II** of this Auction Guidelines.

- 8.1.7. The Seizure Committee member representing the LU or the CU or branch offices of the FI should obtain signatures from the Seizure Committee members including the owner of the property.
- 8.1.8. In case the owner of the property is not willing to sign on the handing-taking note or documents, or absent during seizure proceedings, the FI shall carry out seizure of the property as planned. However, this fact must be recorded in writing verified by the Seizure Committee member representing the Local Government administration or the relevant agency.

8.2. Expenses for seizure proceedings

- 8.2.1. The FI shall approve payment of Nu.2000.00 **per person as a *per diem*** and Nu. 16 per kilometer **as a mileage** (for use of private vehicle) to those members of the Seizure Committee from other agencies.
- 8.2.2. The FI shall provide a working meal and refreshment for the Seizure Committee during the seizure proceedings.
- 8.2.3. The Seizure Committee member representing the LU or the CU or branch offices of the FI shall obtain signatures of the Seizure Committee members over a revenue stamp (if the payment is in cash or cheque) as a token of receipt of *per diem* and maintain proper record for claiming reimbursement.
- 8.2.4. Any advances/other expenses **namely**, fee levied by the Local Government authority or any other agencies in connection to the seizure proceedings or seized properties may be approved by the FI for payment or reimbursement if such advances/expenses is proposed by the Seizure Committee member representing the LU or CU or branch offices of LU of the FI and verified by head of the LU or CU or branch offices.
- 8.2.5. The member from the LU or the CU of the FI shall keep the minutes of the seizure proceedings in writing which must be signed by all members of the Seizure Committee.
- 8.2.6. The FI may approve any other additional expenses incurred during and in connection to the seizure proceedings as deemed required based on respective FI's industry practice.
- 8.2.7. The Seizure Committee shall submit the detailed report with all documents including the handing-taking note, minutes of the seizure proceedings, photographs and maps to the LU of the FI within 7 (seven) working days from the date of seizure.

PART - D

Pre-auction Procedures

9. Pre-auction final opportunity for negotiation

- 9.1. Before auctioning the properties, the LU of the FI shall inform/call the borrowers and property owners for a final opportunity for negotiation or surrender of seized properties either in full or partial settlement for the loan outstanding.
- 9.2. The FI may dispose the seized properties through private sale upon facilitating negotiation/mediation with the client/property owner and the buyer.
- 9.3. The FI shall facilitate the buyer and seller for loan settlement and ownership transfer.

10. The Auction Committee

- 10.1. The Auction Committee shall be comprised of but not limited to the following members:
 - a. Head, Credit Department;
 - b. Head, Legal Department;
 - c. Head, General Administration Department;
 - d. Head, Engineer/Valuer;
 - e. Officials from the National Land Commission, Bhutan Construction and Transport Authority, Royal Bhutan Police or any other relevant agencies depending on the nature of seized properties;
 - f. Any other member including the Chief Executive Officer as the FI may deem necessary based on respective FI's industry practice.
- 10.2. In addition to the above stated members, two officials of the relevant Unit of the FI shall be engaged to assist in cash receipts, allotment of token numbers, serving refreshments, noting of bid prices and recording of auction proceedings etc.
- 10.3. The FI may decide to increase or decrease the auction committee members as deemed necessary as per respective FI's industry practice.
- 10.4. The Auction Committee shall appoint a Chairperson from amongst the members.
- 10.5. The required quorum of the auction committee shall be 2/3rd of the members specified above to constitute a valid auction.

11. Roles and responsibilities of the Auction Committee

11.1. Following are the primary roles and responsibilities of the Auction Committee:

- a. Advise and approve auction plans and procedures prepared by the AMD or any other designated unit of the GAD.
- b. Declare any conflict of interest before the fixation of the reserve price of the properties for the auction and abstain from the auction if any of his/her member of the family or office colleague, or other related party is participating in the auction.
- c. Fix the reserve price and maintain confidentiality of the reserve price.
- d. Determine the floor price for the auction.
- e. Conduct auctions in a fair and transparent manner.
- f. Declare successful bidders during the auction.

12. Auction Committee sitting fee

12.1. The Auction Committee members shall be paid a sitting fee of Nu.5,000/- each and Nu.1500/- each for the other two officials for every auction conducted.

13. Pre-Auction Procedures

13.1. Before auctioning the properties, the FI shall give the property owner and/or borrowers or party other interested persons specified in section 51 (4) of the Movable and Immovable Property Act of the Kingdom of Bhutan, 1999 (hereinafter called as the "MIPA") not less than thirty days' notice of the FI's plan to auction the property and shall provide a final opportunity to redeem the properties or to further negotiate or surrender of seized properties either for full or partial settlement of the loan outstanding.

13.2. The notice to the property owner and/or borrower shall contain the following information as required under section 51(5) of the MIPA:

- a. brief description of the collateral;
- b. the amount required to satisfy the obligation secured by the security interest;
- c. the amount of the applicable expenses, or, in a case where the amount of such expenses has not been determined, a reasonable estimate of such expenses;
- d. a statement that upon payment of the amounts due, any person entitled to receive notice may redeem the collateral;

- e. a statement that unless the amounts due are paid the collateral will be disposed off and the borrower may be liable for any deficiency; and
 - f. the date, time and place of any public sale, or the date after which any private disposition of the collateral is to be made.
- 13.3. The property owner and/or borrower or any interested person, with a written consent from the respective FI may also dispose of the properties through private sale before the commencement of the auction provided that the sale proceeds of the properties is adequate to cover the loan outstanding.
- 13.4. The public notice of not less than 30 days shall be published through the media. However, the Management or the Auction Committee of the FI may give shorter notice in media if the respective FI decides that it would be in the best interest of the property owners and/or borrowers and the FI to dispose the moveable properties to avoid further deterioration of the value and conditions of the movable properties.
- 13.5. The notice to public shall include the following information:
- a. List of property to be auctioned with its brief description.
 - b. Date, time, and venue of the auction.
 - c. Contact details of the focal person of the auction.
 - d. Terms and conditions of the auction specified in section 14 of this Auction Guidelines.
- 13.6. Based on the detailed report of the seized property received from the Seizure Committee, the LU of the FI shall prepare and compile its legal documents and forward it to the Engineering/Real Estate Unit or any other relevant unit of the FI for further inspection (if deemed necessary)/reevaluation and auctioning.
- 13.7. The Engineering/Real Estate Unit or any other relevant unit of the FI entrusted to carry out the auctioning responsibility may inspect the property (if necessary), obtain reports and/or photographs (including google maps) of properties from the LU or CU or branch offices or relevant agencies for reevaluation and auctioning purposes.
- 13.8. The reevaluation of the immovable properties shall be carried out based on prescribed format provided in **Annexure – III** of this Auction Guidelines.
- 13.9. The reevaluation of movable properties may be carried out based on conditions and current market value of the properties. The reevaluation formula prescribed under the Road Safety and Transport Regulations may be referred or any other such reference may be used for discovering the fair market value of moveable properties.

- 13.10. The Engineering/Real Estate Unit or any other relevant unit of the FI entrusted with the auctioning responsibility shall obtain approval from the Management of the FI for conducting the public auction and publish the auction announcement in the media in accordance with provisions under this Auction Guidelines and other relevant laws in force.
- 13.11. The prospective bidders may be allowed to view pictures of properties in case they are unable to inspect the properties at the site before the auction date.
- 13.12. The FI can also exercise the option to auction seized properties through the e-auction platform of the Royal Securities Exchange of Bhutan Ltd or any other online auction platform.

14. Terms and Conditions of auction for the bidders

- 14.1. All interested bidders must register using the Registration Form prescribed in **Annexure – IV** of the Auction Guidelines with the FI on the day of the auction before a time set by the FI and avail a token.
- 14.2. Any person or group of persons interested to purchase the property from the auction may be represented by a proxy bidder who may register on behalf of the interested principal buyer or group of buyers with a valid power of attorney or authorization letter from the interested principal buyer. Such a bidder representing the interested buyers or group of buyers shall be required to fill in and sign a prescribed proxy form in the **Annexure – IV** of this Auction Guidelines.
- 14.3. A person without a token shall not be allowed to bid during the auction.
- 14.4. Registration fee of Nu.300/- (non-refundable) with an Earnest Money Deposit (EMD) of Nu. 25,000/- must be deposited in cash/online payment at the time of registration on the day of the auction by each interested bidder.
- 14.5. The FI shall issue a token number to each bidder upon payment of the registration/entry fee and the EMD on the day of the auction before the time set by the FI to enable the bidder to participate in the auction.
- 14.6. For each token, a bidder can bring a maximum of two other individuals (engineer/advisor, etc. for consultative purpose only) upon payment of stipulated registration/entry fee per head. However, only the bidder in whose name or his/her representative holding a valid token can participate in the bidding process.
- 14.7. The highest bidder whose bid amount is equal to more than the reserve price shall be declared the successful bidder by the Auction Committee. The highest successful bidders shall not be allowed to retract their bid(s) and all sales will be considered as final and binding.

- 14.8. For every successful bid, the successful bidder is required to make a payment of 25% of the bid amount by cash/online payment on the day of the auction upon fall of the hammer/gavel. The balance amount of 75% of the bid amount must be paid within 10 working days from the date of auction and take delivery or possession of the property.
- 14.9. The EMD of Nu.25,000 (Ngultrums twenty-five thousand) of the highest successful bidder shall be retained until the auction is completed as security for subsequent bids to be offered in respect of the remaining properties on auction. On completion of the auction, the EMD of the highest successful bidder shall be adjusted against the auction value of properties won by the highest successful bidder.
- 14.10. EMD of unsuccessful bidders shall be refunded within twenty-four hours or on the next working day following the auction day.
- 14.11. The highest successful bidder whose bid is accepted by the Auction Committee must make the full payment and take delivery or possession of the property at his/her own cost within 10 (ten) working days from the date of the auction. The successful bidder will not be entitled to possession of the properties purchased until the full bid amount has been fully paid and adjusted.
- 14.12. All applicable renewal fee/ownership transfer tax and charges payable to the relevant agency or authority shall be borne by the highest successful bidder.
- 14.13. In case the highest bidder withdraws the bid or does not take delivery or possession of the properties or is not able to pay the full bid price as required within timeline specified above, his/her EMD and/or any advance payments shall be forfeited, and the second highest bidder may be given an option to purchase the property at the highest bid amount, and if the second highest bidder opts not to purchase, the property shall be re-auctioned.
- 14.14. The FI shall reserve the right to withdraw from the sale of all or any property at any time before the auction date or before the fall of the hammer/gavel.
- 14.15. The Auction Committee reserves the right to accept or reject all or any bids on the spot or at any subsequent date without assigning any reasons thereof, and in the event of dispute regarding the auction, the decision of the Auction Committee shall be final and binding.
- 14.16. The bidders shall be deemed to have physically inspected the property to their full satisfaction before making their bid(s) and unless specified otherwise all moveable properties shall be auctioned on *as is where is* basis.
- 14.17. A bidder shall not resort to any syndication or commit any fraud prior or during the auction in connection with the aforesaid property. Any bidder/person suspected of syndication or fraud shall be disqualified from participation in the auction and may be dealt with appropriately in accordance with relevant laws of the Kingdom of Bhutan.

- 14.18. The FI may add, delete, or change the terms and conditions specified above in the Auction Guidelines with approval from the Management of the FI based on specific requirements of the FI.

PART - E

Auction Day Procedures

15. Fixation of the reserve and floor price

- 15.1. The Auction Committee shall fix the reserve price and floor price on the auction day.
- 15.2. The reserve price shall be fixed based on either of the following methods:
- a. Reserved price should be equal to revalued property value (Reserve price = revalued property value); or
 - b. Reserved price should be equal to or less than 15% of the revalued property value (Reserve price \leq 15% * revalued property value).
- 15.3. The Auction Committee shall determine the floor price on the day of auction based on the methods mentioned below:
- a. Floor price = reserve price - (variation up to 15% * reserve price); or
 - b. Floor price = Property value - (variation up to 25% * property value).
- 15.4. The floor price may be fixed based on the following factors:
- a. Number of bidders;
 - b. Property value/Reserve price; and
 - c. Sale prospect.

16. Auction Proceedings

- 16.1. The auction process shall be as per **Annexure – V** of this Auction Guidelines.
- 16.2. Employees of the respective FI or their parents, spouse, spouse's parents and/or children cannot participate in the auction.
- 16.3. The auction shall be declared canceled if there are no registered bidders during the day and time scheduled for the auction, and the said auction shall be counted for the purpose of considering the number of consecutive auctions under section 9 of the RMA's

Guidelines on Auction of Seized Properties, 2023 and section 16.16 of this Auction Guidelines.

- 16.4. The Chairperson of the Auction Committee shall lead the auction proceedings by welcoming the bidders and explaining the auction terms and conditions mentioned in section 14 of this Auction Guidelines.
- 16.5. Every bidder shall raise the token number to indicate his/her intention to bid and state the offer price clearly to the bidders and the Auction Committee.
- 16.6. The Chairperson or any other official so designated by the FI shall count the number 1 to 10, and if any bidder bids a higher price before count number 10, then the process shall continue till the offer does not increase after count number 1 to 10.
- 16.7. The bid caller shall count loudly from 1 to 10 and if there are no higher bids, it shall be considered as the highest bid. However, if there is a higher bidder during the counting before the count of 10, the bid caller shall continue till the offer does not increase after count 10.
- 16.8. After the count of 10, the bid caller or the Chairperson shall let the hammer/gavel fall, declare the offered price and close the bidding process for that particular item.
- 16.9. The Chairperson shall announce to the bidders whether the highest bid price has reached the reserve price or not. Reserve price shall not be revealed to the public or bidders.
- 16.10. If the highest bid is equal to or above the Reserve Price, the offer shall be considered as accepted and sold.
- 16.11. If the offered bid is below the Reserve Price, the Auction Committee shall reserve the right to reject the offer.
- 16.12. However, if the highest bidder fails to meet the Reserve Price by 10-15% but the bidder shows interest for negotiation, then the Auction Committee may enter in negotiation with the highest bidder after the auction proceedings are closed.
- 16.13. If the highest bidder, during the negotiation as per section 16.12 above bids either equal to or above the Reserve Price, the offer shall be considered as accepted and sold.
- 16.14. The successful bidder shall sign the Letter of Undertaking in the prescribed form in **Annexure - VI** of this Auction Guidelines stating that the bidder shall abide by the terms and conditions of the Auction for settlement of accounts.
- 16.15. Similarly, the auction process will continue to move on to the next item till completion of all properties for auction.
- 16.16. In case the FI fails to auction the seized property after 3 consecutive auctions, the FI may submit an alternative method of fixing reserve price to the Authority, following which the Authority may approve the proposed method or prescribe another method.

PART - F

Post-auction Procedures

17. Adjustment of Auction Proceeds

- 17.1. On the successful auction of a property, the winning bidder shall deposit 25% of the highest bid amount on the fall of the hammer/gavel on the day of the auction and 75% shall be settled within 10 working days from the date of the auction.
- 17.2. The bidder's EMD may be adjusted with 25% of the bid amount that the successful bidder is required to deposit.
- 17.3. Except as provided otherwise in this Auction Guidelines or agreed between the highest bidder and the FI, the 75% of the bid amount shall be deposited within 10 working days from the date of the auction.
- 17.4. The FI shall facilitate the transfer of ownership of the auctioned property only upon receiving the full payment of the bid amount from the successful bidder.
- 17.5. The winning bidder shall pay all the applicable taxes, charges and dues for transfer of ownership of properties.
- 17.6. The list of properties sold/unsold with brief details shall be signed by the Auction Committee members on the work sheet for record.
- 17.7. The auction proceeds shall first be adjusted against the loan outstanding. Any deficit from sale/auction proceeds of seized properties shall be recovered from the borrower in accordance with provisions of the MIPA, or as per the court verdict or as per credit policies and manuals of respective FI or any other relevant rules and regulations.
- 17.8. Any surpluses shall be first adjusted against incidental costs incurred towards transport, repair, maintenance, insurance cover and management of the seized properties; and any further surplus amount, if any, shall be refunded to the mortgagor or adjusted against any outstanding loan balances after informing the mortgagor in writing after completing all the formalities.
- 17.9. The EMD of unsuccessful bidders shall be refunded within twenty-four hours or on the next working day. The FI's officials shall obtain signature on the register as acknowledgment of receipt of the same.
- 17.10. The two officials entrusted to assist the conduct of the auction shall ensure that the bid amount is collected and adjusted against the loan accounts first, incidental cost or charges incurred (if any) and the Auction Report signed by the Chairperson of the Auction Committee is submitted to Auction Committee for information and to the Finance and Accounts Department, LU and CU of the FI for information and settlement of accounts.

- 17.11. After settlement of the bid in full, the two officials entrusted for the conduct of the auction shall issue the ownership transfer documents and ensure that the property is delivered or handed over to the winning bidder using the prescribed form in **Annexures - VI & VI of this Auction Guidelines**.
- 17.12. The two officials of the auction shall follow up with the relevant authorities to effect the ownership transfer in the name of the winning bidder.

PART - G

Auction Expenses and Prudential Requirements

18. Auction Expenses and Prudential Requirements

- 18.1. Any auction related expenses are recovery costs and shall be borne by the respective FI.
- 18.2. Any incidental expenses, charges, costs, premium incurred towards transport, repair, maintenance, insurance cover and management of the seized properties as well as expenses relating to seizure proceedings shall be borne by the mortgagor or the borrower, and such expenses shall be recovered from the sale proceeds of the auction if there is any surplus after adjusting the sale proceeds against the loan outstanding. However, if there is no surplus after adjusting the sale proceeds against the loan outstanding, the incidental expenses, costs, charges incurred may be waived off as per respective FI's credit policy, manual, rules and regulations in force.
- 18.3. Any deposit of auction proceeds into the loan account shall not improve the asset classification of the loan.
- 18.4. Any deficit loan balance shall be treated as non-performing loans and shall be written off from the books of FI and the FI may decide to pursue further recovery or waive off the rights.

PART - H

Governance Framework

19. Governance Framework

- 19.1. On the successful auction of a property, the winning bidder shall deposit 25% of the highest bid amount on the fall of the hammer/gavel on the day of the auction and 75% shall be settled within 10 working days from the date of the auction.
- 19.2. The FI may align this Auction Guidelines with the FI's internal auction policies and ensure its effective implementation.
- 19.3. The internal audit of the FI shall audit the auction process and procedures and submit the report to the FI's Board Audit Committee. The records and documents shall be made available as and when required by the Authority or by any law enforcement agencies based on existing laws of the Kingdom of Bhutan.

PART - I

Definition

20. For the purpose of the Auction Guidelines, unless the context otherwise requires, the terms used in the Auction Guidelines shall have the following meaning:
 - i. Auction related cost or expenses means and includes the sitting fees paid to the Auction Committee and media announcement expenses.
 - ii. Authority means the Royal Monetary Authority of Bhutan.
 - iii. Board or Board of Directors means the Board or Board of Directors of the respective FI.
 - iv. CEO means the Chief Executive Officer of the respective financial institution.
 - v. Department means the functioning unit of the FI which may be known by any other term namely, Division, Unit, Section, etc., as per industry practice of the respective FI.
 - vi. FIAB means the Financial Institutions Association of Bhutan.
 - vii. FI means the Financial Institution of Bhutan which is given the registration certificates or licenses by the Authority to provide the financial services to the public.
 - viii. Head means an official of the FI who is responsible for the overall functioning and management of the function or unit in the respective FI as per industry practice of the respective FI.
 - ix. Incidental cost or charges means any expenses, charges, costs, premium, and such other expenses or costs incurred towards transport, repair, maintenance and

management, insurance cover, etc. of the seized properties as well as expenses related to seizure proceedings.

- x. Interested Person means the person defined in the MIPA and amendment thereof.

ANNEXURE I: Seizure Notification

Ref. No. _____

Date _____

To _____

Address _____

Contact No. _____

Subject: Notification for seizure or taking possession mortgaged or hypothecated property

Dear _____,

In compliance with the Seizure Order No. (____) dated ____ of the _____(court details), the _____(name of the FI) would like to notify you that we will seize and take possession of your property described below on __/__/____ at ____AM/PM.

Description of the property

Our officials will visit the site on the above said date. Therefore, we request you or your authorized representative to be present at the site on the above said date and time. Kindly inform us at _____(contact No.) if you or your authorized representative cannot be present in person at the site on the said date and time in which case we will request for a surveyor from the _____(name of the local government authority) for identification and

demarcation of the land. However, kindly note that you will have to bear any costs or expenses incurred for the same.

Yours sincerely,

(sd)

Copy:

ANNEXURE-II: Handing-taking note of the seized property

Date_____

Sub.: Handing-Taking Note

In compliance with the Seizure Order No._____dated_____issued by the _____(details of the court), and as per the notification reference No.____ dated____the _____(name of the FI) hereby takes possession of the following property with effect from __/__/____. The property shall be sold through the open auction if the dues owed are not paid within the specified in the Court Order.

Description of the property

--

Use a separate sheet of paper to list down all properties/belongings seized and taken over together with the above said property. The same must be signed by all people signing this Handing-Taking Note.

This handing-taking note is executed in the presence of the following Seizure Committee Members and witness on __/__/____ at _____:

Handed over by:

Signature:_____Name:_____CID No._____Contact No. _____

(Remarks _____
_____)

Taken over by:

Names of the FI focal official_____Signature_____Designation_____

EID No. _____ Department _____ Branch _____

Witnessed by: Signature: _____ Name: _____ CID No. _____

Contact No.: _____

Signatures of Committee Members

Sl. No.	Name, Designation & Agency	Signature
1		
2		
3		
4		

ANNEXURE-III: Reserve Price Computation Format

Particulars		
Structure/building value	Details	Rate
Base rate (Thimphu)	BSR 2022	
Transportation index	Varies with location, Derive based on distance upon comparison of distance between the base location and location of the subject property	
Inflation index	6% (average past 6 years data NSB)	
Adjusted Rate		
Room Ht.		
Plinth area rate		
Sample- Plint area		
Estimated Cost- Nu.		
Add: Discretionary factors		
Internal finishings	Up to 20% for buildings Up to 35% for hotels OR additional cost as evidenced by invoice	
External finishings	Up to 10%	
Location factor (Commercial)	Up to 25% for properties situated in Gyelyong Thromde	
Add: additional cost		
Lift	Lumpsum (proof through invoices)	
Updated Estimated Cost- Nu.		
Subtract: Depreciation	Depreciation rate= (property value-salvage value)/Economic lifespan/useful life (100-10)/70=1.3% For RCC structure- 70 years usefulful life, 10% salvage value	
Total value of building (A)		-
Land Value		
Land size		
Base value	PAVA rate 2022	
Land value		
Additional/reduction in value	Allowable deviation from PAVA= +/- 25%	
Total land value (B)		
Total value (A+B)		

Note:

- *Valuers should justify the rates applied and records properly documented.*

ANNEXURE - IV: Auction Registration, Proxy & Bidder Undertaking Forms

Auction date: __/__/__

Name: _____ CID No.: _____ Village: _____

Gewog: _____ Dungkhag: _____ Dzongkhag: _____

Mobile No: _____ Email ID: _____

I, the undersigned have read all terms and conditions of the auction and therefore, I wish to register for participation in the auction scheduled on __/__/__ as a bidder for _____ (self) or for _____ (name of the principal buyer). I shall comply with the auction terms and conditions set for the auction. *(A copy of the CID to be retained)*

By:

(Signature)

PROXY FORM

I (Name) _____ Bearing CID No. _____ is being represented as a proxy of (Name) _____ bearing CID No. _____ (the principal buyer) to participate in the auction and bid for the listed items in the auction for and on behalf of the principal buyer. I have read all terms and conditions of the auction and I shall comply with the auction terms and conditions set for the auction. *(Attached letter of authorization/ PoA for representation with CID copy for both)*

By:

(Signature)

Mobile No.: _____

Email ID: _____

Verified by the official of the FI. Name: _____ EID No. _____ Signature _____

Auction Bidder Undertaking Form

That I, _____, whose details are as mentioned below ("Bidder"), do hereby declare and acknowledge that I have gone through the Terms and Conditions of Auction for the Auction of the property (property details as per the list) conducted by _____ (Name of the FI) on __/__/__, at _____ unconditionally and irrevocably agree to be bound by the said terms to participate in the Auction and submit that I have understood the same to take part in the Auction.

I confirm and agree that I have physically inspected and made independent enquiries about the Property as mentioned in the Auction list and am completely aware and have complete knowledge of the condition and status of the said Property.

No complaints or objections shall be entertained by the _____ (Name of the FI) and or the Committee after the sale of the property.

I further submit that I am aware that the property put up in the AUCTION are to be sold on "*AS-IS- WHERE- IS*" and "*AS-IS-WHAT-IS*" basis only.

The Bidder in whose favor the Bid (Final Bid) may be awarded shall be referred as "*the Successful Bidder*".

I acknowledge that the property may have inspection report made by third parties, however, I understand that information/pictures provided in such inspection report are for reference only and shall not absolve the duty of the Bidder to inspect the property.

EARNEST MONEY DEPOSIT(EMD) of Successful Bidder/s

I understand and agree that the EMD of the successful bidder will be adjusted with the Bid amount.

I understand and do hereby agree and confirm that the Final Bid of the Successful Bidder is an irrevocable offer and cannot be cancelled/withdrawn and I shall be bound to buy the property at the final bid.

I agree to pay 25% of the Final Bid amount on the fall of the hammer/gavel and the balance amount within 10 (ten) working days from the day of Auction.

Further, I agree that the applicable ownership transfer tax shall be borne by the successful bidder.

The failure on part of the Successful Bidder to comply with the Terms and Conditions of Auction will result in forfeiture of the EMD amount and any other amount paid and that the _____(Name of the FI) will be at liberty to annul the offer made and that I would not have any claim on the same whatsoever and that I may be banned from participating in any future Auctions.

POSSESSION of the Property:

I hereby acknowledge and agree that the right, title and ownership in the Property and physical possession of the Property shall pass to the Successful Bidder only on payment of the full Bid Amount (including the Final Bid Amount and applicable taxes) within the stipulated time.

I hereby acknowledge and agree that the Sale letter/Transfer documents will be executed and issued in the name of the Bidder only and will not be issued in any other name(s) or any third party.

Signature : _____

Name : _____

Citizenship Identity Card No : _____

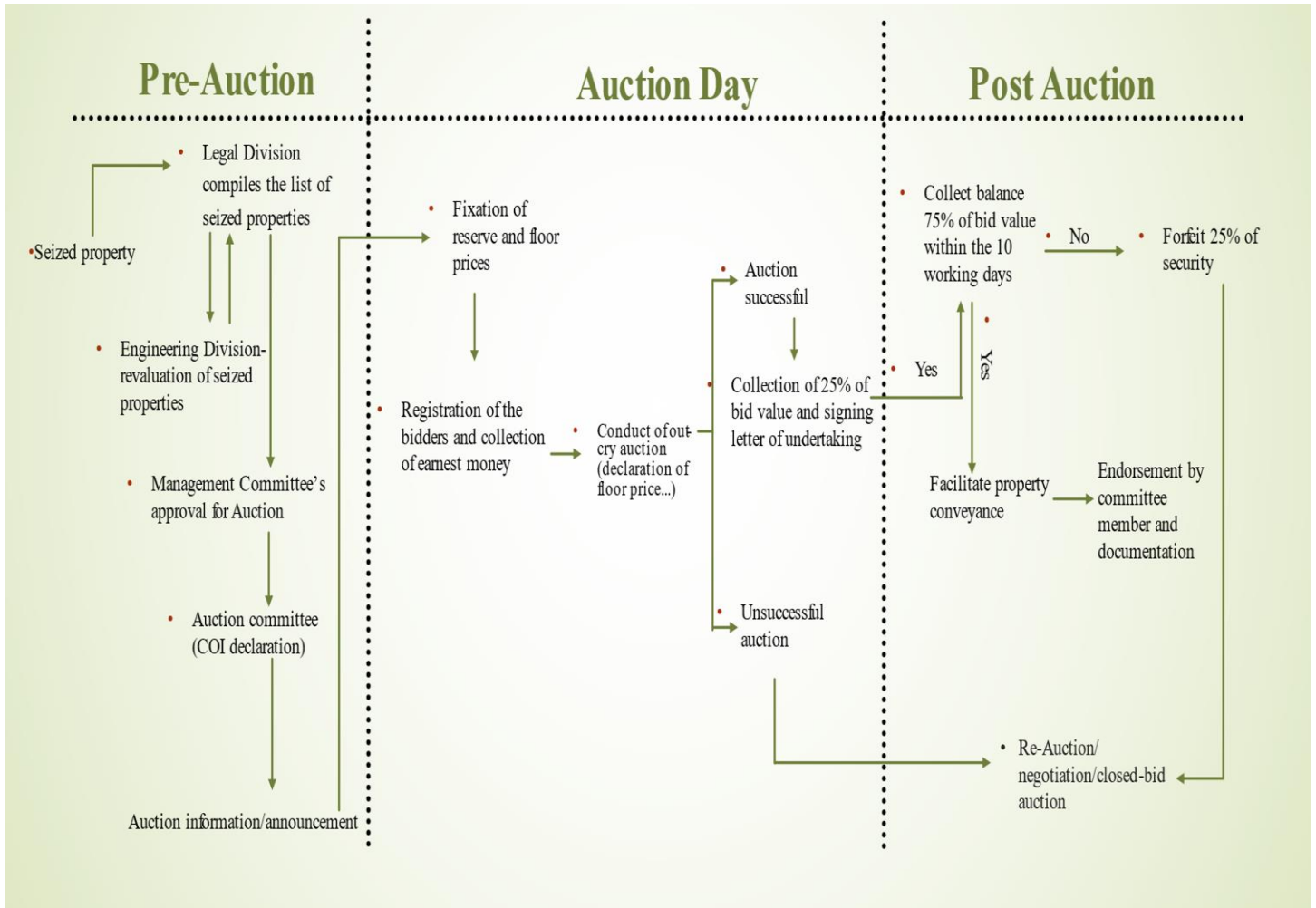
Token No : _____

Contact No : _____

Place : _____

Date : _____

ANNEXURE - V: Auction Flow Chart



ANNEXURE – V: Conflict of Interest (COI) Declaration Form

Auction No.: _____ Venue: _____ Date: ___/___/___ Time: _____

Name	Designation	Please tick one of the following boxes:	Signature
		<input type="checkbox"/> I hereby formally declare that I do not have or anticipate any COI in the Auction <input type="checkbox"/> I understand that a COI may arise where my private interests may influence, or may be seen to influence the Auction. Please specify the reason for declaring the COI:	
		<input type="checkbox"/> I hereby formally declare that I do not have or anticipate any COI in the Auction <input type="checkbox"/> I understand that a COI may arise where my private interests may influence, or may be seen to influence the Auction. Please specify the reason for declaring the COI:	
		<input type="checkbox"/> I hereby formally declare that I do not have or anticipate any COI in the Auction <input type="checkbox"/> I understand that a COI may arise where my private interests may influence, or may be seen to influence the Auction. Please specify the reason for declaring the COI:	
		<input type="checkbox"/> I hereby formally declare that I do not have or anticipate any COI in the Auction <input type="checkbox"/> I understand that a COI may arise where my private interests may influence, or may be seen to influence the Auction. Please specify the reason for declaring the COI:	

ANNEXURE – VI: Letter of Undertaking

I, Mr./Ms. _____ bearing CID No. _____
Village) _____ (Gewog) _____ (Dzongkhag), do hereby declare that:

I, being the highest/successful bidder for _____ (count/area) of
_____ (type of property) bearing Thram/RC No. _____ Plot
No. _____ located at _____ registered in the name of
_____ at a total bid amount of
Nu. _____ (_____) in an open public auction conducted by the
_____ (name of FI) on ___/___/___ at _____ (venue), I accept to purchase the
above described property on the terms and conditions specified in the auction notification.

I have deposited 25% of the bid value which amounts to
Nu. _____ (_____) (words) by way of Cash/Bank
Draft/Cheque/online payment or combination of the above instruments upon fall of the
hammer/gavel on the day of the auction. The balance 75% of the total bid value which
amounts to Nu. _____ (_____) (words) shall be deposited within
next 10 (ten) working days from the date of the auction by way of cash/bank
draft/cheque/online payment combination of the above instruments, failing which I
understand and accept that the accepted bid shall be declared null and void, and the 25%
deposit and the EMD may be forfeited by the _____ (Name of the FI).

Therefore, I shall abide by the Auction Terms and Conditions published for public viewing
and circulated and read out by the _____ (name of FI) prior to commencement of the auction
on ___/___/___.

Signature (Affix Legal Stamp)

Name: _____ Signature _____

Mobile No: _____

Witness:

Name: _____ Signature _____

Mobile No: _____

Verified by the official of the FI. Name: _____ EID No. _____ Signature _____

ANNEXURE-VI: Ownership Transfer Letter for Moveable Property

Ref. No.____

Date:..../.../___

To,
The Chief Transport Officer,
Road Safety and Transport Authority,
_____ (Place)

Sub: Request for facilitation of Ownership Transfer

Dear Sir/madam,

The _____ (Type of vehicle) _____, (year of model) model, bearing Registration No. _____ in the name of Mr./Ms. _____ CID No. _____ has been seized and auctioned by _____ (name of FI) to the highest bidder _____ (Name of the Bidder) through public auction conducted on ___/___/___ (Date of auction) at Nu. _____ (Bid amount).

Therefore, the _____ (Name of FI) would like to request your good office to kindly facilitate transfer of the ownership of the said vehicle to Mr./Ms. _____.

Applicable ownership change fee and other applicable charges shall be borne by the above-named buyer.

Copies of relevant documents for kind reference and verification.

Thanking you.

Yours sincerely,

Authorized Signature: _____

Name: _____

Designation _____

Official seal

ANNEXURE-VII: Ownership Transfer Letter for Immovable Property

Ref. No. _____

Date: __/__/__

To,
The Dasho Dzungdag/Executive Secretary/Director,
_____ Dzongkhag/Thromde/NLCS,
_____ (Place)

Sub: Request for Ownership Transfer

Dear Dasho/Sir/Madam,

As per the Seizure Order/Court Verdict No. _____ dated _____ of the _____ Court, _____ Dzongkhag/Dungkhag, the land/building measuring _____ decimals/acres has been seized and auctioned to the highest bidder Mr./Ms. _____ bearing CID No. _____ by the _____ (Name of FI) during the public auction conducted on __/__/__ at _____ (venue) at the highest bid amount of Nu. _____ (_____) (in words).

Therefore, the _____ (Name of FI) would like to request your good office to kindly facilitate transfer of the ownership of the land/building to Mr./Ms. _____. Applicable ownership change fees and other applicable charges shall be borne by the above named buyer.

Copies of relevant documents are enclosed for kind reference and verification.

Please find enclosed media announcement copy and other documents for kind reference and verification.

Thanking you.

Yours sincerely,

Authorized Signature: _____

Name: _____

Designation _____

Official seal: