

FAIR PRACTICE CODE FOR LENDERS

1. Applicability:

The guidelines are applicable to all Borrowers of the Bank such as Individuals, Joint Borrowers, Sole Prop firm, Partnership firm, LLP, Private & Public limited Companies, Trust, Society etc. The codes apply to all types of facilities Funded and Non-Funded both. However, this will not be applicable to Staff Loans.

2. Application for Loans and processing:

- a) Application forms as prescribed by the Bank for all types of loan products should be made available at the branch for the customers/prospective Borrowers and necessary information, details as regards to their needs be explained to him/her. The application form should provide the list of documents, papers e.t.c to be submitted to the bank for the said lending product.
- b) Along with the issuing application form by the bank, all the information about fees/ charges payable for processing, the amount of such fees refund rules in the case of non-acceptance of application, pre-payment options e.t.c to the prospective borrower. Bank to give acknowledgment for receipt of loan application to the prospective borrower.
- c) The customer would be explained the process from receipt of application form to the final sanction and disbursement and also notify the time within which the entire process will be completed ordinarily at our bank.
- d) The various rules/guidelines of the Bank such as margin, security- Primary and Collateral, rate of interest applicable, Internal and External rating, service charges and other charges payable etc. needs to be discussed with the Borrowers. Further, any queries arising out of due diligence at the time of processing, additional details, documents require be intimated to the borrower immediately but not later than -7- working days from the date of receipt of complete file/papers documents etc.
- e) In case of rejection of any loan application, Bank will convey in writing to the applicant the main reason/ reasons in brief for rejection of the loan applications.
- f) Bank would notify to the borrowers any changes in existing rate of interest within 3-4 days by SMS and disseminating the change in existing rate on bank website www.mucbank.com.
- g) Bank to inform to the borrower about the default penal charges such as non-submission of stock statement, Noncompliance of terms and conditions, Commitment charges, non-creation of security within timeline. This may be by way of details in sanction letter issued by the Bank.

3. Loan Assessment and Terms & Conditions:

- a) Bank will ensure proper assessment of credit requirement of the applicant based on certain laid down norms of the Bank such as income criteria, age of the applicant, minimum qualifications, experience, employment status, Loan to value ratio etc. application of the borrowers. For business units, industrial units Bank has a stipulated assessment norms/manuals/loan policy for carrying out assessment of the borrower's requirement. The assessment methods and our methodology for the assessment shall be discussed with the Borrower.
- b) Bank will convey to the borrower the credit limit sanctioned by the competent authority along with the details terms and conditions thereof and keep the borrower's and guarantors' acceptance of terms and conditions on record.
- c) On getting acceptance of sanction from the Borrower, Bank will finalise the draft of security documents to execute by the Borrower and Bank would explain if demanded all the terms and conditions in English and vernacular language as regards to sanction and disbursement of loan.
- d) Bank shall specify the certain events/incidents where he drawing in the account will not be permitted such as; on classifying the account as NPA, on account of non-compliance of terms and conditions of the sanction as well as subsequently if any conditions advised, non-availability of the drawing power based on value of security, non-carrying out or non-co-operations in carrying out stock cum book debt audit by the Bank or a CA firm as appointed by the bank.
- e) On the demand of the borrower the Bank shall provide the copy of all the loan documents, agreement etc. executed by the borrower.
- f) In case of request of the Borrower for Issuance of NOC, No due Certificate, Ceding of Pari-Passu charge to other lenders, transfer of borrowers account at the request of the borrower or taken over by other lender, consent of the Bank or otherwise i.e. objection of the Bank if any, should ordinarily be conveyed within a maximum time of 21 days from the date of receipt of such application, request, letter etc.

4. Disbursement of loans:

Once the documents are completely executed by the borrower and their guarantors, mortgage is created as per terms of sanction including perfection of security, the Bank would ensure to timely disbursement of loans after recovering of stipulated percentage of margin as agreed and stipulated in sanction letter issued by the Bank.

5. Post disbursement supervision:

- a) Borrower would be advised about the submission schedule/periodicity of various stock statements/ financial accounts, inspection of assets etc.

by the Bank or authorised officials/firms etc. and the penalties, charges e.t.c in case of default by the borrower.

- b) Borrower would be made aware of the stock audit/ credit rating e.t.c to be completed by the external agencies and the details of cost to be borne by him.
- c) Bank will give notice to the borrowers before taking a decision to recall/ accelerate payment or performance under the agreement or seeking additional securities.
- d) It will be the sole discretion of the Bank whether to consider the request of the borrowers for change in guarantor, substitution of securities, release of the securities etc.
- e) Bank will release all securities charged to the Bank by the borrower 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.

6. Information Secrecy:

All personal information of the Borrower would be confidential, and Bank would not disclose the same to any third party unless agreed to by the Borrower. The term 'Third Party' **excludes** all Law Enforcement Agencies, Credit Information Bureau, Reserve Bank of India, other Banks and Financial Institutions.

Subject to above Para, customer information would be revealed only under the following circumstances, namely:

- a) If the Bank is compelled by Law.
- b) If it is in the Public Interest to reveal the information.
- c) If the interests of the Bank require disclosure.

7. Recall and Repayment of Loans:

Any decision of the Bank to recall the credit facilities or accelerate the repayment of loan etc. would be communicated to the borrower in proper time, giving them a time of 15 days for repaying the facility or acceleration of repayment schedule/EMIs. Only after completion of this period Bank would initiate further steps for recovery unless otherwise warranted due to changed circumstances and reasons for shortening the time be recorded by the Branch/Bank.

8. Grievance Re-dressal Mechanism:

The Bank has already in place a procedure for grievances re-dressal which ensures that dispute arises out of all decision of the Bank's functionaries are reviewed and disposed of at least at the next higher level. Bank is also have a separate document for re-dressal of grievances,

which is displayed on the website, wherein clear procedure for resolving disputes is provided.

9. General:

- a) 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).
- b) 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.
- c) 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.
- d) In the case of receipt of request for transfer of borrower 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.

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