O&M/ 724

RAJASTHAN FINANCIAL CORPORATION

Udyog Bhawan, Tilak Marg, Jaipur-302 005
(RRM DIVISION)

Ref.No.RFC/23FR/HO/Policy-97/ 224 Dated: 07.08.2013

CIRCULAR
(No.FR-715)

Re: Release of collateral security/Mortgager guarantor

Attention is invited to O&M circular No.563 dated 23.10.2001. As per the circular, the documents of collateral security can only be released after the loan account is fully squared up.

Further, vide O&M circular No.627 dated 21.05.2005, change of mortgagor guarantor was considered where the mortgagor-guarantor offers collateral security of higher market value than the existing security available with the Corporation subject to the condition that the said revised security shall not be released till clearance of dues of the Corporation.

References have come from the mortgager guarantors for release of collateral security where value of primary assets & collateral security is much higher than the outstanding balance. The matter was placed before the PC&CC in its meeting held on 25.06.13. After detailed discussions, the committee noted that ensuring recovery of dues is the critical event rather than holding additional security and therefore decided that release of additional collateral security may be considered on merits of each case keeping in view the available security and its marketability ensuring that the remaining security is sufficient to secure the loan outstanding against the unit. The PC&CC will be the competent authority in such matter.

All concerned are advised to take a note of above and act accordingly.

Mathur
7/8/13
(Yaduvendra Mathur)
Chairman & Managing Director

Copy to:

1. All BOs/SOs
2. A&I, Ajmer/Jodhpur
3. All DGM (Operations)
4. Standard circulation at HQ.