

The Cosmos Co-operative Bank Ltd.
(Multistate Scheduled Bank)

Policy on Collection of Dues and Repossession of Security.

❖ About our Organisation

The Cosmos Co-operative Bank Ltd. (Multistate Scheduled Bank) is established in 1906 and is a Corporate Body registered under the provisions of Multi State Co-operative Societies Act, 2002 and Banking Regulation Act, 1949, having its Head Office at – “Cosmos Heights”, 269/270, Shaniwar Peth, Pune – 411 030.

Area of Operations – The Bank operates its business through 134 branches and 1 Special Service Cell in India spread across 7 States i.e. Maharashtra, Madhya Pradesh, Andhra Pradesh, Telangana, Karnataka, Gujarat and Tamilnadu.

❖ Introduction

The Borrower avails and utilises loan / credit facilities, in such case it is required to repay the loan instalments / interest debited to loan accounts on due date of instalments or on specific date. If borrower fails to pay the said instalments / interest on due date, the said account is being treated as overdue. For recovery of such overdue bank initiate different recovery actions as per the availability of Legal Forum to the Bank.

The Collection of Dues and Repossession of Security Policy {hereinafter called “The Debt Collection Policy” for the sake of brevity} of the Bank is built around dignity and respect to customers and is built on courtesy, fair treatment and persuasion. We believe in 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 us is fixed taking into account repaying capacity and cash flow pattern of the borrower.

We 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 are appropriated against interest and principal due from the customers.

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.

“The Debt Collection Policy” aims at recovery of dues in the event of default and is not aimed at unusual deprivation of the property.

“The Debt Collection 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 laws of land / practices and procedures of Banking Industry.

“The Debt Collection Policy” recognises fairness and transparency in repossession, valuation and realisation of security.

All the practices adopted by the Bank for follow up and recovery of dues and repossession of security are within the four corners law.

❖ **General Guidelines**

“The Debt Collection Policy” is based on the following guidelines:

All communications to the borrowers, guarantors are in writing, by telephone calls or through personal visits.

- Phone Calls - The borrowers / guarantors are to be contacted by telephone on the numbers (business place/residence/work place/mobile) provided by him/her in the application form filled in at the time of taking the loan/modified subsequently as intimated to the Bank.

The Bank respects privacy of its borrowers. Borrower's requests to avoid Phone Calls at a particular time or at a particular place are honoured as far as possible. Inappropriate occasions such as bereavement in the family or such other calamitous occasions are to be avoided for making Phone Calls/visits to collect dues.

- Personal Visits - If the borrowers / guarantors are not responding/not reachable over telephone, the Bank's representatives may/shall make personal visits to the customer's residence/business place/workplace during reasonable hours of the day.

❖ **Giving Notices to Borrowers**

Where customers do not adhere to the repayment schedule and become delinquent, the Bank official or any person authorised by it follows up with the customer for collection of dues and/or repossession of the security through written communications i.e.

- Overdue intimation / First Notice to the borrower.
- Notices to borrower and guarantors.
- Telephonic reminders or Visits by our representatives to the borrowers place or residence.

- Office Recovery / Salary attachment in case of salaried borrower / guarantors. Issuance of Final Notice / Call Back Notice.

❖ **Repossession of Security**

Repossession of security is aimed at recovery of dues and not to deprive the property of the borrower. Repossession is resorted to only when the normal modes of recovery like follow-up with the borrower, guarantor, persuasion etc. have failed. The recovery process through repossession of security involves repossession, valuation of security and realization of security through appropriate means. All these are carried out in a fair and transparent manner. Repossession is done only after issuing the communication as explained above. Due process of law is followed while taking repossession of the property. We take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

Bank adopts following Recovery Tools for repossession –

- Recovery action under The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
{Where loan account is classified as NPA as per the directives and guidelines of RBI, The contractual dues in the loan account should be more than Rs. 1.00 lakh, Security interest must have been created in favour of the bank either by the borrower or by the guarantor by mortgage deed and or hypothecation deed}.
- Recovery action u/s 84(4) of Multistate Co-operative Societies Act, 2002 r/w Section 23 of The Arbitration and Conciliation Act, 1996.
- Execution of Arbitral Award in the Court of Hon'ble District Judge.
- Recovery action under The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (DRT – The said Act is applicable where the amount of debt due to Bank or Financial Institutions is more than Rs. 10.00 lakh).
- Legal action u/s 138 of N. I. Act, 1881.
- Registrar, Co-operative Society, Maharashtra State, Pune has issued order regarding execution of power u/s 156 of MCS Act, 1960 for execution of Recovery Certificate obtained u/s 101, 91. Hon'ble Registrar, Co-operative Society has delegated execution powers to Bank Officers as “Special Recovery Officer – SRO” for execution of such awards.
- One Time Settlement (OTS).

❖ Valuation and Sale of Property

Valuation and sale of property repossessed by the Bank are carried out as per law and in a fair and transparent manner. The Bank has right to recover from the borrower the balance due, if any, after sale of property. Excess amount, if any, obtained on sale of property is to 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 above, the Bank resorts to repossession of security only for the purpose of realisation of its dues as the last resort and not with intention of depriving the property of the borrower. Accordingly, the Bank is 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 instalments 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.

❖ Deviation to the Policy

The authority for the deviation to the Policy on Collection of Dues and Repossession of Security if any, will be the Managing Director / Jt. Managing Director, Credit Management, of the Bank.

❖ Validity of Policy on Collection of Dues and Repossession of Security

This Policy on Collection of Dues and Repossession of Security is valid till next amendment.