

# Model Code on Collection of Dues and Repossession of Security

(Revised guidelines as per BCSBI Letter No.211/03/01/001/2009-10 dtd.10.09.2009)

## Contents:

1. Introduction
2. Collection of Dues Policy
3. General guidelines
4. Security Repossession Policy

## 1. Introduction

Our Bank is committed to:-

- Following fair practices especially with regard to collection of dues and repossession of security
- Fostering customer confidence and long term relationship

## 2. Collection of Dues Policy

Borrowers will be advised the repayment process by way of amount, tenure and periodicity of repayment. However, if they do not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues by our Bank as under:-

- a) Details of the recovery agency firms / companies engaged by our Bank will be posted on our website.
- b) Details of the recovery agency firms / companies will also be made available to borrowers on request at our Branches.
- c) Bank staff or any person authorized by Bank in collection of dues or / and security repossession will identify himself / herself and display the authority letter issued by us and upon request display(ing) to you his/her identity card issued by the Bank or under authority of the Bank.
- d) Borrowers will be provided with all the information regarding dues and sufficient notice will be given for payment of dues.
- e) Bank will have a system of checks before passing on a default case to collection agencies so that the borrowers are not harassed on account of lapses on the part of Bank.
- f) Borrowers will be advised before initiating recovery proceedings against them.

## 3. General guidelines :

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

- i. Borrowers would be contacted ordinarily at the place of their choice and in the absence of any specified place at the place of their residence and if unavailable at their residence, at the place of business / occupation.
- ii. Identify and authority to represent would be made known to borrowers.
- iii. Borrowers' privacy would be respected.
- iv. Interaction with borrowers would be in civil manner.

- v. Normally Bank's representatives will contact borrowers between 0700 hrs and 1900 hrs, unless the special circumstances of their business or occupation require otherwise.
- vi. Borrowers requests to avoid calls at a particular time or at a particular place would be honoured as far as possible.
- vii. Time and number of calls and contents of conversation would be documented.
- viii. All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- ix. During visits to borrowers place for dues collection, decency and decorum would be maintained.
- x. Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided by Bank officials for making calls/visits to collect dues.
- xi. Any complaint received from borrowers about unfair practices by collecting agents will be investigated by Bank.

#### **4. Security Repossession Policy:-**

- a) **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. 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.
- b) Giving notice to borrowers:- While written communications, telephonic reminders or visits by the Bank's representatives to the borrowers 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 the notice in writing.
- c) 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.
- d) Opportunity for the borrower to take back the security:- The Bank will resort to repossession of security only for the purpose of realization of its dues as the latest 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 installment as per the schedule which resulted in the repossession of security, the Bank may consider handing over the property after receiving the instalments 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 instalments in future.