

# **FAMILY HOME FINANCE PRIVATE LIMITED**

## **RECOVERY POLICY**

Adopted/ Amendment	Board Meeting Date(s)
Adoption of the Policy	April 26, 2022

*Last reviewed on July 25, 2025*

**A. INTRODUCTION:**

The recovery policy ("**Policy**") at Family Home Finance Private Limited ("**FHFPL**" / "**Company**") has been formulated to have fair and transparent process for collection of dues and repossession of security with a view to fostering confidence and long term relationship with customers. Timely recovery of the arrears/overdues in the loan account is an important function of a Housing Finance Company, which reflect the effectiveness of recovery machinery of the Company essential to maintain good asset quality. Suitable policy framework should be in place not only for credit monitoring but also for identifying the early symptoms/prospects of non-recovery of loan dues so that suitable corrective actions are to be initiated for arresting fresh slippage to NPA as well as to reduce the existing NPA.

The policy is built on courtesy, fair treatment and persuasion. The Company will not follow policies that are unduly coercive in recovery of dues from the Company's customer(s). The Company believes in following fair practices with regard to a) recovery of dues from customer(s) and b) taking possession of security (properties / assets charged to the Company as primary or collateral security) thereby fostering customer confidence and long term relationship.

The repayment schedule for any loan sanctioned by the Company will be fixed taking into account the repaying capacity and cash flow pattern of the customer. The Company will explain to customer upfront, the method of calculation of interest and how the Equated Monthly Installments (EMI) or payments through any other mode of repayment will be appropriated against interest and principal due from the customers. The Company would expect the customers to adhere to the repayment schedule agreed to and approach the Company for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

All the practices adopted by the Company for follow up and recovery of dues and repossession of security will be in consonance with the law. Policy aims at recovery of dues in the events of default and is not aimed at whimsical deprivation of the property.

**B. COLLECTION OF DUES:**

1. FHFPL shall follow multiple modes of recovery including reminder letters, tele calling, personal visits, follow up with the customers or guarantors whose reference was taken besides legal action.
2. At the time of disbursement of loan, the customer would be explained with the repayment process including amount, tenure and periodicity of repayment detailed in the repayment schedule.
3. All written and verbal communications with the customers are in simple business language and FHFPL adopts civil manners for interaction with customers.
4. Opportunity shall be provided to customers to regularize their account in case of default.
5. If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues.
6. Legal action, if any, shall be taken only in confirmation with the prevailing laws of land and after giving reasonable opportunity to the customer to regularize his account.
7. Unless any Non-performing Assets eligible for one time settlement or compromise settlement, willful defaulters or anyone who has committed fraud are not eligible for negotiation of one time settlement or compromise settlement.
8. FHFPL shall periodically evaluate the quality of its delinquent assets and depending on the quality, the management shall take a call on whether some of the assets will have to be written off. However, the collection efforts shall continue even on written off loans as per its standard collection policies.

**C. GENERAL GUIDELINES:**

All the members of the staff or any person authorized(Collection agency / Servicing partner) to represent FHFPL in collection and/or security repossession shall follow the guidelines set out below:

1. The process will involve reminding the customer(s) by sending him/her notice or by making personal visits and/or repossession of security if any. FHFPL and Collection agency / servicing partner will ensure that all written and verbal communication with its customer(s) will be in simple business language and the Company will adopt civil manners for interaction with customer(s).
2. The customer(s) 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.
3. Identity and authority of persons authorized to represent the Company for follow up and recovery of dues would be made known to the customer(s) at the first instance. The Company staff or Collection agency / Servicing partner authorized to represent the Company in collection of dues or/and security repossession will identify himself/herself and display the ID card (which includes due authorization of the Company) issued by the Company upon request. They will provide customers with all the information regarding dues and endeavor to give sufficient notice for payment of dues.
4. The Company would respect privacy of its customer(s).
5. The Company and /or its authorized(Collection agency / Servicing partner) representatives shall not use abusive language and/or force while undertaking collection/repossession activity
6. Normally the Company's representatives will contact the customer(s) between 0900 hrs. and 1800 hrs., unless the special circumstance of his/her business or occupation requires the Company to contact at a different time.
7. Customer(s) request to avoid calls at a particular time or at a particular place would be honored as far as possible.
8. FHFPL will document the efforts made for the recovery of dues and the copies of communication sent to customers, if any, will be kept on record.
9. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
10. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
11. The Company will also adhere to the present regulatory guidelines on Fair Practices Code, Code of Company's Commitment to Customer(s).

**D. ENGAGEMENT OF RECOVERY AGENCY (Recovery agent includes Service partner / Collection agency)**

FHFPL may utilize the services of recovery agency(ies) for collection of dues and repossession of securities. Recovery agencies will be appointed as per the regulatory guidelines issued by RBI/NHB from time to time in this regard.

1. The name and address of all Recovery Agencies on the Company approved panel will be placed on the Company's website for information.
2. Only recovery agencies from the approved panels will be engaged by the Company.
3. Employees of the recovery agencies, after completing the mandatory Recovery Agent training, will be issued a valid ID cards authorizing them to collect dues from the Company customers.
4. In case the Company engages services of such recovery/enforcement/ seizure agencies for any recovery case, the identity of the agency will be disclosed to the customer.
5. The recovery agents engaged by the Company will be required to follow a code of conduct governing their dealings with customers.

**E. GIVING NOTICE TO CUSTOMER(S):**

1. While written communications, telephonic reminders or visits by the Company representatives to the customer(s) place or residence will be used as loan follow up measures.
2. The Company will not initiate any legal or other recovery measures including repossession of the Property/Security without giving due notice in writing.
3. The Company will follow all such procedures as required under law for recovery/repossession of Property/Security.

**F. REPOSSESSION OF SECURITY:**

1. Repossession of security is aimed at recovery of dues and not to deprive the customer of the property.
2. 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.
3. Security repossession procedure would be set in motion only after all attempts by FHFPL to discuss with the customer the ways and means to overcome the financial hurdles have failed or if the customer is not contactable/avoiding contact for a reasonable period.
4. Due process of under the SARFAESI Act, 2002 will be followed while taking repossession of the property.
5. Customers shall be given an option to make payment and clear the entire loan even after possession of the property till the time valid bid accepted by the Company.
6. The Company will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

As an exception, it is to be noted that FHFPL has the right to possess the financed asset, as a preventive measure, even in instances where there has been no default, but on account of violations of the terms and conditions of the Loan Agreement.

**G. VALUATION AND SALE OF PROPERTY:**

1. Valuation and sale of property repossessed by the Company will be carried out as per law and in a fair and transparent manner.
2. The Company will have right to recover from the customer(s) the balance due, if any, after sale of property.
3. Excess amount, if any, obtained on sale of property will be returned to the customer(s) after meeting all the related expenses provided the Company is not having any other claims against the customer(s).
4. Giving notice before taking possession of the property should not be construed as notice for sale.
5. In the case of hypothecated assets, after taking possession, a pre-sale notice is sent to customer giving 7 days' time for payment.
6. If no payment is forthcoming within 7 days of presale notice, the Company will arrange for the sale of the hypothecated assets in such manner as deemed fit by the Company.
7. In respect of cases under SARFAESI Act, 2002, as per the provisions of the Act, a notice will be issued to the customer giving 30 days' time for payment. When sale by public auction or by tender is envisaged, a notice will be published in two leading newspapers, out of which one would be a local vernacular newspaper.

**H. OPPORTUNITY FOR THE CUSTOMER TO TAKE BACK THE SECURITY:**

As indicated earlier in the policy document, the Company 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 customer of the property. Accordingly, the Company will be willing to consider handing over possession of property to the customer(s) any time after repossession but before concluding sale transaction of the property, provided the Company dues are paid in full. If satisfied with the genuineness of customer(s) inability to pay the loan installments as per the schedule which resulted in the repossession of security, the Company may consider handing over the property after receiving the

Installments in arrears. However, this would be subject to the Company being convinced of the arrangements made by the customer to ensure timely repayment of remaining installments in future.

If the amounts are repaid, either as stipulated by FHFPL or dues settled as agreed to by FHFPL, possession of seized assets will be handed back to the customer within seven days after date of permission from competent authority of FHFPL or court / DRT concerned if recovery proceedings are filed and pending before such forums.