

Loan documentation-Some DO's and Don'ts.

- Documents should invariably be executed in the presence of Bank officials only.
- Do not keep any column blank in the documents.
- Normally borrower should fill up the documents in his own handwriting. In case if it is not possible then ensure that they at least understand the language of the documents.
- The borrower/ guarantors must authenticate all alterations, additions, overwriting, insertions, deletions etc.
- Each and every executant should sign each and every page of the document.
- Documents should be completed in one sitting only and in the handwriting using the same ink and pen.
- Documents should be for full value of sanctioned limit although only a part limit is disbursed initially.
- All documents should bear one common date.
- Signature on documents should bear tally with the signatures on application / specimen signature as per Bank's record.
- If the executant signs with left hand, separate noting must be made
- Thumb impression of an illiterate borrower should be witnessed on a separate paper and not on the document. In addition to this, the declaration from the illiterate borrower should be obtained to the effect that documents have been signed after understanding the same.
- On the DP note and letter of C.S., partners of a borrowing firm should not only sign in their representative capacity but also in their individual capacity.
- On hypothecation deed and letter of pledge, partners should sign only in their representative capacity and never in their individual capacity.
- In case of limited company, signatures and the common seal should be as per the resolution of the Board of directors.

- In case of advance to the limited company, charge should be registered within 30 days from the date of creation.
- Documents must be duly stamped before execution.
- The date of the document should be later than the date of the stamp paper.
- Stamps printed and published in one state cannot be used in another state.