

CODE OF COLLECTION OF DUES & REPOSSESSION OF ASSETS

Introduction

The debt collection policy of the Bank is based on principle of dignity and respect towards customers. The Bank believes in following fair practices with regards to collection of dues and repossession of security, thereby fostering customer confidence and long-term relationship. The Bank ensures that there is no coercive practice followed while collecting dues from customers.

The repayment schedule for any loan sanctioned by the Bank is considered by taking into account repayment capacity and cash flow pattern of the borrower. The Bank explains to the customer upfront the method of calculation of interest and how the Equated Monthly Instalments (EMI) or payments through any other mode of repayment are apportioned against interest and principal due. The Bank expects the customer to adhere to the repayment schedule agreed upon and approach it for any assistance and guidance in case of genuine difficulty in meeting repayment obligations.

The Bank's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the Bank for follow-up and recovery of dues and repossession of security are in consonance with the Law.

The security repossession procedure is set in motion only after all attempts by the Bank to discuss with the borrower the ways and means to overcome the financial hurdles/default in payment have failed.

As an exception, it is to be noted that the Bank has the right to possess the financed asset, as a preventive measure, even in instances where there has been no default but violation of the terms and conditions of the Loan Agreement.

General Guidelines

The policy is based on the following guidelines:

- All communications to the customer are in writing, by telephone or through personal visits. The customer is contacted by telephone on the numbers (residential/work/mobile) provided in the application form filled at the time of loan application or modified subsequently by the customer by intimating the Bank. If the customer is not responding/not reachable over telephone, or not paying even after telephonic requests, the Bank's representatives make personal visits to the customer's residence/workplace during reasonable hours of the day
- The Bank staff or any person authorized to represent the Bank in collection of dues or/and security repossession identifies himself / herself and displays the authority letter issued by the Bank upon request

- The Bank respects privacy of its borrowers
- The Bank is committed to ensure that all written and verbal communication with its borrowers are in simple business language and the Bank adopts civil manners for interaction with borrowers
- Normally the Bank's representatives will contact the borrower between 0700 hours and 1900 hours, unless specified by the customer to contact him/her at a different time
- Borrower's requests to avoid calls at a particular time or at a particular place are honoured as far as possible
- The Bank documents the efforts made for recovery of dues as far as possible and the copies of communication sent to customers, if any, are kept on records
- All assistance is given to resolve disputes or differences regarding dues in a mutually acceptable manner
- Updated list of recovery agencies engaged by the Bank are displayed in the website of the Bank
- If the customer has requested for change in the loan period, quantum of EMI etc, the Bank provided a revised loan statement. Changes in the rate of interest are communicated to the customers as and when they are effected
- The Bank bears the cost of getting duplicate sale deed in case the original deed furnished by the customer is misplaced by the Bank on account of any eventuality

Giving Notice to borrowers

- While written communications, telephonic reminders or visits by the Bank's representatives to the borrowers place or residence are being used as follow up measures, the Bank does not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing to the borrower for recovery of dues
- The Bank follows all such procedures as required under law for recovery / repossession of security
- The notice mentions the number of days within which the payment is to be made and also stipulates the minimum time that is given to the borrower to pay the debt, failing which the Bank will proceed to take possession of the asset
- In the case of sale of an asset, a notice is issued to the borrower before proceeding with the sale of the asset

Repossession of Security

- repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security involves repossession, valuation of security and realization of security through appropriate means. All these are carried out in a fair and transparent manner
- repossession of security is done only after issuing the notice as detailed above in para 3

- Due process of law is followed while taking repossession of the property. The Bank takes all reasonable care for ensuring the safety and security of the property after taking custody in the ordinary course of the business

Valuation and Sale of Property

- Valuation and sale of property repossessed by the Bank is carried out as per legal provisions, if any, and in a fair and transparent manner
- The Bank has a right to recover from the borrower the balance due, if any, after sale of property. Excess amount, if any, obtained on sale of property is returned to the borrower after meeting all the related expenses, provided the Bank does not having any other claims against the customer

Opportunity for the borrower to take back the security

- As indicated earlier in the policy, the Bank resorts to repossession of security only for the purpose of realization of its dues as a last resort and not with the intention of depriving the borrower of the property. Accordingly, the Bank indicates its willingness to consider handing over possession of property to the borrower any time after repossession and before concluding the sale transaction of the property provided the Bank dues are cleared in full
- If satisfied with the genuineness of the borrower's inability to pay the loan instalments as per the schedule, which results in the repossession of security, the Bank may consider handing over the property after receiving the instalments in arrears and all overdue and penal interest and expenses incurred on repossession of the security. However, this is subject to the Bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining instalments in future
