

## **FAIR PRACTICE CODE FOR LENDERS:**

As per the directions of RBI vide their circular dt.5.5.2003 & 6.3.2007 all schedule commercial banks are required to adopt Fair Practices Code for Lenders. The Cosmos Co-op. Bank is setting out fair lending practices in transparent manner & decided to adopt fair practices code, as approved by the Board of Directors, in respect of following areas:-

- Processing of Loan applications
- Loan appraisal and terms and conditions
- Disbursement of loans including changes in terms and conditions
- Post disbursement supervision
- General

### **1. Processing of loan applications :-**

- The Bank will give all the information explaining the features of our loan products
- The loan application form will give all comprehensive information about the fees & charges.
- The bank will provide all information such as fees refundable in case of non-acceptance of applications, prepayment charges etc.
- The Bank will provide the acknowledgement of receipt of all loan applications along with the required additional documents if any.
- The time frame for within which loan application to be disposed of will be informed to the applicant.
- If the proposal is not considered favorably, the Bank will inform in writing to the applicant about the reasons of rejection of the loan proposals within three working days from the date of such decision.

## **2. Loan appraisal and terms and conditions :-**

- The bank will ensure that assessment of the proposal is proper and on merits only.
- The Bank will issue detailed sanction letter to the borrower containing all terms& conditions and additional security required if any.
- The copy of the acknowledgment of sanction will be kept on record.
- If there is request by the customer in writing, the bank shall provide Xerox copy of set of documents along with all enclosures mentioned in the loan agreement to the borrower.
- It will be mentioned as terms of sanction letter that the Cheques drawn on borrowal account will be returned in case of:
  - a. Non availability of sufficient balance.
  - b. D.P.not maintained
  - c. Interest not served.
  - d. Noncompliance of terms of sanction & account turning in to NPA.
  - e. Payment other than purpose for which the advances is given.

And Bank will not be responsible for the same.

- f. It will be mentioned in the sanction letter that Bank on its discretion only extends the additional facility to the borrower.

## **3. Disbursement of loans including changes in terms and conditions:-**

- The Bank will make the disbursement on compliance of all condition of sanction & on execution of security documents.
- Bank will mention in the sanction letter that changes in rate of interest & service charges are to be exhibited on the notice board of the Branch for information of the borrowers. Such exhibit at branch will be considered as communication to the customers.

#### 4. **Post disbursement supervision:**

- The Bank will supervise / monitor the activity for which the advance is given & will take care of genuine difficulties of the borrowers.
- In case of recall / accelerate payment or seeking the additional securities, the notice will be served to guarantors & borrowers giving reasonable time for repayment dues / overdues or furnishing the additional securities.
- After confirming the closure of the loan account, the Bank shall release all the securities subject to any legitimate right or lien for any other claim Bank may have against borrowers. Practice regarding lien & set off mentioned in RBI guidelines will be strictly followed.

#### 5. **General:**

- The Bank will restrain from interference in the affairs of the borrower except the Banking operations.
- In case of discrepancies in the banking operations the borrower will be informed in writing to regularize the same.
- The Bank will not discriminate on the ground of sex, cast or religion while processing the credit requests.
- In the matter of recovery of loans, the Bank will not resort to undue harassment such as persistently bothering the borrower at odd hours, use of muscle power for recovery of loans etc.
- In case of receipt of the request of the borrowal account either from the borrower or from the bank which proposes to take over the account, the Bank will convey the consent or otherwise within 21 days from the date of receipt of request.

#### 6. **Grievance redressal:**

- All the disputes arising out of decisions of bank functionaries will be heard and disposed of by the next Higher Authority i.e. either by Regional office or by Head Office.