

Model Policy on Collection of Dues and Repossession of Security

1. Introduction:

The debt collection policy of the bank is built around dignity and respect to customers. Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The bank believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

The repayment schedule for any loan sanctioned by the bank will be fixed taking into account paying capacity and cash flow pattern of the borrower. The bank will explain to the customer upfront the method of calculation of interest and how the Equated Monthly Installments (EMI) or payments through any other mode of repayment will be appropriated against interest and principal due from the customers. The bank would expect the customers to adhere to the repayment schedule agreed to and approach the bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

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 will be in consonance with the law.

2. General Guidelines:

All the members of the staff or any person authorized to represent our bank in collection and/or security repossession would follow the guidelines set out below:

1. The customer would be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation.

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2. Identity and authority of persons authorized to represent bank for follow up and recovery of dues would be made known to the borrowers at the first instance. The bank staff or any person authorized to represent the bank in collection of dues and/or security repossession will identify himself / herself and display the authority letter issued by the bank upon request.
3. The bank would respect privacy of its borrowers.
4. The bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and bank will adopt civil manners for interaction with borrowers.
5. Normally the bank's representatives will contact the borrower between 0700 hrs and 1900 hrs, unless the special circumstance of his/her business or occupation requires the bank to contact at a different time.
6. Borrower's requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
7. The bank will document the efforts made for the recovery of dues and the copies of communication set to customers, if any, will be kept on record.
8. Il assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner.
9. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

3. Giving notice to borrowers

While written communications, telephonic reminders or visits by the bank's representatives to the borrower's place or residence will be used as loan follow up measures, the bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. Bank will follow all such procedures as required under law for recovery/repossession of security.

4. 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 will involve repossession, valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner.

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Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. The bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

5. Valuation and Sale of Property

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

6. Opportunity for the borrower to take back the security

As indicated earlier in the policy document, the bank will resort to repossession of security only for the purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the property. Accordingly the bank will be willing to consider handing over possession of property to the borrower any time after repossession and before concluding sale transaction of the property, provided the bank dues are cleared in full. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule which resulted in the repossession of security, the bank may consider handing over the property after receiving the installments in arrears. However, this would be subject to the bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining installments in future.

7. Security Possession Policy Statement: Mortgaged Property

- a. The Bank will follow a security possession policy in consonance with the law and in compliance with the guidelines framed by the Reserve Bank of India (RBI) any applicable rules, regulations and codes as amended from time to time.

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- b. The policy shall be made applicable where there is an event of default as defined in the Loan Agreement is committed by the Borrower and the Loan Account is classified as Non Performing Assets (NPA) as per norms prescribed by Reserve Bank of India from time to time.
- c. The Security possession shall be made only as the procedure prescribed under the Securitisation and Reconstruction and Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002, as amended from time to time and/or any other law for the time being in force.
- d. The Bank shall initiate the process of possession of mortgaged property by giving a statutory notice as prescribed under the provisions of Section 13(2) of the SARFESI Act, 2002. The said notice shall be in writing and shall inform the Borrower about the liability under the Loan Agreement and would require the Borrower to discharge the said liability in full. The Borrower shall be given a period of sixty (60) days or such other period as prescribed under the SARFESI Act, 2002 to discharge its liability. The said notice shall also specify the actions that the Bank proposes to initiate in respect of the mortgaged property upon any failure of the Borrower to discharge its liabilities within the time period specified. The said Notice shall be signed by authorized person of the Bank to perform such duties prescribed under the SARFESI Act, 2002, whose identity shall be made known to the Borrower in the first instance. The prescribed mode of service of this Notice shall generally be by way of registered post, though the Bank reserves the right to serve such Notice thorough any other mode, including but not limited to, 'Under Certificate of Posting' and/or by Courier and/or by Hand Delivery and/or by electronic mail and/or by facsimile transmission. The said notice shall be sent to the Borrowers' last known address for communication as appearing in the bank's records.
- e. If on receipt of the said Notice, the Borrower either makes any representation or raises any objection or makes any compliant, the Bank shall consider the same. The Bank shall communicate its views on the said representation or objection or complaint, as the case may be, to the Borrower in writing, within a period of 7(seven) working days of its receipt, provided that, in case of requirement of the Bank for more time to enable it to respond to such

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representation or objection or complaint, as the case may be, the Bank shall give an interim reply to the Borrower within a period of 7 (seven) working days of its receipt and a final reply within a maximum period of four weeks from the date of receipt of such representation/objection/complaint, as the case may be, unless the nature of such representation/objection/complaint is such that it requires verification of voluminous information and records, provided that the maximum time to be taken by the Bank for verification of such voluminous information and records shall not exceed a period of eight weeks from the date of receipt of such representation/objection/complaint.

- f.** In the event of the Borrower makes settlement of its liability in full within the period stated in the said Notice, the Bank shall not take any further action against the property of the Borrower mortgaged as security to the Bank.
- g.** In the event of failure by the Borrower to discharge its liability in full within the prescribed period specified in the Notice given by the bank the Bank is entitled to proceed with the mortgaged property of the Borrower as stated in the said Notice, under any of the prescribed modes of recovery available to Bank under the SARFESI Act, 2002 or any other applicable law in force, including but not limited to taking of possession of the said mortgaged property which shall also include right of the Bank to transfer the said mortgaged property by way of lease, assignment or sale for realization of amounts due by the Borrower to the Bank.
- h.** The Bank is entitled to obtain physical possession of the Borrowers' property mortgaged to the Bank, either by way of making an application to that effect before the authorities named under the SARFESI Act, 2002 within whose jurisdiction, the mortgaged property is situate, or the Bank may obtain possession directly through the officials authorized to do so.
- i.** After obtaining possession of the Borrowers' property, the authorized officer or any person authorized or appointed by him on his behalf, shall take all reasonable care and precaution for the safe keeping of the security of the property in Banks' custody as a person of ordinary prudence would, in the normal course of business.
- j.** If the Borrower makes payment of the entire amounts due and payable to the Bank, including accrued interest, costs, charges, other claims and expenses

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incurred by the Bank before the date fixed for the sale of the mortgaged property, the Bank shall, within reasonable time, but not exceeding fifteen working days, shall return the possession of the mortgaged property.

- k. In case any of the mortgaged property is required to be sold or transferred by the Bank, it shall be made after the Bank adhering to the prescribed procedure. A Public Notice for Sale shall be published in two newspapers with large circulation. The Bank shall intimate the Borrower, by a written notice giving 30 days time, and the said notice shall state the time, date and place for the auction. The Notice shall also state the Reserve Price below which the said property shall not be sold. The Reserve Price shall be fixed and ascertained on the basis of valuation of the property by at least two empanelled Valuers.
- l. The remedies open to Bank in the event of any excess amount obtained including the Bank's statutory right to a general lien are stated in the Loan Agreement and documents of the Borrower with the Bank. The Bank shall have the right to recover from the Borrower balance amounts due, if any, obtained on sale of property, the surplus shall be returned to the Borrower or any person having a right to claim on the said amounts, after deducting all the related expenses, provided that the Bank has no other claim against the Borrower.
- m. Bank shall ensure that its authorized persons in their general interactions and dealings with the Borrower stated herein above:
 - i. Maintain decency and decorum;
 - ii. Use acceptable business language;
 - iii. Bank's representatives shall normally contact the Borrower between 0700 hours and 1900 hours unless there are special circumstances of business or occupation which requires the Bank to contact at a different time. However, the Borrower would be contacted up to 2100 Hours if the Bank is unable to establish contact during specified calling hours and under specific circumstances where the Borrower declines to make payment, or is not approachable or contactable, or is not cooperative, or has disputed or reneged on its commitments to Bank.

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