

DP08

Retail Financial Services

13 OCTOBER 1999

1. Time allowed : Three (3) hours
2. Total number of questions : Six (6) questions on 4 pages
3. Number of questions to be answered : Five (5) questions
Part A: Three (3) questions [20 marks each]
Part B: Two (2) questions [20 marks each]
4. Show details of workings, where appropriate. Silent, non-programmable calculators may be used.
5. Begin each answer to a new question on a fresh page.
6. Answer **all** questions in **English**.

PART A**ANSWER ALL THREE (3) QUESTIONS**

1. Bangi Heights Development Sdn Bhd has embarked on a project to develop 200 units of medium-cost apartments priced at RM150,000 per unit known as Seri Mawar Apartments. The developer is a subsidiary of a public listed company and the project is located about 12km from Kajang, Selangor. **One** of the purchasers of the apartments, Encik Norazali bin Ramlan has approached your finance company for a 90% housing loan to finance the purchase of a unit.

(a) Explain any **five** factors you would take into consideration in assessing Encik Norazali's housing loan application. [5]

(b) In recent years, the methods of repayment on housing loans have become more flexible in terms of the structure of repayment and the applied interest rate instead of the traditional equal monthly repayments. **Two** such schemes are the "low-start" loan and the "high-start" loan.

Explain the difference between a "low-start" loan and a "high-start" loan. [2]

(c) What is the difference between a "first party Loan Agreement cum Assignment" and a "third party Loan Agreement cum Assignment"? [2]

(d) Explain **four** precautions which lenders must take when offered security on properties when the issue/strata document of title is not available. [8]

(e) Explain the differences between a "Deed of Assignment", a "Loan Agreement" and a "Deed of Power of Attorney". [3]

(Total:20 marks)

2. (a) Hexagon Sdn Bhd specialises in engineering activities that mainly involve premium advanced composite and engineering thermoplastic materials. Recently, Hexagon Sdn Bhd received fresh additional orders and in order to cope with the increased business, the company has to import specialised equipment from Japan at a cost of USD2million. The buying and selling rate has been fixed at RM3.80 to USD1.00.

Your finance company currently provides the following types of leases and their respective terms and conditions are as follows:

Type of lease	Terms and conditions
Full payout lease	Interest rate - 8% per annum Tenure - 36 months
Deposit lease	Interest rate - 7% per annum Deposit - 20% Tenure - 36 months
Residual value lease	8% on the capital repayment sum and 16% per annum add-on on the residual value sum Residual value - 25% Tenure - 36 months

- (i) Assuming Hexagon Sdn Bhd requires the maximum financing available, calculate the monthly lease rental for each type of lease provided by your finance company. [6]
- (ii) Between a leasing facility and a hire purchase facility, which facility would be more advantageous to Hexagon Sdn Bhd if Hexagon Sdn Bhd has been granted pioneer status? [2]
- (b) How can a lessee use leasing as a tool to avoid paying higher taxes? [2]

- (c) Explain **two** benefits of leasing to your finance company. [4]
- (d) (i) Identify and explain **two** different ways in which leasing frauds can take place. [2]
- (ii) Identify and explain **two** measures which can be taken to reduce a leasing company's exposure to fraud. [2]
- (e) Describe what is a "sale and leaseback" leasing activity. [2]
- (Total:20 marks)
3. (a) Gerald purchased a car for RM80,000 and applied to your finance company for a 80% loan at an interest rate of 6% per annum flat for a tenure of **four** years.
- The loan was approved and Gerald executed the Hire Purchase Agreement. The first instalment was due on 15 May 1998. Gerald paid **five** consecutive instalments promptly. However on 2 October 1998, Gerald wrote to your finance company requesting for a statement and at the same time, gave notice of intention to terminate the Hire Purchase Agreement on 15 October 1998.
- (i) Calculate Gerald's monthly instalment. [2]
- (ii) Under Section 9(1) of the Hire Purchase Act 1967, what information can be supplied to Gerald if he requests for it? [4]
- (iii) What are the repercussions if your finance company does not comply with Section 9(1) without reasonable cause? [2]
- (iv) Calculate the full settlement sum of the loan on 15 October 1998. [4]
- (b) Mr Wong Kam Fatt bought a car under a hire purchase agreement with EU Finance Berhad with Mr Tan Meng Beng as his guarantor. Mr Wong Kam Fatt defaulted in his monthly instalments for the last **two** months.
- Discuss the legal position of all the **three** parties concerned. [6]
- (c) Explain briefly **two** problems that are associated with the repossession under a Hire Purchase Agreement. [2]
- (Total:20 marks)

PART B

ANSWER TWO (2) QUESTIONS ONLY

4. (a) Kaolon Sdn Bhd ("Kaolon") is involved in the production of earthen wares. Kaolon used the services of a factoring company in 1998. In that year, Kaolon had **50** debtors each with an average per month order of RM100,000 of earthen wares.
- The factoring company currently charges an interest rate of 12% per annum (inclusive of the current base lending rate) with a commission of 1% per month. A **30**-day credit term is strictly adhered to.
- Compute the total cost incurred by Kaolon in using the factoring facility in 1998. [4]
- (b) (i) List **six** circumstances under which a businessman might seek the services of a factoring company. [12]
- (ii) What will be the cost payable by the businessman using such services provided by the factoring company? [2]

- (c) Explain **two** problems associated with factoring services.

[2]

(Total:20 marks)

5. (a) Your finance company has granted a block discounting facility to a credit company. The added-on basis of computation of interest is used by your finance company. The terms of the facility are as follows:

Limit	RM3million (revolving)
Minimum block size	RM200,000
Margin of advance	Not exceeding 90% of the outstanding principal value of each block submitted
Interest rate	6% per annum flat
Period of repayment	Minimum 24 months and maximum 48 months

Two months earlier, the credit company had submitted a batch of agreements for discounting and the funds in respect of the batch was drawdown on the same day. The details of the batch at the time of submission are as follows:

Period of unexpired rentals	60 months
Total outstanding balance	RM1,350,000
Unearned interest on amount of unexpired rentals	RM510,000

At the time of submission, the credit company had requested for a maximum repayment period and the company has paid **two** instalments since the drawdown. The credit company has now approached your finance company with another batch of agreements for discounting. You note from the agreements the following facts:

Items	Period of unexpired rentals (RM'000)				
	12 months	24 months	36 months	48 months	60 months
Total outstanding balance	2,000	190	180	160	3,600
Unearned interest on amount of unexpired rentals	400	40	30	30	800

Assuming that the credit company would want to have a repayment period for as long as possible, calculate the additional amount to be released to the credit company and also the total monthly instalments payable by the credit company. [8]

- (b) When a batch of agreements under block discounting is to be discounted, the dealer will normally forward **four** documents to the finance company.

What are these **four** documents?

[4]

- (c) Advances made to a dealer under a particular batch are calculated on the basis that the hire-purchase agreements will run their full course. In practice however, this may not necessarily happen.

Why and what can a finance company do to minimise this situation?

[4]

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- (d) Describe **two** advantages and **two** disadvantages of block discounting. [4]
(Total:20 marks)
6. (a) Describe briefly **four** types of caveats that may be entered into in respect of land in Peninsular Malaysia. [12]
- (b) (i) Why is it important for the bank to ensure that the charge is registered with the Land Office/Registry office if the bank intends to lend to its borrower secured by a charge over land? [2]
- (ii) Describe **two** remedies available to a financial institution in respect of properties secured by way of an assignment in the event the assignor defaults in his loan repayment under a Deed of Assignment. [6]
(Total:20 marks)

OUTLINE ANSWERS

Part A

Question 1

Candidates displayed sound understanding with regards to the factors involved in assessing housing loan applications and the precautions in taking security for loans with and without titles. A majority of candidates scored above average marks for this question.

- (a)
 - (i) Determine repayment capacity of borrower through evidence of earnings.
 - (ii) Determine the capability of developer to complete the project.
 - (iii) Check on the track record and financial standing of developer to complete the project.
 - (iv) Determine the market price of the premises by checking the selling price of similar properties around the same location.
 - (v) Check locality to identify demand and whether the property is marketable should foreclosure action be taken.

- (b) The low start loan is related to perceived ability of the borrower to meet repayments. The repayment amount is adjusted upwards at regular intervals to take into account the average rise in the borrower's income. A high start loan is often used by working couples who choose to make higher repayments while in receipt of two incomes. The loan then drops to a low regular installment if one partner moves into a lower income occupation.

- (c) A first party Loan Agreement cum Assignment is created where the assignor is also the borrower. Where the assignor and borrower are different parties, a third party Loan Agreement cum Assignment is prepared.

- (d)
 - (i) Immediate sight and possession of the original Sale & Purchase Agreement between the purchaser/borrower and the vendor/developer.
 - (ii) A letter of confirmation from the vendor/developer that the purchaser/borrower is the current purchaser of the property in their records.
 - (iii) If the master title under which the property is built is charged, a letter of disclaimer from the master chargee to disclaim all rights, interest and title to the property from any foreclosure proceedings that may be instituted against the land and;
 - (iv) A written declaration from the purchaser/borrower to the lender that he/she has not executed any deed of assignment or any other documents parting with his/her legal interest under the Sale & Purchase Agreement.
 - (v) Obtain written consent from developer to lodge a Private Caveat over the parcel of property to prevent further dealings in the land.

- (e) **Deed of Assignment**
The instrument creating the assignment

Loan Agreement

The terms and conditions of the loan and the assignor's obligations and covenants in respect of loan are normally stipulated in this document.

Deed of Power of Attorney

The power to sell, assign, lease, deal with and take possession of the property and all related covenants are contained in this document.

Question 2

Most candidates answered the different methods of computation of leases well. However, the answers were generally weak when it came to explaining the benefits of leasing and the different ways in which leasing frauds can take place and measures to reduce a leasing company's exposure to fraud.

(a) (i) Full Payout Lease

$$\begin{aligned}
 &\text{Monthly lease rental} \\
 &= \frac{\text{RM}7,600,000 + (7,600,000 \times 8\% \times 3)}{36} \\
 &= \frac{\text{RM}7,600,000 + 1,824,000}{36} \\
 &= \frac{\text{RM}9,424,000}{36} \\
 &= \text{RM}261,777.77 \text{ per month}
 \end{aligned}$$

Deposit Lease

Equipment Cost : RM7,600,000
 Security Deposit: RM1,520,000
 (20%)

$$\begin{aligned}
 &\text{Monthly lease rental} \\
 &= \frac{\text{RM}6,080,000 + (6,080,000 \times 7\% \times 3)}{36} \\
 &= \frac{\text{RM}6,080,000 + 1,276,800}{36} \\
 &= \frac{\text{RM}7,356,800}{36} \\
 &= \text{RM}204,355.55 \text{ per month}
 \end{aligned}$$

Residual Value Lease

Residual Value = RM1,900,000 (i.e. 25% of cost price)

$$\begin{aligned}
 &\text{Monthly lease rental} \\
 &= \frac{\text{RM}5,700,000 + (5,700,000 \times 8\% \times 3) + (1,900,000 \times 16\% \times 3)}{36} \\
 &= \frac{\text{RM}5,700,000 + 1,368,000 + 912,000}{36} \\
 &= \frac{7,980,000}{36} \\
 &= \text{RM}221,666.66 \text{ per month}
 \end{aligned}$$

- (ii) Hire purchase because during the tenure of the pioneer status the company should maximise profits as only a certain percentage of the company's profit is taxable. Hire purchase facility is a better choice since capital allowances are better than lease rental deductions within the pioneer status period. This would give the financial institution higher income.

(b) Lease rentals are generally fully tax deductible as operating expenses if the goods or equipment being leased are used for the production assessable income.

(c) (i) **Leasing is simple to document**

The formalities involved in transacting a lease is straight forward for both a lessee and a lessor. Leasing facilities normally avoid the complexities of comparable borrowing or capital raising arrangements. Thus, leasing is normally a simpler document to handle.

(ii) **Leasing contract can be closed quickly**

Leasing decisions are frequently taken quickly by lessees. Comparable banking facilities involve relationship considerations which can lead to delays.

(d) (i) **Multiple Financing**

Multiple financing of the same equipment is more common where the lessee is a company controlled by the supplier or there is a pattern of subleases. Assets originally financed can be more easily sold without informing the lessor.

Connected Persons

In cases where the supplier has a connection with someone in a position of responsibility within a lessee's organisation, or there is collusion between parties, a fraud will be difficult to detect. The problem is exacerbated if the fraud involves a member of the lessor's staff.

(ii) **Two actions which can be taken**

- Develop good communications with lessors and share knowledge and experience of fraud or attempted frauds.
- Make a search with Financial Information Services Sdn Bhd (FIS), which has been set up to provide a database of vehicles and equipment financed by member uses on hire purchase or leasing.

(e) **Sale & Leaseback**

This is a form of lease structure often favoured by corporate customers. It is a useful alternative to a long-term loan secured over the equipment leased. Here, an equipment user sells to a leasing company equipment to which it already has title and which has a reasonable remaining useful life. The leasing company then leases the same equipment back to the user under a lease agreement. The user then becomes the lessee. A Sale & Leaseback can be of their new equipment or of second-hand equipment.

Question 3

Most of the candidates performed above average for the question on Hire Purchase Agreement. However, some candidates lost marks when they failed to discuss the legal position of the three parties in a hire purchase transaction – the hirer, hiree and the guarantor.

$$(a) \quad (i) \quad I = P + \frac{(P \times C \times T)}{T \times 12}$$

where I represents monthly instalment payment

$$I = \frac{64,000 + (64,000 \times 6\% \times 4)}{4 \times 12}$$

$$= \frac{64,000 + 15,360}{48}$$

$$= \frac{79,360}{48}$$

$$= 1,653.33$$

$$\text{Term Charges} = \frac{6\% \times 4 \times 64,000}{100} = \text{RM}15,360$$

- (ii) - The amount paid by or on behalf of the hirer to date.
 - The amount which has become due under the agreement but remains unpaid.
 - The amount still payable under the agreement.
 - Interest on overdue instalments.
- (iii) The owner within 14 days of receiving such a request, supply to the hirer the information so requested. Failure without reasonable cause to comply with the requirements of the said section has the consequence that as long as the default continues, the owner will not be able to enforce the agreement against the hirer, recover the goods from the hirer, enforce any guarantee relating to the agreement or enforce any security given by the hirer or the guarantor.
- (iv) Full Settlement Sum = Outstanding balance
 Less Statutory Rebate (W1)
 Less Instalment Paid to date (W2)
 Less Overdue Interest

Statutory Rebate (W1)

$$= \frac{Rp (rp + 1)}{Op (op + 1)} \times \text{Term Charges}$$

$$= \frac{43 (43 + 1)}{48 (48 + 1)} \times \text{RM}15,360$$

$$= \frac{(1,892) \times \text{RM}15,360}{2,352}$$

$$= \frac{\text{RM}129,061,120}{2,352}$$

$$= \text{RM}12,355.92$$

Instalment paid to date (W2)

$$= \text{RM}1,653.33 \times 5$$

$$= \text{RM}8,266.65$$

Full Settlement Amount

$$= (\text{RM}79,360 - \text{RM}12,355.92) - 8,266.65$$

$$= \text{RM}58,737.43 \quad (\text{No overdue interest})$$

- (b) Mr Tan Meng Beng, the guarantor, is not entitled to seize the car unless he obtains the consent of the finance company. If there is such a consent, then Mr Tan Meng Beng has to pay the finance company for the balance of the hire purchase price of the car and claim for indemnity against Mr Wong Kam Fatt. The guarantor can only be sued only one year after commencement of legal action.

EU Finance Berhad is advised that in the event of the hirer's non-payment for 2 consecutive months, they can repossess the car under Section 16 of the said Act by first giving notice of intention to Mr Wong Kam Fatt. They can also take legal action against Mr Tan Meng Beng, as guarantor, for non-payment of instalments.

Mr Wong Kam Fatt will be liable to EU Finance Berhad for non-payment of the instalments in the event EU Finance Berhad takes legal action against him.

- (c) **Problems associated with Repossession**

- The vehicle financed may be used in a security/border.
- The hirer could be a notorious/influential person.
- The vehicle could be used in a FELDA scheme where the vehicle number plate is removed thereby making it difficult to detect.
- The hirer has absconded

Part B

Question 4

Most candidates computed the total cost involved in using a factoring facility correctly. Some candidates however lost marks on the discussion-type question when they failed to explain the "circumstances under which a businessman might seek the services of a factoring company".

- (a) **Factoring Commission**

$$= 1\% \times 50 \times \text{RM}100,000 \times 12$$

$$= \text{RM}600,000 \text{ per year or } \text{RM}50,000 \text{ per month}$$

Monthly Turnover

$$= \text{RM}100,000 \times 50 = \text{RM}5,000,000$$

The factoring company will be able to collect the RM5 million in a month's time, hence the company will discount the RM5 million by one month and pay:

$$\text{RM}5,000,000 \times \frac{(1 + 12\%)^{-1}}{(12)}$$

$$= \text{RM}4,950,495$$

Thus, the factoring interest cost per month
 = RM5,000,000 – RM4,950,495 = RM49,505

The interest cost per year
 = RM49,505 x 12 = RM594,060

Therefore, Total Cost = Factoring Commission + Factoring Interest
 = RM600,000 + RM594,000
 = RM1,194,060 annually or RM99,505 per month

(b) (i) **More Prudent Time Management**

The businessman will require more management time for production, sales and planning. It is inevitable that a certain proportion of management time is diverted from production, sales and planning into credit and collection work. Factoring releases management time from these chores and channels his time and energy back into production, sales and planning.

Expansion of Business

The businessman may wish to accelerate expansion and needs improved cash flow to enable him to finance more plant, machinery and equipment.

Cut Costs

The businessman may wish to cut costs and expenses by taking suppliers prompt payment and quantity discount. Factoring provides the required cash flow.

Higher Credit Standing

The businessman may require a higher gearing level. Factoring enables the bad debt provision to be eliminated from the books and hence the businessman will get a higher credit standing.

Protection of profit margin

The businessman may wish to protect his profit margin. The credit protection flowing from the factor's approval of a debt means the businessman's credit security is in place.

Avoid dilution of equity

The businessman may wish to raise a finance without selling shares and hence diluting his equity. Factoring offers an attractive alternative to selling shares.

(ii) **Factoring charge or service or factoring commission**

It is a percentage of the value of debts factored and usually ranges from 0.5% to 2.5% depending on turnover, work load involved and bad debt risks.

Factor's discount

This is levied on funds actually utilised against invoices factored. It is normally fixed at 1.5% to 2.5% above the finance company's BLR.

(c) **Problems of Factoring**

Fraudulent Sale

This involves the issuance of invoices under which no goods have been sold or no services were provided. Whilst the 'sale' would be discovered at an early stage in a disclosed factoring arrangement, unless the customer is in collusion with the supplier, it is not so in the other types of factoring arrangements where the customer is not notified of the assistance of the factor.

Multiple Financing

This is where the supplier discounts the same receivable to another factor or charges them to a future company.

Question 5

Most candidates had difficulty in computing the monthly installment on an added-on basis probably due to insufficient practice and understanding. Candidates also failed to discuss the advantages and disadvantages of block discounting.

(a)		RM	
	Total outstanding balance		1,350,000
	Less : Unearned interest		510,000
			840,000

Margin of advance = RM840,000 x 90% = RM756,000

Add on basis

Loan to be granted	= RM756,000
Add : Interest for 4 years	= <u>RM181,440</u>
(RM756,000 x 6% x 4)	<u>RM937,440</u>

Loan to be advanced = RM756,000

Monthly instalment = $\frac{\text{RM937,440}}{48} = \text{RM19,530}$

Total additional amount to be released = RM3,000,000 – (RM19,530 x 2)
 = RM3,000,000 – RM39,060
 = RM2,960,940

Since the minimum block size is RM200,000 and the minimum period of repayment is 24 months, thus blocks under 12 months, 24 months, 36 months and 48 months will have to be excluded.

	RM	
Total outstanding balance		3,600,000
Less : Unearned interest		800,000
		2,800,000

Margin of financing = RM2,800,000 x 90% = RM2,520,000

Add-on basis for 60 months

	RM
Loan to be granted	= 2,520,000
Add : Interest for 4 years	= <u>604,800</u>
	<u>3,124,800</u>

Loan to be advanced = RM2,520,000

Monthly instalment = $\frac{\text{RM3,124,800}}{48} = \text{RM65,100}$

Total monthly instalment = RM19,530 + RM65,100 = RM84,630

Therefore, RM84,630 is payable for the remaining 46 months and RM65,100 is payable for the remaining 2 months.

- (b) The documents forwarded are:
- the original agreements
 - an offer for sale or request to purchase
 - a sales letter and declaration
 - a schedule or schedules listing the agreements and showing the balance outstanding under each agreement (known as 'collection value' of the agreement) and the period remaining unexpired.
- (c) This may not necessarily happen because a hirer may exercise the right of early termination or a hire-purchase may be terminated due to a hirer's default. To cover this situation, the finance company usually extracts an undertaking on the part of the dealer to make good any deficiency by ensuring the finance company will receive what it would have been entitled to receive from the hirer if the hire purchase agreements had run their full course.
- (d) **Advantages**
- it requires less overheads;
 - it enables the finance company to underwrite large volumes of business with less number of accounts to monitor.
- Disadvantages**
- it is less remunerative for finance company than direct collection;
 - finance company has little or no control over the handling of their hirer's account.

Question 6

The most poorly answered question was on the description of the different types of caveats and the remedies in respect of properties secured by assignment when an assignor defaults in repaying the loan. Only a few candidates attempted this question and almost all performed poorly.

- (a) The four types of caveats provided for in the National Land Code, 1965 are:
- (i) **Private Caveats**
- A private caveat may be entered by any person claiming title to the land in question or a registrable interest therein or a claim to such registrable interest – Section 323(1)(a) of the National Land Code (NLC).
 - An application for the entry of a private caveat must be in Form 19B (NLC) and has the effect of prohibiting :
 - the registration of any instrument of dealing and any certificate of sale relating to the land;
 - the endorsement of any claim to the benefit of any tenancy exempt from registration granted by the proprietor of the land; or
 - the entry on the register of any lien-holder's caveat in respect of land affected.
 - A private caveat generally prohibits further dealings pending issuance of issue/strata document of title.
 - Unless earlier withdrawn or removed, a private caveat lapses upon the expiry of six years from the time it took effect.
- (ii) **Lien-Holders Caveat**
- A lien-holder's caveat may be lodged by a person with whom the document of title has been deposited as security for a loan – Section 281, NLC.
 - A lien holder's caveat subsists until it is withdrawn by the caveator. In order to enter a lien-holder's caveat, one must prove the deposit of the title deed as well as the intention

that it is a security for a loan. Therefore, it is normal, although not necessary, to have a Memorandum of Deposit as evidence of the same.

- By virtue of Section 281(2) of NLC, the holder of a lien-holder's caveat shall, after obtaining Judgement be entitled to apply to court for an order for sale. Hence, it is a form of security.

(iii) **Trust Caveat**

- A trust caveat is a type of caveat entered in order to protect the interests of beneficiaries under a trust – Section 344, NLC. Trust caveats are not a form of security normally acceptable to lenders. Trust caveats are also prohibitive in nature.

(iv) **Registrar's Caveat**

- A Registrar's caveat may be entered in respect of any land wherever such appears to the Registrar to be necessary or desirable for example;
 - (i) for the prevention of fraud or improper dealings;
 - (ii) for protecting the interests of the Federation or the State Authority or any other person under the disability of minority, mental disorder or unsoundness of mind or is absent from the Federation; or
 - (iii) by reason of some errors made in the register or by Court Order. A registrar's caveat is not a form of security.

- (b) (i) It is very important for the bank to ensure that the charge over land is registered with the Land Office/Registry so that the bank will obtain an indefeasible interest in the land (as chargee). An indefeasible interest is one which is free of all adverse claims or encumbrances and not noted on the register. This enables all prior unregistered claims to be defeated unless the exceptions to indefeasibility can be proven – Section 340, NLC.

- (ii) There are two remedies regarding the enforcement of an assignment. They are:

- by issuing a Writ and Statement of Claim against the assignor; and
- by disposing the assigned property by private treaty.

Issuance of Writ & Statement of Claim against the assignor

- This is the first course of action with legal action commenced by way of a Writ and Statement of Claim against the assignor for recovery of the outstanding loan.
- Once judgment has been obtained against the assignor, the assignor (or finance company) proceeds to apply to the Court to execute the judgement by way of a Writ and Sale of assigned property.
- the property if sold by public auction and proceeds of sale is utilised to satisfy the Judgment Sum.
- However, this action can be quite slow and laborious and the whole process can be time consuming

Disposal of Assigned Property

- This course entails disposal of the assigned property by way of private treaty with consent from the borrower.
- An assignment enables the assignor the right and power to sell and assign the assigned property as the unencumbered owner thereof at such price and in such manner as the assignee shall think fit free from any interest of the assignor.

- A firm of reputable valuers should be engaged to determine a fair market value for the assigned property.
- The sale should be conducted as far as possible, openly and in order to obtain the best price possible for the assigned property.