

Loan Policy Document

1. Objective

This Loan Policy sets out the guidelines for monitoring loan repayments and specifies the timelines for follow-ups and notices to borrowers, based on the type of loan and repayment behavior.

2. Loan Types Covered

- Personal Loan
- Home Loan / Mortgage Loan
- Business Loan
- Vehicle Loan
- Education Loan
- Other Secured/Unsecured Loans

3. General Principles

- 1 Follow-ups and notices must be professional, documented, and compliant with local regulatory guidelines.
- 2 Communication should begin at the first sign of delay to reduce default risk.
- 3 The intensity of follow-up increases with the number of overdue days.
- 4 Borrowers must be given adequate opportunity to regularize payments before legal action is considered.

4. Follow-up & Notice Guidelines by Loan Type

Personal Loans (Unsecured)

- 1–7 Days Overdue: Friendly reminder via SMS/Email.
- 8–15 Days Overdue: Phone call follow-up.
- 16–30 Days Overdue: First written notice (soft copy + hard copy).
- 31–60 Days Overdue: Strong reminder notice; suspension of further credit eligibility.
- 61–90 Days Overdue: Final notice before reporting to credit bureau.
- >90 Days Overdue: Mark as NPA (Non-Performing Asset); initiate legal/recovery action.

Home Loans / Mortgage Loans

- 1–15 Days Overdue: SMS/Email reminder; soft follow-up call.
- 16–30 Days Overdue: First notice letter; request for explanation.
- 31–60 Days Overdue: Second notice + field visit (if required).
- 61–90 Days Overdue: Demand notice with warning of SARFAESI (if applicable).
- >90 Days Overdue: Initiate foreclosure/recovery proceedings as per law.

Business Loans

- 1–15 Days Overdue: Reminder email/SMS; call finance team of the business.
- 16–30 Days Overdue: First notice; suspension of further disbursements.
- 31–60 Days Overdue: Second notice + meeting request with borrower.

- 61–90 Days Overdue: Final reminder; report to credit bureau.
- >90 Days Overdue: Initiate legal/contractual recovery proceedings.

Vehicle Loans

- 1–7 Days Overdue: SMS reminder.
- 8–15 Days Overdue: Phone call.
- 16–30 Days Overdue: First written notice.
- 31–60 Days Overdue: Strong reminder + warning of repossession.
- 61–90 Days Overdue: Final repossession notice.
- >90 Days Overdue: Initiate vehicle repossession.

Education Loans

- 1–15 Days Overdue: Friendly reminder (as students may face financial hardship).
- 16–30 Days Overdue: First written notice.
- 31–60 Days Overdue: Second notice; request for repayment plan.
- 61–90 Days Overdue: Strong reminder; notice of credit bureau reporting.
- >90 Days Overdue: Initiate recovery as per RBI/Banking regulations.

5. Communication Channels

- SMS & Email → Friendly reminders.
- Phone Calls → Personalized follow-ups.
- Written Notices → Official communication & documentation.
- Field Visits → For secured loans (home/vehicle/business).

6. Escalation Process

- 1 Internal recovery team after 30–60 days overdue.
- 2 Credit bureau reporting after 60+ days overdue.
- 3 Legal action / repossession / foreclosure after 90+ days overdue.

7. Compliance

- All actions must follow local banking regulations (e.g., RBI in India).
- No harassment or unethical recovery practices allowed.
- Maintain audit trail of all communications.