

ART HOUSING FINANCE (INDIA) LIMITED

Guidelines on Engagement of Recovery Agents

1. Preamble

As part of the best corporate practices, ART Housing Finance (India) Limited (the “Company” or “AHF”) has adopted “Guidelines on Engagement of Recovery Agents” (referred to as “Guidelines”) for usage of recovery agents/ agencies for collection of dues and repossession of security. These Guidelines are built around dignity and respect to Customer and are in line with the extant Guidelines framed by NHB.

The objective of these Guidelines is to prevent the adverse, uncivilized, unlawful and questionable practices/ behaviors by the Recovery Agents (“Agents”). Hence these Guidelines are built on courtesy, fair treatment and persuasion by Agents in the process of collection of dues.

Repossession of securities by AHF is aimed at recovery of dues in the event of default and not aimed at whimsical deprivation of the property to the borrower. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the AHF for follow-up, recovery of dues, and repossession of security will remain in consonance with the applicable laws.

2. Applicability

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 AHF 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 AHF; in case of violation of Guidelines the Company may initiate appropriate action against the Agencies/ Agent(s).

3. Engagement of Recovery Agents

Before engaging Recovery Agencies, the Company will conduct a due diligence on them to ensure verification of the antecedents of their employees, which may also include pre-employment police verification. Further, as a matter of abundant caution, the Company may decide the periodicity at which re-verification of antecedents must be resorted to.

The Company will monitor the activities of Agents on a regular basis through internal feedback, and available market information/ public information to determine any adverse, unlawful, uncivilized practice/ behavior by the Agents, to enable appropriate action as may be deemed necessary.

4. Training of Recovery Agents

The Company shall ensure that the Agents are properly trained to handle their responsibilities with reasonable care and sensitivity, which shall include 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.

5. Intimating Borrowers

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 Company shall not initiate any legal or other recovery measures including security repossession without giving due notice in writing to the borrower. This written notice shall include Name, Address, Contact Number of the Agent and its Agency. Where the borrower has not received the notice due to non-availability/ refusal/ avoidance, the Agents/ staff shall carry copy of notice and the authorization letter along with identity card issued by the Company/ Agency. Also 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 the authorization letter should, among other details, also include the telephone numbers of the relevant recovery Agency. The Company shall ensure that the Agents engaged by AHF has the infrastructure for tape recording of the content/ text of the calls made by Agents to the customers, and vice-versa. The details of the recovery agency firms/companies engaged by Company will be posted on the Company's website and updated periodically.

6. Incentives to Recovery Agents

The Company shall not set abnormally stiff collection targets or abnormally high incentives as it 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.

7. Methods followed by Recovery Agents

As per extant NHB Guidelines on Fair Practice Code, Agents/ staff/ authorized representative of the Company shall follow the below mentioned Guidelines during the process of collection of dues and/ or security repossession.

(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 AHF in collection of dues or/and security repossession will identify himself/ herself and display the authority letter issued by AHF 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 AHF will adopt civil manners for interaction with borrowers.

(e) AHF's representatives would contact customers between 0800 hours and 1900 hours, unless the special circumstances of the customer's business or occupation requires AHF 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) AHF 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.

8. Repossession of Security mortgaged to Company

Repossession of securities by AHF 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. AHF 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 AHF will be carried out as per law and in a fair and transparent manner. AHF will have the right to recover from the borrower the balance due if any, after sale of property. AHF shall have the primary right of set-off and lien, irrespective of any other lien or charge. The lien shall be valid and binding on the borrower and operative until repayment in full of all moneys due to AHF from the borrower. Excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses, provided AHF 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, AHF 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, AHF 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 AHF. 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, AHF may at its sole discretion consider handing over the property after receiving the installments in arrears.

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

9. 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 shall have right to engage Agents depending upon the recovery prospects.

10. Counseling to the borrower

The Company would expect the Customer to adhere to the repayment schedule agreed to. The Customer may approach the Company for assistance and guidance in case of genuine difficulty in meeting ant repayment obligations. The Company will provide suitable assistance to borrower where they become aware that the particular borrower deserves sympathetic consideration.

11. 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 to 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 Manager
Customer Services Department
ART Housing Finance India Limited
49 , Udyog Vihar , Phase - IV , Gurugram , Haryana - 122015

Email: contact@arthfc.com

Web-site: www.arthfc.com

Contact: 0124- 6622200

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, AHF 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.

12. Periodical Review, Monitoring & Control

Company will have a mechanism for periodical review to effect any improvements on its structure. The Collection Dept. will send a note in this regard to the Banking & Finance Committee on a quarterly basis.