



KSFE

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

(A Government of Kerala Undertaking)

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Ref : 32980

Date - 26.03.2024

Circular No.13 /2024 (Legal)

Sub :- Standardized Procedures for Legal Scrutiny Reports, Property Scrutiny Reports and Duties of Panel Advocates and Part-Time Legal Advisers (PTLAs)

Ref - 1. Circular No. 52/1999 Dated 03.04.1999.
2. Circular No. 48/2001 Dated 17.03.2001

We are implementing a standardized procedure for generating Legal Scrutiny Reports and Branch/ RO scrutiny note. This is an earnest attempt to enhance accuracy and consistency in property title verification, current possession confirmation and clarity of encumbrance details and that ultimately, resulting in assessing suitability as security for creating mortgage. Accordingly it is decided to modify the existing guidelines and related operational aspects.

Addressing Incomplete Investigations

It has come to our attention that some title investigations regarding property files are not thoroughly done. To ensure comprehensive due diligence, the following guidelines and a standardized format are now made mandatory for all Legal Scrutiny Reports. The format for the same is enclosed herewith. The branch/Regional Office shall raise specific queries (if any) with regard to the property file in writing to the Panel Advocate/PTLA. The advocate shall address those specific queries (if any) in the legal scrutiny report.

A standardized format for Property Scrutiny Report for the use of Branches and Regional offices is enclosed herewith. From **01.04.2024** onwards the legal scrutiny reports and the Property Scrutiny Report of the branch shall be prepared in these formats itself. The enclosed format for legal scrutiny reports shall be transmitted to all panel advocates and Part Time Legal Advisers from the branches /Regional Offices.

Format of Property Scrutiny Report will be incorporated with the software in due course. After its implementation through the software, the scrutiny note shall be filled and generated only through the software.

Additionally, the Branch Managers/AGMs shall attest each page of the copies of the documents provided to Panel Advocates/PTLAs for scrutiny and those send to RO/HO. The attestation shall be done by affixing full signature, name and designation seal. Property files escalated to RO/HO shall include the duly filled in scrutiny forms in the enclosed format.

In order to operationalize the revised procedures in an effective manner more clarity is being brought into the functioning of Panel Advocates and PTLAs as detailed below.

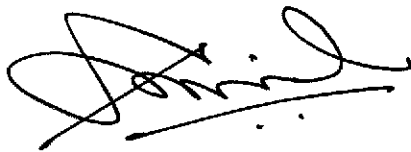
Duties and Responsibilities commonly applicable to Panel Advocates and PTLAs

- All title deeds and other documents received from the Branch/Regional Office will be meticulously examined and scrutinized by the Panel Advocate/PTLA, who will then submit a written opinion on their acceptability as security.
- Additional documents may be requested from the Branch Manager/AGM(Region) so as to bring clarity regarding the property file.
- Documents from branch/RO must be collected by the Panel Advocate/PTLA promptly, ideally within one day of receiving the notification from Branch Manager/AGM(Region).
- Panel Advocate/PTLA must submit their reports within three days of receiving documents from the Branch Manager/AGM(Region).
- Panel Advocate/PTLA shall collect and return the property files directly.

Duties and Responsibilities specific to PTLA

- PTLAs will provide legal opinions on all matters referred as part of Company's usual course of business, including but not limited to scrutiny of property documents, lease agreements and tenancy terminations.
- PTLAs must visit the designated Regional Office at least three days per week during regular office hours (10 AM to 5 PM). Such visits should be scheduled in accordance with the requirement of Regional Office.

All are advised to meticulously follow the revised guidelines.



Dr. SANIL S.K
MANAGING DIRECTOR

To - 1. All AGMs
2. All Branch Managers
3. All Internal Audit Teams
4. All Preventive vigilance squads
5. All Dept Heads in HO
6. PA to MD

Encl – 1. Format of Legal Scrutiny Report
2. Format of Property Scrutiny Report

To,

The Manager/AGM (Region) KSFE,

..... Branch/Regional Office

Legal Scrutiny Report

(All columns/items are to be filled/commented by the advocate)

1	Name of the Mortgagor/s	
	Relationship with mortgagor/s (if the mortgagor/s is not a subscriber or a loanee)	
2	Scheme: Chitty No. & Chittal No./ Type of Loan	
3	Name of title deed holder (s)	
4	Complete or full description of the immovable property/ (ies) offered as security	
a	Village, Taluk, Survey number and extent of the property offered as security	Village
		Taluk
		District
		Re. Sy Block No.
		Re. Sy No.
		Old Sy No.
		Thandaper No.
		Extent
		Tenure of property
		Nature of land (wet/dry)
b	a) Door/House No. (in case of residential/other building)	Panchayath/Municipality/Corporation with Ward No.
	b) Extent /area including plinth/ built up area in case of residential/ other building/land	
	c) Type of building : Residential/ Flat/ Commercial	
c	Boundaries of the property as per title deed	North
		East
		South
		West
d	Boundaries of the property as per location sketch/certificate	North
		East
		South
		West

e	If any discrepancy found in the boundary of property, specify the reason. (particularly in case where the property has no access from the adjoining public road and some one else owns the property between the road and security property)	
f	If the security property has no access from the public road whether obtained a registered easement right of way between the road and the security property	

5. Particulars of documents scrutinized serially and chronologically
Details of Prime Deed

a	Nomenclature, number, date and name of SRO of the document by which the mortgagor claims title to the property.	
b	Whether the copy of original documents duly attested by the Branch Manager is produced.	Yes/No
c	Name of the person in whose favour it is executed	
d	Name of executants	
e	Brief description of the document	
f	Restrictions/life interest/minor right/ charge/ attachment/ prior mortgage or lien over the property of offered as security. Details in brief.	

6. Details of prior deed
(If more than one prior deed, the details of each deed should be shown separately)

6.1	a	Nomenclature, number, date and name of SRO of the document by which the mortgagor claims title to the immediate prior deed.	
	b	Whether the copy of original document duly attested by the Branch Manager is produced.	Yes/No
	c	Name of the person in whose name it is executed	
	d	Name of the executants of deed	
	e	Brief description of the documents	
	f	If any restrictions/life interest/minor	

rights/charge/ attachment/ prior mortgage or lien over the property offered as security. Details in brief.	
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6.2 Derivation of title

6.2	1	Nature of title of the intended mortgagor over the property (whether Full ownership Rights, Leasehold Rights, Occupancy/ Possessory Rights or Inam Holder or Govt. Grantee/Allottee etc) with a brief description.	
	2	If the property has been transferred by way of Gift Deed (in the chain of derivation); state whether	
	a)	The Gift Deed is duly stamped and registered	
	b)	The Gift Deed has been attested by two witnesses;	
	c)	The Gift Deed transfers absolute right including ownership/ possessory and enjoyment rights of property to Donee;	
	d)	The Donee has accepted the gift by signing the gift Deed or by a separate writing or by necessary implications, or by actions;	
	e)	There exists any restriction on the Donor in executing the Gift Deed offered as security.	
	f)	The Donee is in possession of the gifted property;	
	g)	Any life interest is reserved for the Donor or any other person and also state whether all necessary parties have to be joined as executants of the mortgage if yes state their names and nature of their interest.	
	h)	Any other aspect affecting the validity of the title passed through the Gift deed, including any acts acquiescence of the donor either in writing or by necessary implications of the Acts, agreeing the acceptance of gift by donee.	
	i)	The laws relating to the Hindu Marumakkathayam joint family is applicable to the properties covered by Gift/settlement deeds	
3	a)	In case of partition/family settlement	

		deeds, whether the original deed is available for deposit. If not the modality/ procedure to be followed to create a valid and enforceable equitable mortgage.	
4	a)	In case of Settlement Deed, if the mortgaging deed which is executed after 2007 whether section 23(a) of Maintenance and welfare of parents and Senior citizens Act 2007 is applicable, if not explain with reason.	
5		Whether the title documents / prime & prior deed include any testamentary documents/ wills?	
	a)	In case of Will, whether the Will is registered or unregistered ?	
	b)	Whether the property is mutated on the basis of Will?	
	c)	Whether the original Will is available?	
	d)	Whether the original death certificate of the testator is available?	
	e)	What are the circumstances and /or documents to establish that the Will in question is the last and final Will of the testator ? (List certificate to be obtained from the SRO)	
6	a)	If the property is Agricultural land, or land assigned under the provision of Kerala Land Assignment Act, whether any laws, rules or restrictions imposed by Government, the local laws applicable to such land permit mortgage of Agricultural land and whether there exists any restrictions for creation/enforcement of mortgage. Describe the details.	
7	a)	Whether the POA is involved in the chain of title? (Derivation of title)	
	i)	Whether the original POA is verified and the title investigation is done on the basis of original POA?	
	ii)	Whether the POA is a registered one? If not specify the nature of attestation of POA.	
	iii)	Whether the POA is a specific or general one?	

	b)	Whether the POA was in force and not revoked or had become invalid on the date of execution of the document in question? (please clarify whether the same has been ascertained from the office of Sub Registrar also?)	
	c)	Please comment on the genuineness of POA and the identity of properties mentioned in POA and title deed (whether one and the same property with boundary description).	
8		Whether the mortgage is being created by a POA holder, check genuineness of the Power of Attorney and the extent of the powers given therein and whether the same is properly executed/stamped/ authenticated in terms of the Law of the land, where it is executed.	
9		The period covered under the EC and the name of the person in whose favour the encumbrance is created and if so, details of charge, if any.	
10		Details regarding property tax or land revenue or other statutory dues paid/ payable as on date and if not paid, what is the remedy? Whether the Genuineness of Land Tax Receipt is verified through e-verification. Specify	
11	a)	Whether the property offered as security is clearly demarcated? (as per documents)	
	b)	Whether the demarcation/ partition of the property is legally valid?	
	c)	Whether the property has clear access for ingress and egress from the near by public road as per documents ? (access boundary to be noted here)	
	d)	If no such is provided as per title deed state whether any such way is available as per any other documents?. If yes the nature of such right enjoyed by the title holders.Suggest remedial measures to be taken as per law.	
12		Whether KSFE Ltd could enforce Revenue Recovery,if required against the property	

		offered as security.	
13		In the case of Patta, under the Kerala Land Assignment Act and Rules made there under, the order of assignment of registry should also be scrutinized to see whether there exists any conditions restricting the alienation (briefly state the remarks)	
14		In case where purchase certificate issued by the Land Tribunal under KLR Act alone is produced as title deed, document relating to assignment of Verumpattam right to the holder and certified copy of proceedings which leads to the issue of purchase certificate should be verified. If purchase certificate not produced, give procedure to be followed to create a valid mortgage.	
15		If the property is devolved on him/her on the death of his/her predecessor it shall be ascertained whether there exist any other Legal Heir/s who is/are also entitled to the property through legal heirship certificate. (Brief description.)	
16		Specify whether the property is owned by company/ partnership firm/ trust/ estate/ society or is a Kuthakapattom land. ?	
a		Whether the property is dedicated/allotted for any specific purpose like, rubber, tea, coffee, coconut, cardamom, paddy or any such agricultural or non agricultural purpose? If so specify the precautions to be taken as per law. (Brief description.)	
17		Whether the land lies within the coastal regulation zone (CRZ) which prohibit new constructions in this zone category. (Brief description.)	
18		Whether the land lies within the buffer zone near protected forest area which is covered under the EFL Act. (Brief description.)	
19		If the land is noted as Nilam/Nanja and is included in the data bank, the order issued by the authority concerned to be verified. (Brief description.)	
20		If the property has a lease or includes shops or other commercial spaces that are leased out, whether the property could be accepted for creating equitable mortgage. (Brief description.)	

21	In the case of certificate of sale issued by a Civil or Revenue Officer or an officer under SARFAESI Act, if evidence of a sale conducted by way of public auction is produced as title deed or prior deed, describe the legal validity of the certificate of sale. (Brief description.)	
22	If the tenure of land is classified as Kanam or Kana Adharam, prescribe procedure to be followed to accept the property as security.	
23	In the case of deed of duplicate copy registered along with the partition deed, it has to be verified by referring to the endorsement made therein or in the stamp paper purchased for the duplicate copy or with any other marking in the duplicate copy, if the registered duplicate is actually set apart for the purpose of the mortgagor. (Brief description)	
24	In the case where the prime deed is a release deed executed among legal heirs/ family members/co-owners the original prime deed needs to be mortgaged along with its prior deed. Specify the document numbers required to be mortgaged. (Brief description)	
25	If there is residential building in the offered property, check whether the ownership of the building belongs to the mortgagor. (Brief description)	
26	In the case of transfer of right of half of the share of property from one person to another, production and deposit of two prime deeds are necessary for the creation of equitable mortgage. It shall be insisted and needs to be mentioned in the legal report. Specify the document numbers required to be deposited. (Brief description)	
27	Whether the derivation of title is correct as per the personal law of religions.	

7. Acceptance of Flat as security

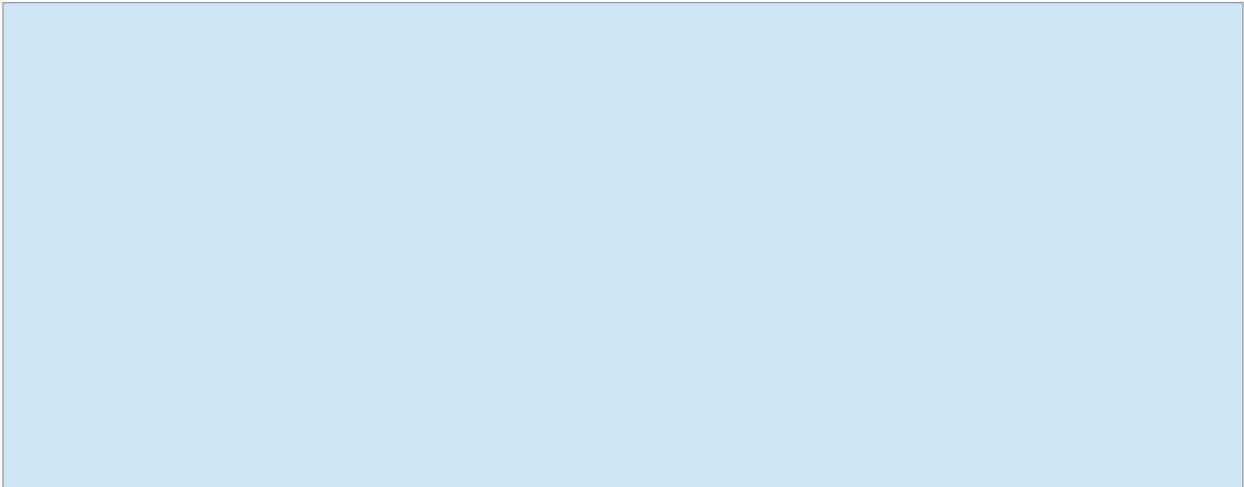
a	Name and Address of Developer of flat	
b	Name and address of Land owner	
c	Address of property under the project	

d	Whether the construction of flat has been completed and the owner has title over any undivided share of the property where the flat is constructed (verify ownership certificate.)	Yes/No
e	Bye-law of the Flat owner's society/ Association concerned (verify whether there exists any restrictive conditions).	
f	Verify the copy of the approval for the construction of the flat issued from the Real Estate Regulatory Authority(RERA).	
g	Verify the receipt of property Tax issued from Village Office and receipt of Building Tax issued from local authority.	
h	Ownership certificate of flat with Door no	
i	Verify the bill issued by KSEB in favour of the owner of the flat unit.	
j	The joint development agreement if any between the land owner and builder which defines the ownership rights of the property and the guidelines for the construction under a fixed contract. Verify whether there exists any restriction to create equitable mortgage. Describe the details.	

8. Other Documents

a	Death certificate (s) if any	
b	Family Membership certificate(s)/ Legal Heirship Certificate(s) if any	
c	Encumbrance certificate number, date and period. When any court attachment is found in EC, whether all attachments were lifted and its orders are produced.	
d	Details of encumbrance/attachment if any	
e	Whether mutation is effected in the name of the proposed mortgagor, specify the Thandaper Account No.	
f	Whether possession certificate and non attachment certificate is produced	
g	Whether Land Tax Receipt is produced	
h	Whether Location Sketch of the property is produced	
i	Whether Building Tax Receipt is produced	

9. Derivation of Title



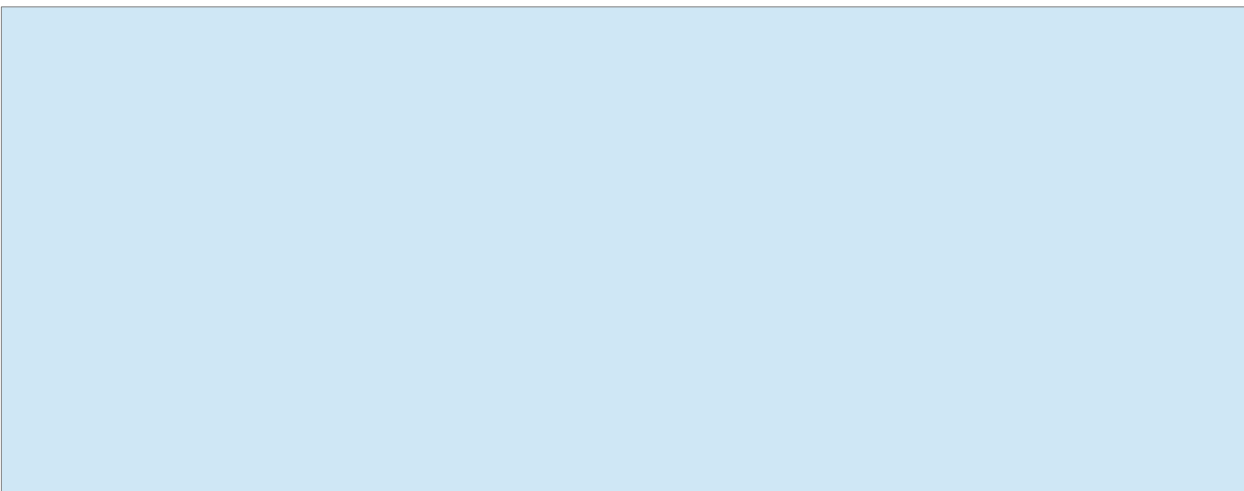
10. Conditions to be imposed, if any



11. List of Original Documents to be deposited in KSFE

(Specify the name & identification No. of the documents)

12. Certificate



Place :
Date :

Name and Signature of Advocate
(with seal)

Property Scrutiny Report

Name of Region :

Branch Name :

Branch Code:

Branch Name where EM to be created :

Branch Code:

(If the first mortgage in the branch is an inter branch file)

Chitty / Loan with future liability details :

Serial No	Chitty/Loan No	Name of Subscriber	Branch Name	Future Liability	Dues if any

Name of Mortgagors : (1)

(2)

(3)

Address of Mortgagor/s :

Relationship with subscriber
(if subscriber & mortgagor are different person)

Type of Govt. ID of Mortgagor/s :

Govt issued ID No. :

Whether Mortgagor's Phone No and Postal
Index Number (PIN) are obtained : Yes / No

Phone Number/s : (1) (2)

1. Property Details

Longitude and Latitude of the property offered as security as mentioned in the valuation report.

A) Longitude :

B) Latitude :

Sl No	Extent	Sy No.	Re Sy No.	Thandaper	Village	Taluk	District

2. Details of Revenue records obtained

Name of mortgagor(s)	Land Tax Receipt (Latest)	Possession Certificate	Location Sketch	Location Certificate	Non-LA and Non-RR	Encumbrance Certificate
Date of issue						
Re. Survey Block & No.						
Survey No.						
Extent						
Village						
Taluk						
District						

whether the Extent and Sy No are same in all revenue records (a)	whether Re.sy No is reflected and tally with the title deed (b)	Which is the classification of Property. Purayidam/ Thottam/ Nilam/ Nanja/Wet land/ Paddy land (specify) (c)	Whether the classification of land is acceptable to KSFE (d)	Whether the property was mortgaged at any branch of KSFE earlier. If yes mention the name of the branch (e)	Verify whether any RR initiated or closed over this property earlier

Whether E-verification of title deed is done : Yes / No

Whether E-verification of Land Tax Receipt is done : Yes / No

Whether E-verification of EC is done : Yes / No

Whether verification of title deed with the certified copy of the same is done : Yes / No

(Cir. No.70/2022 BD)

3. Building Details (Mark Y/N)

Name of the building owner	Name of Panchayat h/Municipality/ Corporation	Whether latest Building Tax Receipts/ Ownership Certificate are produced	Whether the Building is Residential/ Commercial	Whether rented	If rented, whether the rent agreements are obtained	Whether sanction of AGM (Region) obtained as mentioned in Circular No. 17/1998	Whether consent of lessee or tenant and POA of lessor/landlord obtained as mentioned in Circular No. 17/1998

Whether the premises of the building are occupied by tenants :
on rent/lease

Partly rented portion :

Owner occupied area :

Tenancy period :

Monthly rent :

Total advance amount received by Building owner :

4.If the building is an Apartment/Flat/check the following details

Whether Bye Law Obtained (a)	Whether Electricity Consumer Card is obtained (b)	Whether Location Sketch & Certificate are obtained (c)	Whether Building Permit is obtained (d)	Whether Building Tax Receipt & Land Tax Receipt are obtained (e)	Whether Ownership Certificate produced

5. Legal Scrutiny

Whether the legal scrutiny has been completed (e)	Any special conditions noted in legal opinion (b)	Whether the conditions are abided by (c)	Whether the property is acceptable as per legal opinion (d)

6. Property valuation details

Date of valuation	:	
Details of valuation fee remitted	:	Date: Amount:
Value of Land (per Cent/Acre)	:	
Distance in kilometers from the branch to the property offered as security	:	
Total Value of Land	:	
Value of Building	:	
Estimated Market Value (EMV)	:	
Forced Sale Value (FSV)	:	
Whether the Value is sufficient for Future Liability	:	Unsecured amount:
Whether two/three member committee valuation ?	:	
Whether any security is offered for the unsecured portion	:	

In case where the Estimated Market Value adopted as 1.5 times of the liability according to the Circular No. 54/2022 (BD), the conditions stipulated in the circular shall be followed.	:	
Whether the photo of the mortgagor captured with frontage of the security property(with building,if any) is included in the valuation report.	:	

Mark Y/N

Whether there is direct access to the property (a)	Whether the access to the property is Public / Private (b)	If Private whether the easement right is obtained (c)	Whether the boundaries of property in valuation report tally with revenue records (d)	Whether the access to the property tallies with 1. Title Deed 2. Location Sketch 3. Valuation Report

Any special observation by the valuer :

7. Title deed details

(a) No.& Year and Nomenclature of the Document :

(b) Name of the Title Holder :

9. Immediate Prior Title deeds:

Document No	Sy No.	Re. Sy No.	Extent	Tenure	Whether original or copy

whether all prior deeds of same extent within 13 years obtained (Mark Y/N)	Whether back pages of prior deeds with registration details and schedule are obtained (In the case of photo copies)	whether all pages of prior deeds are obtained

Whether POA is involved in the chain of title.

If yes, whether the original/certified copy/photocopy of the said POA/s is/are verified?

10. Encumbrance Certificate details:-**1. Number of Encumbrance Certificates produced :**

Period	EC No.	EC No.	EC No.	EC No.	EC No.
From					
To					
No of Transactions					

Whether all documents mentioned in the EC are produced : Yes No

If Transactions in EC are not produced, please specify the details : Yes No

Whether all Gahan release deeds are produced : Yes No

Remarks on any other enclosure : Yes No

(11) Power of attorney

Whether the mortgagor is a Power of Attorney Holder (a)	Whether power of Attorney is produced (b)	Whether the Power of Attorney is Registered/ Notarized/Embassy attested (c)	Whether Power of Attorney is Specific/ General? [Whether Name of Subscriber, Branch Name and chitty and Loan numbers specified] (d)

Name of the executant (e)	Name of the person in whose favour it is executed (f)	For whom the POA to be used (g)	Whether the POA authorizes POA holder to mortgage the property for his own purposes (chitty or loan) (h)	Whether the POA authorizes the POA holder to receive property documents from the branch (on behalf of the executor.) (i)	Whether the POA is confirmed by the branch in the prescribed format (through the POA executant)

12) Affidavit & Prop-I

Whether address of Subscriber/ Loanee and Mortgagors name address, Phone numbers are filled in Prop-I (a)	Whether Relation between subscriber/ Loanee and Mortgagor are mentioned in Prop-I (b)	Whether the signature of Subscriber/ Loanee and Mortgagor obtained in Prop-I (c)	Whether the Photo of Mortgagors affixed in Affidavit (d)	Whether the name and Chitty/Loan numbers specified in Affidavit. (e)	whether the details in schedule of Title deed are entered in Affidavit (f)

While accepting Will as security

Whether death certificate of the testator is produced :

Whether a declaration (attested by a Notary Public) is produced :
(from all the heirs to the effect that they approved the Will and have no objection with regard to the genuineness of the Will and it is the last Will of the testator.)

The list of original title deed/s to be deposited :

Whether the Photo and signature of the mortgagor(s) is/are attested by the Advocate :

Recommendations of Assistant :

Signature
Name & Employee code

Recommendation of Assistant Manager :

Signature
Name & Employee code

Recommendation of Manager/Unit Head :

Signature
Name & Employee code

Final Notes:

RO/HO sanction order if any obtained :

**Order No& Date of FSV adoption by :
AGM(Region)**

**Whether sanction order for 3rd party :
inclusion obtained
from AGM (Region)**

Whether Sanction of IBL/IRL obtained :