

HOW TO BUY PROPERTY AND ASSET IN BANK AUCTION

Step 1: Search for Bank Auction Properties

Finding auctioned properties can be challenging as there is no centralized database in India. Some reliable sources include:

- GrowthAuction.com (Aggregates auction property details from various banks in India).
- Newspapers and bank branch notices.
- Official websites of banks.

To begin your search, note the bank name and property details, then visit the respective bank branch or check the auction notice online.

Step 2: Verify Property Details

Once you shortlist a property, conduct the following checks:

- Verify the market price.
- Check for any legal disputes.
- Understand auction details and participation rules.

One major challenge in bank auctions is the limited access to property documents before purchase. Banks usually do not share detailed information, as their primary goal is to dispose of the property quickly. To ensure a secure investment:

- Consult a lawyer for a title search.
- Confirm the outstanding loan amount.
- Clarify how the bank will recover any balance if the auction price is lower than the outstanding loan.

Step 3: Physically Inspect the Property

Before participating in an auction, conducting a physical inspection of the property is crucial. Many banks now mention the inspection date and time in auction notices, allowing buyers to visit the site and assess its condition.

Why is Physical Inspection Important?

- Confirm physical possession: If the bank is organizing an inspection, it likely has physical possession, reducing potential disputes.
- Avoid legal complexities: If the bank only has symbolic or notional possession, the auction winner may face difficulties in taking possession.

- Identify structural issues: An inspection helps assess the property's condition and potential repair costs.
- Prevent lengthy legal battles: If possession is disputed, the new owner may have to go through legal proceedings, leading to delays and extra costs.

Before bidding, contact the bank officer listed in the auction notice and gather all necessary details about the property and its legal status.

Step 4: **Submit the Bid Form**

To participate in the auction:

1. Obtain the tender form from the bank.
2. Deposit the Earnest Money Deposit (EMD) via banker's cheque or demand draft.
3. Accurately fill out the tender form and attach required documents (KYC, address proof, etc.).
4. Submit the form before the deadline.

Incomplete forms or missing documents may lead to rejection.

Step 5: **Online Bidding Process** Bidding

can be done in different ways:

- Offline via tender form.
- Online through an e-auction platform (where multiple bids can be placed).
- Competitive bidding, where the bank allows bidders to increase their offers.

Each bank may have a different bidding process, so carefully check the auction notice for details.

Step 6: **Auction Date and Payment Process**

On the auction day:

- Visit the auction venue or log in to the online platform.
- If bids are submitted offline, the bank will open all bids in front of participants.
- The highest bidder wins the auction.

Payment Terms:

- Within 24 hours: Deposit 25% of the bid amount, including the EMD.

- Within 15-30 days: Pay the remaining 75% of the bid amount.

If you plan to take a home loan, it is advisable to apply with the same bank conducting the auction. However, securing a home loan for auctioned properties can be challenging due to strict timelines.

Step 7: Obtain the Sale Certificate

Once full payment is made, the bank will issue a Sale Certificate in your name. However, the ownership transfer is incomplete until it is registered

Step 8: Register the Sale Certificate

The final step is registering the Sale Certificate at the local Sub-Registrar Office.

Additional Tips:

Request the bank to include the defaulting borrower as a confirming party, ensuring there are no legal disputes in the future.

Conclusion

Buying a property through a bank auction can be a profitable investment, but it comes with risks. Conduct thorough legal and financial due diligence before participating. By following this structured process, you can successfully complete the auction and make an informed investment decision.