

SVC Bank - Fair Practice Code for Lenders

As directed by the Reserve Bank of India vide circular dated May 5, 2003 and March 6, 2007 directed all scheduled commercial banks to adopt the Fair Practice Code for lenders. Also Guidelines on fair practices code for lenders for UCB's as contained in RBI Circular UBD.MRO.PLAN.TAFCUB.2099/13.05.002/2006-07 dated December 28, 2007. The Bank has adopted fair practices code for lenders as approved by Board of Directors. The salient features of the same are:

1. Application and processing of loans

- The Bank will give you information explaining the key features of our loan products.
- Alongwith the application form the Bank will provide all the information about fees/ charges payable for processing, the amount of such fees refundable in the case of non acceptance of application, pre-payment options etc to the prospective borrower.
- The Bank will advise applicant about what information/ documentation is required with respect to the identity, address, employment, etc. and any other document that is stipulated by statutory authorities, in order to comply with legal and regulatory requirements.
- The Bank shall give acknowledgement for receipt of all loan applications.
- The applicant would be informed about the time frame within which loan application would be disposed of.
- The Bank will verify the loan applications within a reasonable period of time.
- The Bank will convey in writing to the applicant the main reason/ reasons for rejection of the loan applications.

2. Loan appraisal and Terms & Conditions :

- The Bank will ensure proper assessment of credit application of the borrowers.
- The Bank will convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of terms and conditions on record.
- On demand being made, the Bank shall provide the copy of the loan agreement to the borrower.
- The Bank will verify the loan applications within a reasonable period of time.
- Borrower would be made aware that following credit facilities are solely at the discretion of lenders:
 - ✓ Drawings beyond the sanctioned limits
 - ✓ Honoring cheques issued for the purpose other than specifically agreed to in the credit sanction

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- ✓ Disallowing drawing on a borrowal account on its classification as a non-performing asset
- ✓ Disallowing drawing on a borrowal account on account of non-compliance with the terms of sanction.
- In the case of lending under consortium arrangement, the Bank and other participating lenders would evolve procedures to complete appraisal of proposals in the time bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.

3. Disbursement of loans including changes in terms & conditions :

- The Bank will ensure timely disbursement of loans.
- The Bank will give notice of any change in the terms and conditions including interest rates, service charges etc.
- The Bank will ensure that changes in interest rates and charges are effected only prospectively.

4. Post disbursement supervision :

- Borrower would be made aware of the submission schedule of various stock statements/ financial accounts etc to the Bank and the penalties, in case of default by the borrower.
- Borrower would be made aware of the stock audit/ credit rating etc to be completed by the external agencies and the details of cost to be borne by him.
- The Bank will give notice to the borrowers before taking a decision to recall/ accelerate payment or performance under the agreement or seeking additional securities.
- The Bank will release all securities on receiving payment of loan or realization of loan subject to any legitimate right or lien for any other claim the Bank may have against borrowers. If such right of set off is to be exercised, the Bank will give notice about the same to the borrower with full particulars about the remaining claims.

5. General :

- The Bank will restrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- The Bank will not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude bank from participating in credit-linked schemes framed for weaker sections of the society.

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- In the matter of recovery of loans, the Bank will not resort to undue harassment such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- In the case of receipt of request for transfer of borrowal account, either from the borrower or from a bank / financial institution which proposes to take over the account, the consent or otherwise i.e. objection of the Bank, if any, shall be conveyed within 21 days from the date of receipt of request.

6. Grievance Redressal Mechanism :

The Bank has prepared separate document for redressal of grievances, which is displayed on the website, wherein clear procedure for resolving disputes is explained.