

COLLECTION OF DUES AND REPOSSESSION OF SECURITY POLICY (2022-2023)

Introduction

Thane Bharat Sahakari Bank Ltd. (TBSB or the Bank or bank) is committed to follow fair practices especially with regard to collection and recovery of its dues from its borrowers (customers). The Bank is committed to follow fair practices in this regard to foster customer confidence and to retain the image of the Bank as an institution, which is fair in its dealings even with defaulters. It lays down guidelines to have fairness and transparency in the repossession of security or securities.

Statement on Collection of Dues

- The policy is built around dignity and respect to customers. The Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion.
- 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. Further, any other charges due if not paid separately, shall be first recovered from the Equated Monthly Instalments (EMI). The bank expects the customers to adhere to the repayment schedule agreed to. They may approach the bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

Statement on Security Repossession

The Bank's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at impulsive 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 inconsonance with the law.

General Guidelines

All the members of the staff or any person authorized to represent TBSB in collection or/and 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.
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 or/and security repossession will identify himself / herself and display the Identity Card / 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 communications with borrowers will be in simple business language and the bank will adopt civil manners for interaction with borrowers.
5. Normally, the bank's representatives will contact the borrower between 0700 hours and 2030 hours, 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 honoured as far as possible.
7. The bank will document the efforts made for the recovery of dues. Whenever sent, copies of communications sent to customers will be kept on record.
8. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

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 due notice in writing. Any genuine difficulties expressed/disputes raised by the customer will be given due weightage by the banks before initiating recovery measures.

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 valuation of security, repossession and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing the notice as mentioned above. Due process of law will be followed while taking repossession of the property. After taking custody, the bank will take all reasonable care for ensuring the safety and security of the property in the ordinary course of the business and necessary cost for the same will be charged to borrower.

Valuation and Sale of Property

Valuation and sale of property repossessed by the Bank will be carried out as per laws applicable to Bank (i.e. Maharashtra Co-operative Societies Act, 1960, SARFAESI Act, 2002 etc.) and in a fair and transparent manner. In case of action initiated under SARFAESI Act, 2002, Repossession will be taken after issuance of demand notice giving 60 days time and sale will take place only after issuing another notice giving 30 days time. In case where property is on sale by public auction, then the auction shall be conducted in a fair and transparent manner by giving a notice to the borrower, guarantors and mortgagor/s. The Auction notice would include details like time, date and venue of the auction and will be published in two newspapers out of which one will be in local vernacular paper.

After sale of property, the Bank will have right to recover the balance loans due if any, from the borrower and guarantors as per the law. The 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.

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 sale transaction of the property takes place, 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. If the amounts are repaid, either as stipulated by the bank or dues settled as agreed to by the bank, possession of seized assets will be handed back to the borrower within fifteen days after getting permission from the competent/sanctioning authority and/or Court / DRT or any other Forum concerned, if recovery proceedings are filed and pending before such forums provided borrower / mortgagor pays additional amount equivalent to 5% of the bid price to the successful bidder.

Engagement of recovery agents

Bank may engage the services of recovery agents for collection of dues and repossession of securities. Recovery agents will be appointed as per regulatory guidelines issued in this regard. In this respect, the bank would follow the following procedure,

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- 1) The name and address of all Recovery Agents on the bank's approved panel will be displayed on the notice boards at branches and Head Office as also be placed on the bank's website for information.
- 2) Only recovery agents from the approved panels will be engaged by the bank.
- 3) In case bank engages service of such recovery/enforcement/seizure agent for any recovery case, the identity of the agent will be disclosed to the borrower.
- 4) The recovery agents engaged by the bank will be required to follow a code of conduct covering their dealings with customers.

Review of the Policy

The policy will be effective for one year from the date of approval and it will also continue to be in force till the reviewed policy comes into place. In case changes/modifications are considered necessary during the currency of the Policy, Chief Executive Officer is authorized to make such changes/modifications that would be ratified by the Board of Directors through Board of Management. The changes would finally be incorporated at the time of the next review/renewal of the policy.

Note: On account of COVID-19 pandemic, the applicability of present Collection of Dues and Repossession of Security Policy shall be subject to the guidelines issued by the RBI from time to time.

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