

PUNJAB & SIND BANK
H.O.LAW & RECOVERY DEPARTMENT
4TH FLOOR, BANK HOUSE, 21 – RAJENDRA PLACE, NEW DELHI - 110008

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 borrowers. The policy is built on courtesy, fair treatment and persuasion. The bank believes and is of the opinion in following fair practices within legal parameters with regard to collection of dues and repossession of security and thereby fostering borrower confidence and long-term relationship.

The repayment schedule for any loan sanctioned by the bank is fixed taking into account cash flow pattern and paying capacity of the borrower. The bank would expect the customer 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 or/and security repossession would follow the guidelines set out below:

- i) The borrower would be contacted ordinarily at the place of his/her residence/ business/occupation or at the address/es / places furnished by borrower to the Bank.
- ii) 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 authority letter issued by the bank and upon request.
- iii) The bank would respect privacy of its borrowers at his residence.

- iv) The bank to ensure that all written and verbal communication with its borrowers will be in simple business language.
- v) Normally the Bank's representatives will contact the borrower between 0700 hrs and 1900 hrs, unless the special circumstances of his/her business or occupation or nature of security and /or conduct of borrower requires the bank to contact at a different time.
- vi) Borrower's requests to avoid calls at a particular time or at a particular place would be honored as far as possible unless the request appears to be malafide and willful avoidance to pay dues.
- vii) The Bank will document the efforts made for the recovery of dues and gist of interactions with the borrowers.
- viii) 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 telephonic reminders or visits by the Bank's representatives to the borrowers' place or residence will be used as loan/ recovery 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. Such notice will be sent upon default by the borrower or when telephonic reminders or personal visits fail to yield result giving 15 days time to clear and/or regularize the entire dues and also recall the entire dues and such notice will, as far as possible, will contain giving details of the amount and security including power and authority to repossess security under the contract/ loaning document. Such notice shall be acknowledged by the Borrower / Noticee. In the event of the failure of the borrower to acknowledge the notice and to respond by way of payment of dues within the time period, i.e. 15 days from the date of notice, it will be considered that the customer/ borrower/ noticee is deliberately avoiding acknowledgement or establishing contact with the Bank and the Bank will be free to initiate such recovery measures including repossession of security under the contract /loan document as deemed fit. In case of exceptional circumstances/ nature of security / conduct of borrower, the Bank will be at liberty to straightway take recourse of repossession of security without any written notice. However, the Bank may also consider the request of the borrower made in writing to Bank for settlement in genuine and bonafide cases as per Bank's Recovery Policy. Any further default to honour the settlement by the borrower would be considered as 'Willful Default' and settlement shall stands withdrawn automatically without any further notice thereby making entire outstanding dues payable by the borrower.

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4. Repossession of Security

In case there is deliberate avoidance in acknowledging the notice or establishing contact with the Bank, the Bank upon giving notice may proceed to go for repossession of property.

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 prudent measures for ensuring safety and security of the property after taking custody at the expense of the borrower.

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. A separate notice for sale of property shall be given and each notice shall contain the basic information as may be required in law to enforce each such notice. The borrower/mortgager shall also be given notice of the time, date and venue of the auction.

The valuation given by the approved valuer will be conveyed to the borrower before proceeding with sale of property. Even while finalizing sale of the property the offer(s) received by the bank will be informed to the borrower and he will be having an opportunity to bring in a higher price bid. The bank will have right to recover from the borrower the balance dues, if any, after sale of property. The Bank's right to "General Lien" and its implications will be made clear to the customer at the time of financing. Excess amount, if any, after having satisfied the outstanding dues of the Bank from the money obtained on sale of property will be returned to the borrower/mortgager after meeting all the related expenses provided the Bank is not having any other claims against the customer / mortgager etc.

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 a 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 even 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 scheduled repayment programme, 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.

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In case the borrower has paid the required sum/ dues of the Bank, repossession of the property/ title deeds shall be handed over to the borrower. Where repossession of the property is involved that will be handed over within 15 days. Where return of title deeds/ documents is involved, in case where the title deeds are with the Bank or after receipt from DRT / Court etc., as the case may be, shall be handed over to the borrower/mortgagor within 7 days from receipt of entire amount or receipt of title deed from DRT / Court etc. as the case may be, whichever is later and provided that there is no other issue as regards delay, interest or lapse of settlement etc. If due to above reason, repossession of property / title deeds is not given to the borrower, the same shall be conveyed to the borrower within 15 days.

7. Engagement of Recovery Agents

Bank may utilize 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

- a) The name and address of all Recovery Agents on the Bank's approved panel of the Bank will be placed on Bank's website for information and concerned.
- b) Only Recovery Agents from the approved panels will be engaged by the Bank.
- c) In case Bank engages service of such recovery agent for any recovery case, the identity of the agent will be disclosed to the borrower.
- d) The recovery agents engaged by the Bank will be required to follow a code of conduct covering their dealings with customers.

Please take note of the above instructions for scrupulous compliance.

ASSTT.GENERAL MANAGER (L&R)