



MRHMFL RURAL HOUSING & MORTGAGE FINANCE LIMITED

PENAL AND OTHER CHARGES POLICY

OBJECTIVE

As per RBI directions on Fair Lending Practice - Penal Charges in Loan Accounts - RBI/2023-24/53 DoR.MCS.REC.28/01.01.001/2023-24 dated 18th August, 2023. ~~MA~~ Rural Housing and Mortgage Finance Limited ("MRHMFL" or "Company") has formulated the policy to ensure reasonableness and transparency in disclosure of various charges. The intent of levying those charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest.

APPLICABILITY

The policy would be effective from 1st April 2024 (hereby referred as "Effective Date") for all the fresh loans availed / renewed from the effective date.

In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or 30th June 2024, whichever is earlier.

EVENTS OF DEFAULT

- Default occurred in payment of EMIs.
- Default occurred in Performance of Covenants
- Supply of Misleading information given by the Borrower in his Loan application to MRHMFL
- Inability to Pay Debts or proceedings for taking him into insolvency has commenced.
- If the property given as security depreciates in value to such an extent that in the opinion of MRHMFL, further security to the satisfaction of MRHMFL should be given and such security is not given, inspite of being called upon to do so.
- If the Borrower's property which is given as security for the Loan is sold, disposed of, charged, encumbered or alienated.
- If an attachment or distraint is levied on the properties offered as security or any part thereof and/or certificate proceedings are taken or commenced for recovery of any dues from the Borrower.
- If the Borrower fails to create security as required by MRHMFL
- Failure to furnish Information/documents by the Borrower to MRHMFL.
- If the Borrower shall become bankrupt or insolvent.

REVIEW/RENEWAL OF THE POLICY

The policy would be reviewed or renewed on yearly basis. The Company if required can make the amendment in the policy as and when required. The board hereby empowers Finance Committee to approve and agree necessary amendments recommended by the Company.

All the amendments and the revised policy to be kept before the Board on yearly basis for review and approval.

WAIVER OF CHARGES

The Company has well defined authority matrix where the powers to waive the charges are defined, so that no additional burden would be levied on genuine borrowers where delay of the dues is because of technical / unforeseen circumstances beyond the control of the borrower.

MISSED EMI CHARGES

Applicable in case of missing the scheduled Equated Monthly Instalment (“EMI”) as per Repayment Schedule for whatsoever reason. The Missed EMI charges shall be accounted on receipt basis. The amount of Missed EMI charges are as mentioned in below table.

EMI Amount	*Charges (₹)
Less than ₹ 1,000	250/-
₹ 1,000 – ₹ 5,000	500/-
₹ 5,000 – ₹ 10,000	750/-
₹ 10,000 & above	1,000/-

* Inclusive of applicable taxes.

PENAL CHARGES

Applicable in case of Event of Default as mentioned above. General norms for charging Penal Charges are as below:

- Penal charges shall not be levied in the form of ‘penal interest’ that is added to the rate of interest charged on the advances.
- Penal Charges shall not be capitalised i.e. no further interest shall be computed on such charges.
- The Company will continue to charge normal interest with normal procedure of compounding interest in the loan account.
- The Company will not introduce any additional component to the rate of interest and ensure compliance to the regulatory guidelines.
- The Company will charge penal charges without being discriminatory within a particular loan / product category.
- The penal charges shall be accounted on receipt basis.
- The penal charges in case of loans sanctioned to individual borrowers, for purposes other than businesses and to non-individual borrowers for similar non-compliance of material terms and conditions of the contract will be same and there would not be any discrimination.
- The Company will disclose the quantum and reason for penal charges to the customers in the loan agreement and Most Important Terms & Conditions (“MITC”) / Key Fact Statement (“KFS”) as applicable. The Company will also display the charges on Company’s website under Fees and Other Charges.
- The Company will ensure that if any reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall also be communicated. Further, any instance of levy of penal charges and the reason thereof shall also be communicated.

Type of Default	*Quantum of Charges
Default in payment of EMI or part thereof	30% per annum on the amount overdue
Any other Event of Default	30% per annum on the total loan outstanding

* Inclusive of applicable taxes.

ANNEXURE 1 – TRIGGER POINTS FOR LEVY OF CHARGES

Sr. No.	Type of Charges	Event of Default	Trigger Point	Levy / Discontinuation	Event for Levy / Discontinuation
1.	Missed EMI Charges	On account of Cheque Bounce / Non-submission of revised NACH / ECS debit mandate registration wherever existing mandate is invalid or inactive / bank account closed / bank account frozen / other technical issue.	Immediately upon EMI getting missed due to any of the reasons.	Levy	Immediately on the event of default.
2.	Penal Charges	Default in payment of EMI or part thereof.	Immediately upon account getting overdue.	Levy	From the date of default. However, no charges shall be levied in case of SMA-0 accounts, if the entire overdue is cleared before next EMI date.
				Discontinuation	Immediately from the account getting regularised / 'Nil' overdue.
		Non submission of Title document / security perfection document / MODT / MOE / Mortgage deed / ROC charge creation wherever applicable.	30 days from first disbursement date.	Levy	On non-compliance of any one or all heads in the category.
				Discontinuation	Next calendar month from date of curing.
		Non-adherence to any terms and conditions, representations, warranties, covenants as defined in the Loan Agreement or Sanction Letter or on occurrence of any Event of Default	30 days from first disbursement date.	Levy	On non-compliance of any one or all heads in the category.
				Discontinuation	Next calendar month from date of curing.