

GUIDELINES FOR RECOVERY AGENTS



Loan in 3 days

IFL HOUSING FINANCE LIMITED

{REGISTERED WITH NATIONAL HOUSING BANK (NHB)}



DESCRIPTION	SIGNATURE
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1	06/07/2018	First Time Adoption	As and When Required
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Introduction

It is recognized that people do not pay their debts for a variety of reasons. Some people will have difficulty in paying and others may deliberately set out to delay payments. For those who "can't pay", we will make every effort to help and minimize the impact of debt on them. For those who "won't pay", we will use all methods of enforcement to secure payment. In this regard Reserve Bank of India has advised that a Housing Finance Company should frame its own policy for recovery of their loans.

As a part of good Corporate practices, IFL Housing Finance Limited (the "Company" or "IFLHFL") has framed its own guidelines which are in consonance with the Master Direction- Non- Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI. The objective of these guidelines is to take suitable steps for monitoring asset quality, taking timely action to prevent deterioration in asset quality, arresting the trend of NPAs and help in the recovery of its loans including the impaired ones. All the practices adopted by the IFLHFL for follow-up, recovery of dues, and repossession of security will remain in consonance with the applicable laws.

Applicability

The company currently does not seek the services of recovery agents/external agencies for the job of collection of over-dues which alternatively is satisfied with the help of the employees of the company as IFLHFL on its part lends money responsibly after ensuring (to the extent possible) that the applicants/borrowers have the capacity to repay the amount advanced.

Nonetheless, in keeping the long-term perspective of the issue the company will ensure implementation of the "Guidelines for Recovery Agents" which is the responsibility of the entire organization.

For the purpose of these guidelines, the Agents will include recovery agencies engaged by the Company and hence would include agents/ employees of these recovery agencies, and also staff members of IFLHFL engaged in the process of collection of dues. The guidelines shall form part of the agreement between the Company and the Agents. The Agencies/ Agents must agree to abide by these Guidelines prior to undertaking any recovery operations on behalf IFLHFL; in case of violation of Guidelines the Company may initiate appropriate action against the Agencies/ Agent(s).

Engagement of Recovery Agents

Company shall engage the recovery agents and/or external agencies after conducting a due diligence on them and ensure to carry out a verification antecedent of their employees, which may include pre-employment police verification. In addition, as a matter of abundant caution, Company may decide the periodicity at which re-verification of antecedents should be resorted to.



Training of Recovery Agents

The Company shall ensure that the Agents are properly trained to handle their responsibilities with reasonable care and sensitivity, their responsibilities in particular aspects like calling hours, privacy of customer information/database etc.

The Company will ensure that the Agents/ staff appointed by the Company have undergone requisite training and obtained the certificate from Indian Institute of Banking and Finance (IIBF) for collection of dues as suggested by Reserve Bank of India.

The Company will also conduct in-house training session for the Agents/ staff, in line with extant Guidelines and market practices on a regular basis, to ensure uniformity in the standards of training.

Intimating borrowers

The IFLHFL shall inform the borrower the details of recovery agents/external agencies engaged with the Company while forwarding default cases to such recovery agency in writing. It will also ensure that the agent shall also carry a copy of notice and the authorization letter from the IFLHFL along with the identity card issued to him by the IFLHFL or the recovery agency firm/company before initiating any legal or recovery measures. Further, upon any change of Agent/ Agency, the Company shall inform the borrower of the same, and the new designated Agent shall carry the changed notice and the authorization letter along with his identity card.

The notice and authorization letter shall also include the telephone numbers of the recovery agent/ external agency.

The Company shall ensure that the Agents engaged by IFLHFL has the infrastructure for tape recording of the content/ text of the calls made by Agents to the customers, and vice-versa.

The Company shall use written communications, telephonic reminder(s), or visits by Agents/ staff/ Authorized Representatives as measures for collection of dues on a regular basis.

The details of the recovery agency firms/companies engaged by Company will be posted on the Company's website and updated periodically.

Incentives to Recovery Agents

The Company shall not set stiff collection targets or abnormally high incentives that may encourage Agents to adopt unfair, uncivilized, unlawful and questionable behavior during the recovery process.

The structure for fee/ charges would be approved by delegated seniors of the Company and will be reviewed from time or time. The slab-wise rate of fees may be set depending upon the



age of NPA, prospects of realization of security. Higher fees may be considered for uncharged interest and legal expenses.

Methods followed by Recovery Agents

The Company's collection policy should be built on courtesy, fair treatment and persuasion. The functionary appointed for the collection of the dues must follow the guidelines given below:

- (a) 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.
- (b) Identity and authority to represent the Company for follow up and recovery of dues should be made known to the customer at the first instance. The Company staff or any person authorized to represent IFLHFL in collection of dues or/and security repossession will identify himself/ herself and display the authority letter issued by IFLHFL upon request.
- (c) The Company shall respect the privacy of its borrowers.
- (d) The Company is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and IFLHFL will adopt civil manners for interaction with borrowers.
- (e) IFLHFL's representatives would contact customers between 0800 hours and 1900 hours, unless the special circumstances of the customer's business or occupation requires IFLHFL to contact at different time.
- (f) The Customer's request to avoid calls at a particular time or at a particular place will be honored as far as possible.
- (g) IFLHFL will document the efforts made for the recovery of dues and the copies of communications with customers, if any, will be kept in the Company's official records.
- (h) All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- (i) During visits to Customer's place for dues collection, decency and decorum will be maintained.
- (j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/ visits to collect dues.

Repossession of Security mortgaged to Company

Repossession of securities by IFLHFL is aimed at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property to the borrower. 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 and as per legal procedures detailed under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002. These procedures will be followed not only for enforcing security interest but also for



auctioning the movable and immovable property after enforcing the security interest.

Repossession will be done after issuing the due notice as detailed above. Due process of law will be followed while taking repossession of the property. IFLHFL will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

- **Valuation and Sale of Property**

Valuation and sale of property repossessed by IFLHFL will be carried out as per law and in a fair and transparent manner. IFLHFL will have the 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 IFLHFL is not having any other claims against the customer.

- **Opportunity for the borrower to take back the security**

As indicated earlier in the policy document, IFLHFL 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, IFLHFL will be 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 Company dues are cleared in full within the time frame specified by IFLHFL. 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, IFLHFL may at its sole discretion consider handing over the property after receiving the installments in arrears.

However, this would be subject to IFLHFL being convinced of the arrangements made by the borrower to ensure timely repayment of remaining installments in future.

Use of Lok Adalats

The Company shall encourage to use the forum of Lok Adalats for recovery of housing loans with less than Rs.10 lakh as suggested by the Honorable Supreme Court. However, the Company may engage agents depending upon the recovery prospects.

Counselling to the borrower

Keeping in mind the difficulty that may be faced by the customer in meeting any repayment obligations, IFLHFL will provide suitable assistance to borrower where they become aware that the particular borrower deserves sympathetic consideration. The Customers may approach the Company for seeking any assistance or guidance in case of any difficulty with loan repayments.



Complaints against Recovery Agents

All Complaints received from the Customers in connection with recovery of dues shall be resolved as per the Company's grievance redressal procedures. If at any stage, if a customer is not satisfied with the service given to him/ her, he/ she can contact the Company. The customer's first point of contact for redressal of any complaint will be the Company's local office. If no reply is received by the customer within 7 working days from the local office, or if he/ she is not satisfied with the reply received him/her, the customer can write to the Corporate Office, as under:

The Grievance Head
Grievance Redressal Department IFL Housing Finance Limited,
D-16, 1st floor, Above ICICI Bank, Prashant Vihar, Sector-14,
Rohini, New Delhi-110085
Email: rekha.behl@iflhousingfinance.com
or info@iflhousingfinance.com
Web-site: www.iflhousingfinance.com Contact: 8595010101

If the customer does not hear from the Company within a fortnight, or if he/ she is not satisfied with the response, the customer may write to the National Housing Bank to look into the provision of satisfactory service, if so desired.

In case of any complaint/ grievance lodged by any borrower against any recovery agent, IFLHFL will not forward fresh cases to that Agency till final disposal of grievance lodged by the concerned borrower. This covenant would not be applicable where the Company is convinced, with appropriate proof, that the borrower is continuously making frivolous/ vexatious complaints in order to avoid the

settlement of the dues. Where the subject matter of the borrower's dues is sub-judice, the Company will exercise utmost caution, as appropriate, before referring the matter to the recovery agencies.

Periodical Review, Monitoring And Control

Company will have a system for periodical review to effect any improvements on its structure. It will be reviewed by the management of the Company on annually basis or as and when required.