

# ***Code for Security Repossession and Compensation***

## **1.0 PREAMBLE:**

1.1 In the backdrop of a financial sector which is vibrant and competitive, our corporate mission has been to emerge as a role model with distinct cultural entity ethical values and good corporate governance. In its continuing endeavour to follow fair practices in the field of recovery of dues, it is deemed necessary to have a Code of Ethics to be observed and followed by the Recovery Collection and Repossession agents of the Bank.

1.2 Corporation Bank hereby adopts this Code for Collection of Dues and repossession of security. It lays down guidelines to have fairness and transparency in the collection, recovery and repossession of security/ies.

## **2.0 APPLICABILITY**

2.1 The code applies to the Bank and the agents engaged by the Bank for the purpose of collection, recovery and repossession of security/ies.

## **3.0 INTRODUCTION**

3.1 The Bank is committed to the Collection and recovery of its dues from its borrowers. At the same time the Bank is also committed to follow fair practices in this regard to foster customer confidence and to retain the image of the Bank as institution which is fair in its dealings with defaulter.

## **4.0 DUES COLLECTION POLICY STATEMENT**

4.1 Even though the Bank is committed to the collection/recovery of its dues and repossession of security/ies the dignity and respect for the customer is central to our debt collection policy. It is built on courtesy, fair treatment and persuasion. The Bank shall not follow policies that are unduly coercive in collection of dues, shall not resort to undue harassment and muscle power.

## **5.0 NOTICE TO BORROWER**

5.1 Written communications, telephonic reminders or visits by the Bank's representatives to the borrower's 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 security without giving due notice in writing, as per the provisions in the loan documents. In any case such notices will be in writing with a recorded

delivery with a minimum duration of 15 days from the date of such notice unless the borrower avoids acknowledging or failing to establish contact with the Bank or its representatives.

#### **6.0 SECURITY POSSESSION POLICY STATEMENT**

6.1 The Bank's security possession policy is aimed at recovery of dues in the event of default and is not aimed at whimsical deprivation of property. The Bank shall resort to repossession of the security/ies only when the collection/recovery of dues is not forthcoming in spite of request made and the policy for repossession shall be in accordance with the terms and conditions of the loan documents and within the legal framework. The policy recognises fairness and transparency in repossession, valuation and realisation of security/ies. The process would be carried out in a fair and transparent manner. Repossession will be done only after issuing notice. Due process of law will be followed while taking possession of the property. The Bank will take all reasonable care for ensuring safety and security of the property after taking custody, in the ordinary course of business.

#### **7.0 VALUATION AND SALE OF PROPERTY**

7.1 Valuation and sale of property will be carried out as per law and in a fair and transparent manner. After taking due possession of the security interest, the Bank shall give further 15 day's notice in writing before proceeding to sell the security except in case of perishable items. The sale notice shall also be sent to the borrower intimating the time, date and venue of the sale of the repossessed property.

7.2 The Bank will have the right to recover from the borrower the balance due if any, after sale of the property. Excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses if the Bank is not having any other claim against the customer.

#### **8.0 OPPORTUNITY TO THE BORROWER TO TAKE BACK THE SECURITY**

8.1 The Bank will be willing to consider the handing over possession of the property to the borrower at any time after repossession but before the date of sale, if the Bank's 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 installments in full and expenses incurred by the Bank in repossession of security. 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. The above handing over of the security shall be made after 15 days from the date of realisation of dues/instalments to the satisfaction of the Bank. However, in the event of the security documents being lodged with Judicial/other authorities, they shall be handed over to the borrower as and when such authorities release them.

## **9.0 GENERAL GUIDELINES**

9.1 The details of the recovery agencies will be made available to the borrowers at their request at Bank's branches.

9.2 The Bank will post the details of the recovery agent engaged by it in its website.

9.3 The Bank, its staff or any person authorised to represent the Bank in collection of dues and /or repossession of securities shall display the Authorisation letter issued by the Bank.

9.4 The Bank, its staff or any person authorised to represent the Bank in collection/recovery of dues and or repossession of security/ies shall follow the guidelines

as set out below: -

- a) The customer would be contacted ordinarily at the place of his business/work/ residence.
- b) Identity and authority of the person to represent the Bank would be made known to the customer.
- c) Customer's privacy would be respected as far as practicable
- d) Reasonable notice would be given before repossession of security and its realisation, unless the borrower is about to dispose off/remove whole or part of the security/ies from the locality where it ordinarily remained or by whom it is used or caused to be remained or used as the case may be at the time of creation of security.
- e) Customers would be provided with the information regarding the dues and necessary notice would be given for enabling the discharge of dues.
- f) During visit to customer's place for collection of dues, decency and decorum will be maintained.
- g) Inappropriate occasions such as bereavement in the family or such other calamities would be avoided for making calls/visits to collect dues.
- h) Demeanour that would suggest criminal intimidation or threat of violence would be avoided.

## **10.0 GRIEVANCE REDRESSAL**

10.1 The Bank shall have a Grievance Redressal Committee at the Zonal offices to resolve the disputes arising out of violation of this Code. The Grievance Redressal Committee shall consist of the following persons: -

- 1. Zonal Head
- 2. Department Head (Credit)
- 3. Department Head (Administration)
- 4. Law Officer
- 5. Recovery Officer

10.2 The quorum of the Committee shall be three.

10.3 The complaints can be made at the Zonal Offices and shall be addressed to the Grievance Redressal Cell (Recovery and Repossession), Corporation Bank, Zonal Office.

10.4 The complaint should contain the name and address of the customer making the complaint, contact number, name of the Branch and the account number, date of occurrence of the complaint, brief narration of the complaint, with sequence of events and reliefs sought, if any.

10.5 The Grievance Redressal Committee after seeking details relating to the complaint from the Branch and/or from the date of receipt of the same in the address given in the complaint.

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