



बैंक ऑफ़ बड़ौदा **Bank of Baroda**

Recovery Department
Baroda Corporate Centre
Mumbai 400 051

**MODEL POLICY ON CODE FOR COLLECTION OF DUES AND REPOSSESSION OF SECURITY
2011**

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. We may record the minutes of the discussions held with the borrower. In case, no compromise/agreement is reached with the borrower, the Bank shall set in motion the procedure regarding repossession of the securities.

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:

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 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 sent to customers, if any, will be kept on record.
8. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an 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, e-mails and sms 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. A prior notice of 60 days is given to the borrower in writing for repossession of security, as stipulated in SARFAESI Act. **Any genuine difficulties expressed / disputes raised by the customer will be considered by the banks before initiating recovery measures.** 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. 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 **and necessary cost will be charged to 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. As stipulated in SARFAESI Act prior notice of 30 days is given in writing to the borrower before auction / effecting sale of the security and informing the venue and time of auction / sale. 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. Bank has right to exercise general lien.

In case of hypothecated assets after taking possession if no payment is forthcoming a sale notice of 7 days time to respond will be sent to the borrower. However in case the assets which have been taken in possession are of perishable in nature a notice of shorter period may be given as deemed fit. Thereafter the bank will arrange for sale of the hypothecated assets in such manner as deemed fit by the bank. In respect of cases under SARFAESI Act as per the provision of the Act, 30 days notice of sale will be sent. When public auction or by tender is envisaged, the same will be published in two leading news papers out of which one is local vernacular paper.

6. SALE TO ARCS:

Bank may resort to sale of assets to Asset Reconstruction Company(ARC) /Securitisation Company(SC) either on single asset basis or on portfolio basis after conducting due diligence in respect of cases where resolution/realization is difficult or time consuming.

7. 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. But in case borrower / Mortgager approaches the bank before confirmation of sale offering contractual dues (i.e. amount proclaimed in sale notice) plus expenses plus interest @ 15% from date of proclamation of sale + 5% of purchase money (in case after sale which is to be paid to successful bidder) and requests for cancellation of the sale, Bank shall accept the amount and hand over the possession to mortgager. This is in view of Right of Mortgager to Redeem. 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 seven days after getting permission from the competent / sanctioning authority within seven days after date of permission from competent authority of the bank or court / DRT concerned if necessary proceedings are filed and pending before such forums.

8. ENGAGEMENT OF RECOVERY AGENTS:

The 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

1. The name and address of all the Recovery Agents on the bank's approved panel of the bank will be placed on the bank's website for information and concerned.
2. Only recovery agents from approved panel will be engaged by the bank.
3. In case bank engages services of such recovery / enforcement / seizure agents 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.

The code of conduct for dealing with customers shall be as per RBI guidelines contained in their Circular no. RBI/2007-08/296 DBOD No. Leg.BC.75/09.07.005/2007-08 DATED 24TH April 2008 are to be followed to ensure such recovery Agencies / Agents handle their responsibilities such as privacy of customer information , hours of calling and above all they should handle the job assigned to them with care and sensitivity.
