

ANNEXURE IV

OPERATING GUIDELINES FOR REPOSSESSION OF SECURITY

1. It will be ensured that: (a) Terms and conditions of sanction of advance will be conveyed in writing which inter-alia will include repayment schedule and trigger to Bank's right to repossess security in the event of default. (b) Security documents will contain the repayment schedule and a clause regarding Bank's unconditional right to repossess security in the specified events.
2. In the event of invocation of trigger for repossession of security, borrower/guarantor will be advised that he has defaulted in meeting repayment obligation. The borrower will be advised to regularize his account(s) within a reasonable time (say 15 days) failing which his accounts will be handed over to ----- (details of recovery agent, if applicable). Further, borrower will also be advised that the recovery agent has been authorized to initiate recovery proceedings including repossession of security.
3. Borrower will also be specifically advised that the costs incurred by the Bank to effect recoveries will be borne by him/her. Further, the borrower will also be advised that as per extant instructions recoveries made by the Bank will first be appropriated towards meeting costs, charges, expenses etc.; secondly towards interest due and finally towards repayment of Principal. He/she will also be advised that in the event of sale proceeds falling short of amount due, the balance will be recovered from his/her personal effects.
4. The notice to the borrower will be sent in duplicate, one copy by courier/ordinary post and second by registered post.
5. After the notice period is over, the Recovery Agency, if appointed, will be advised to contact the borrower and take all effective steps subject to strict observance of Code of Conduct.
6. If the Bank has reasons to believe that the borrower or his close family members are avoiding the service of notice or for any other reason the notice cannot be served, a copy of the notice will be affixed on the outer door or some other conspicuous part of the house or business premises.
7. If borrower responds to the notice and regularise the account or appropriate authority permits him further time or compromise settlement is reached, no further action would be necessary.

Repossession of Security: (If borrower do not respond at all and repossession of Security has become necessary):

8. repossession of security will involve repossession, valuation and realization of security through legally permitted means.
9. Before initiating process of repossession of asset financed by the Bank, borrower will be served with another notice by the Bank Official/Authorised Recovery Agent stating therein to handover the asset along with related documents to the Authorised Recovery Agent or else regularize the account.

10. If the notice to hand over the asset by the borrower is not complied to by the borrower, the process for the repossession of the asset will be initiated.
11. Execution by Recovery Agencies: The execution of actual repossession will be carried out by the authorized Recovery Agencies (RA) whose details have been furnished to the borrower. The possession of asset will be taken in the presence of two witnesses, a Panchnama would be drawn containing full details of the assets seized. The repossession will be made only through legally permitted means and no force will be used for taking repossession.
12. After taking possession of the assets, the borrower will be advised that as much care of the seized asset will be taken by the Authorised Official as a man of ordinary prudence would take care of his assets under similar circumstances.

Valuation and Sale of Assets:

13. Valuation of repossessed assets will be carried out as per extant instructions of the Bank and would be valued by approved valuer of the Bank.
14. Sale of Assets will be carried out by any of the transparent modes to secure fair price of the seized assets i.e., by public auction, by inviting tenders, by obtaining quotations from parties dealing in the assets seized etc.,
15. Before the date of actual sale, borrower will be issued a notice of sale giving him reasonable time (depending upon the nature of security) say 30 days. For perishable items a shorter notice period will be given.
16. The Bank will handover the possession of the asset to the borrower any time after repossession and before concluding sale transaction of the asset in case the borrower has liquidated Bank's dues in full or a compromise settlement has been reached between the borrower and the Bank.