

**POLICY ON REFUND OF PROCESSING FEE AND ADMINISTRATIVE FEE  
(AMENDED).**

**A. INTRODUCTION & OBJECTIVE:**

Processing Fees (P.F.) and Administrative Fees (A.F.) as the nomenclature suggest is accepted by financial institutions to cover the overheads incurred such as legal and technical verification, field investigation etc. necessary for appraisal and evaluation of a loan application prior to written sanction/actual disbursement of the loan. "P.F." are generally accepted at the time of submission of application whereas "A.F." is accepted subsequent to Sanction. However, in many instances on the request of the customer, both the fees can also be accepted as one during the time of submission of application. An imperative thing to remember is that both the fees (P.F. & A.F.) are payable "upfront" i.e. prior to "actual disbursement".

In light of the above it is evident that there is every possibility of a loan being declined even after acceptance of P.F. and/or A.F. by the HFC resting on "myriad but valid" reasons. In these circumstances, the incongruity remains that even though the customer has advanced the applicable fees (thereby fulfilling his financial obligations for obtaining a loan) it nowhere guarantees/assures him/her disbursement of the loan as his/her credit worthiness and other elementary documents/security evidences must also conform with the management/regulatory guidelines of the HFC. The outcome may result in "financial loss" to the customer.

Classically a "financial loss" for the customer who has been rejected a loan must denote "financial gain" for opposite party i.e. the HFC. Unfortunately the irony is that both the parties involved (customer and HFC) experience "loss" and more-so the HFC which not only has to forego a long term business opportunity (as its profitability orbits around the lending business activity) but also majority portion of the fees collected is normally spent on the overheads meant for conducting appraisal/evaluation, thus on most occasion leaving almost nothing for the institution to enjoy.

The above state may give rise to a situation where the customer might seek refund (full or partial) of the fees already paid (on ground of refusal/rejection of the loan) with the intent to recover in full/partial the financial loss incurred as "no service" was rendered. The claim holds prudence for the customer and is not completely unjustified.

On the other side too, there is no benefit accrued with the HFC as the fees collected is spent purely on appraisal/eligibility evaluation of loan application thus leaving little or no residual money (on account of fees).

This Catch-22 situation creates a deadlock. In order to overcome it, few HFCs have made it amply clear to the customer that "NO REFUND (WHATSOEVER)" will be entertained at any stage in the event of

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refusal/rejection of the loan application by the company and even if the application is withdrawn by the customer. The above restrictive direction holds little prudence and so in many instances confronted by the customer.

It is thus rationale that the course of action must be sufficiently transparent and fair wherein the interest/financial loss of the refused/rejected customer must also be borne in mind. The HFC must also not forget the probability that part of the money (fees) may remain residual in their kitty, which they hold no right to enjoy considering their inability to provide the service. It is thus always advisable and justifiable for the HFCs to refund this amount or any other amount (embedded on a policy) that lies in custody of the HFC. This action provides credence to the whole process wherein both the parties involved may appreciate their respective positions.

SHCL in its constant endeavor to be a level-player in the industry and promote transparency and fair marketing practices decided to frame a policy/guideline for itself which is more explicitly stated elsewhere in this policy.

## B. APPLICABILITY OF THE POLICY:

The company shall ensure that the implementation of the **"POLICY ON REFUND OF PROCESSING AND ADMINISTRATIVE FEE (AMENDED)"** is the responsibility of the entire organization and shall apply across all products and services covering the entire operational locations of the company, existing and future.

## C. THE POLICY:

The Policy primarily deals with the relevant conditions for Refund of Processing Fees and Administrative Fees **collected and realized** from bonafide customer(s) of the company against their application under various loan schemes offered from time to time.

## D. THE GUIDELINES / DIRECTIONS:

### 1) REFUND OF PROCESSING FEES (P.F.) ON LOANS

- (i) P.F. is collected at the time of submission of the loan request (once the application is considered fit for Log-in and conforming to the basic yardstick notified by the company). The rate of P.F. is dependent on the type of loan (i.e. Housing, NRP, Mortgage etc.) and ticket size. Service Tax (S.T.) is attracted in addition to the applicable fees. The details of applicable fees/charges/levies are more clearly uploaded / notified in the official web-site/notice board (at branch & region) of the company for public/general viewing. The customer can even contact the branch for details.

- (ii) **In respect of request received from the customer for refund of P.F. against declined loan application “after Log-in but before Sanction and moreover prior to conducting Legal and/or Technical verification”, the amount of DEDUCTION will be Rs.1000/- (RUPEES ONE THOUSAND ONLY) OR 50% (FIFTY PERCENT) of the P.F. realized, WHICEVER IS HIGHER. NONETHELESS THE MAXIMUM AMOUNT DEDUCTIBLE CANNOT EXCEED RS.3000/- (RUPEES THREE THOUSAND ONLY) AGAINST ANY SINGLE LOAN APPLICATION.**

**(Illustration 1:** Provided P.F. of Rs.1200/- (excluding S.T.) is **collected & realized** and which qualifies under the classification outlined in section D 1 (ii), the computation of refund shall be applicable as under:

- a) Rs.1000/- (being the minimum amount of deduction set-out) or
- b) Rs.600/- (being 50% of the P.F. collected);
- c) Rs.3000/- (being the maximum amount deductible as P.F. – Not applicable in this case.

*Thus the deductible amount in the above instance will be Rs.1000/- being the minimum but higher amount deductible based on the choices available against a declined loan application. The amount of refund shall be Rs.200/-)*

**(Illustration 2:** Provided P.F. of Rs.5000/- (excluding S.T.) is **collected & realized** and which qualifies under the above classification outlined in section D 1 (ii) above, the computation of refund shall be as stated below:

- a) Rs.1000/- (being the minimum amount of deduction notified) or
- b) Rs.2500/- (being 50% of the P.F. collected); or
- c) Rs.3000/- (being the maximum amount deductible as P.F.) – Not applicable in this case.

*Thus the deductible amount in the above situation will be Rs.2500/- being the higher and maximum amount deductible on the loan application declined. Thus the refund amount shall be Rs.2500/-)*

**(Illustration 3:** Provided P.F. of Rs.8000/- (excluding S.T.) is **collected & realized** and which qualifies under the above classification outlined in section D 1 (ii) above, the computation of refund shall be processed as follows:

- a) Rs.1000/- (being the minimum amount of deduction notified) or
- b) Rs.4000/- (being 50% of the P.F. collected); or
- c) Rs.3000/- (being the maximum amount deductible as P.F.) – Applicable in this case.

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*In this circumstance the deductible amount will be Rs.3000/- being the maximum amount deductible on the declined loan application and the appropriate refund amount shall be Rs.5000/-.)*

- (iii) **Notwithstanding anything contained in section D 1 (ii) above, if the gross amount of P.F. collected (excluding S.T.) is equivalent to or below Rs.1000/-, then irrespective of the stage/status of the loan / loan processing, NO REFUND SHALL BE ENTERTAINED/APPLICABLE.**
- (iv) **In case of request received from the customer for refund of P.F. against declined loan application “after Log-in but before Sanction and wherein Legal and/or Technical and/or related verifications have already been carried out/completed”, NO REFUND OF P.F. SHALL BE ENTERTAINED.**
- (v) **NO REFUND OF P.F. SHALL BE ENTERTAINED ON AND AFTER THE LOAN APPLICATION HAS BEEN SANCTIONED.**
- (vi) Subject to collection of A.F. along-with P.F at the time of submission of the loan application and which has been declined at any stage/status prior to sanction, **THE REFUND OF A.F. IN THIS CASE SHALL NOT ATTRACT ANY DEDUCTION (WHATSOEVER) AND THUS THE FULL AMOUNT (OF A.F.) WILL BE REFUNDED WHEREAS P.F. SHALL ATTRACT DEDUCTION AS ALREADY STATED HERE-IN-ABOVE.**
- (vii) In an extraordinary event wherein an application for loan is withdrawn by the applicant **WITHIN THREE WORKING DAYS (INCLUDING THE DATE OF LOGIN)** of its submission (LOG-IN) and wherein:
  - a) P.F. has been collected & realized and/or;
  - b) **NO** internal process (whatsoever) including **LEGAL, TECHNICAL AND OTHER PROCESSES** has been initiated / commenced;

- the **DEDUCTION** shall be limited to lumpsum of **Rs.500/- (RUPEES FIVE HUNDRED ONLY)**. **A.F. (if any) collected & realized in this stage will be refunded in full without any deduction whatsoever.** Nonetheless **NO** refund of Service Tax shall be entertained. **THE ABOVE CONDITION IS TO BE APPLIED EXTREMELY SPARINGLY AND JUDICIOUSLY BY ALL RO/BO AND IT MUST NOT BECOME A HABITUAL/RANDOM RECOMMENDATION. IN ORDER TO AVOID SUCH RECOMMENDATION/S INCLUDING ITS POSSIBLE MIS-USE, IT IS ADVISED THAT THE APPLICATION MUST BE ACCEPTED UNCONDITIONALLY AND ONLY AFTER BEING COMPLETELY ASSURED OF ITS ONWARD JOURNEY BEFORE ACKNOWLEDGING IT AS LOG-**

**IN. MOREVOER IT MUST BE ENSURED THAT ALL RELEVANT AND CRITICAL PARAMETERS NECESSARY FOR ACCEPTANCE OF APPLICATION MUST BE DULY CONTENTED WITH BY RO/BO PRIOR TO REGISTERING THE SAME AS “LOG-IN”. FURTHER PRIOR TO FORWARDING A REQUEST FOR REFUND UNDER THE ABOVE CONDITION, IT MUST BE ENSURED THAT ALL DETAILS OF THE APPLICATION INCLUDING DATE OF LOGIN, DATE OF SUBMISSION OF P.F. AND/OR A.F., LETTER FROM APPLICANT ALONGWITH REASONS OF HASTY WITHDRAWAL ETC. MUST BE FURNISHED SO AS TO ENABLE CORPORATE-OFFICE TO COMMENCE PROCESS OF REFUND. THE REFUND IS LIABLE TO BE REJECTED IF IT IS EVIDENT FROM THE DOCUMENTS/INFORMATION AVAILABLE/SOUGHT THAT THE ABOVE CLASSIFICATION IS BEING EITHER MISUTILIZED/MISREPRESENTED AS A LEEWAY FOR EXCESS REFUND AND/OR TO HIDE THE INTERNAL NON-COMPLIANCE OF GUIDELINES BY ANY FUNCTIONARY. PROVIDED SUCH AN ACT IS EVIDENCED / PROVED BEYOND DOUBT THEN THE COMPANY MAY EVEN INITIATE NECESSARY DISCIPLINARY MEASURES AS IT MAY DEEM FIT AGAINST THE CONCERNED OFFICIAL/FUNCTIONARY. THUS IT IS ADVISED TO BE ADDITIONALLY VIGILANT WHILE FORWARDING A REFUND REQUEST UNDER THIS CLASSIFICATION. FURTHER, SUBJECT TO THE AMOUNT OF P.F. RECEIVED BEING EQUAL OR UPTO RS.500/- THEN NO REFUND (WHATSOEVER) SHALL BE ENTERTAINED. IN ADDITION NO REQUEST FOR REFUND UNDER CLAUSE D 1 (VII) SHALL BE ACCEPTED IF THE TIME EXCEEDS THE PERMISSIBLE TIME-SPAN STATED (I.E. 3 DAYS).**

- (viii) S.T. ON P.F. & A.F. BEING A STATUTORY MATTER IS DEPOSITED WITH THE CONCERNED GOVERNMENT DEPARTMENT WITHIN A SPECIFIC TIME-PERIOD AND HENCE REFUND OF S.T. COLLECTED ALONGWITH THE FEES WILL NOT BE ENTERTAINED AT ANY STAGE. FURTHER ALL CALCULATIONS FOR REFUND OF P.F. SHALL BE COMPULSORILY COMPUTED AFTER EXCLUDING THE AMOUNT COLLECTED AS S.T.

## **2) REFUND OF ADMINISTRATIVE FEES (A.F.) ON LOANS**

- (i) A.F. is generally collected on/after sanction (barring few cases wherein it may be collected along-with P.F. on the behest of the customer). The amount/rate of A.F. is dependent on the type of loan (i.e. Housing, NRP, Mortgage etc.) and ticket size. S.T. is attracted in addition to the applicable fee. The details of the applicable fees/charges/levies are more clearly uploaded / notified in the

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official web-site/notice board (at branch & region) of the company for public viewing. The customer can even contact the branch for details.

- (ii) **In circumstances of refund of A.F. against loan declined “after Sanction but prior to Disbursement and even prior to conducting the exercise of Legal and/or Technical verification”, the amount of DEDUCTION will Rs.1000/- (RUPEES ONE THOUSAND ONLY) OR 50% (FIFTY PERCENT) of the A.F. realized, WHICEVER IS HIGHER. NONETHELESS THE MAXIMUM AMOUNT DEDUCTIBLE CANNOT EXCEED RS.2000/- (RUPEES THREE THOUSAND ONLY) AGAINST ANY SINGLE LOAN APPLICATION. (for the convenience of computation please refer to illustrations outlined under section D (1) (ii) above.**
- (iii) **On the other hand, in case of request for refund of A.F. against a declined loan is received following “Sanction but prior to Disbursement and after conducting the exercise of Legal and/or Technical verification”, the amount of DEDUCTION will be Rs.2000/- (RUPEES TWO THOUSAND ONLY) OR 50% (FIFTY PERCENT) of the A.F. realized WHICEVER IS HIGHER. MOREOVER THE MAXIMUM AMOUNT DEDUCTIBLE CANNOT EXCEED RS.3500/- (RUPEES THREE THOUSAND FIVE HUNDRED ONLY) AGAINST ANY SINGLE LOAN APPLICATION.**

**(Illustration 1:** Provided A.F. of Rs.2500/- (excluding S.T.) is **collected & realized** and which qualifies under D 2 (iii) above, the refund shall be computed as follows:

- a) Rs.2000/- (being the minimum amt. of deduction prescribed) or
- b) Rs.1250/- (being 50% of the A.F. collected);
- c) Rs.3500/- (being the maximum amount deductible as A.F.) – Not applicable in this case

*Thus the deductible amount in the above instance will be Rs.2000/- being the minimum but higher amount deductible based on the two choices available against a declined loan application. The amount to be refunded shall be Rs.500/-)*

**(Illustration 2:** Provided A.F. of Rs.5000/- (excluding S.T.) is **collected & realized** and which qualifies under D 2 (iii) above, the refund amount shall be computed as follows:

- a) Rs.2000/- (being the minimum amount of deduction notified) or
- b) Rs.2500/- (being 50% of the A.F. collected); or
- c) Rs.3500/- (being the maximum amount deductible as A.F.) – Not applicable in this case



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*Thus the deductible amount in the above situation will be Rs.2500/- being the higher and maximum amount deductible on the loan application declined. Thus the refund amount payable shall be Rs.2500/-)*

**(Illustration 3:** Provided A.F. of Rs.12000/- (excluding S.T.) is **collected & realized** and which qualifies under D 2 (iii) above, the computation of refund shall be computed as follows:

- a) Rs.2000/- (being the minimum amount of deduction notified) or
- b) Rs.6000/- (being 50% of the A.F. collected); or
- c) Rs.3500/- (being the maximum amount deductible as A.F.) – Applicable in this case.

*In this circumstance the deductible amount will be Rs.3500/- being the maximum amount deductible on the declined loan application and the acceptable for refund will be Rs.8500/-.)*

- (iv) **Notwithstanding anything contained in section D 2 (ii) and (iii) above, if the gross amount of A.F. collected (excluding S.T.) is equal to or below Rs.2000/- (RUPEES TWO THOUSAND ONLY), then irrespective of the status of the processing/loan, NO REFUND SHALL BE APPLICABLE.**
- (v) No request / appeal for refund of A.F. must be entertained / accepted subsequent to receipt of request for disbursement from the customer and/or issuance of disbursement memo by the concerned branch.
- (vi) AS ALREADY STATED ABOVE, S.T. BEING A STATUTORY MATTER IS DEPOSITED WITH THE CONCERNED GOVERNMENT DEPARTMENT WITHIN A SPECIFIC TIME-PERIOD AND HENCE REFUND OF S.T. COLLECTED ALONGWITH THE FEES WILL NOT BE ENTERTAINED. FURTHER ALL CALCULATIONS FOR REFUND OF A.F. SHALL BE COMPULSORILY COMPUTED AFTER EXCLUDING THE AMOUNT COLLECTED AS S.T.

*(PLEASE NOTE THAT THE ABOVE REFUND POLICY IS ALSO APPLICABLE ON LOAN APPLICATION WHEREIN THE CUSTOMER HAS INFORMED/ REQUESTED FOR WITHDRAWAL/ ANNULMENT OF HIS/ HER LOAN REQUEST AT ANY STAGE & STATUS OF THE LOAN)*

### 3) FORGED AND FRAUDULENT APPLICATION

- (i) NO REFUND OF FEES (P.F., A.F. & S.T.) SHALL BE ENTERTAINED OR ACKNOWLEDGED IN ANY LOAN APPLICATION PRE & POST-SANCTION OR ANY OTHER STAGE/STATUS WHEREIN THE PAPERS/DOCUMENTS/INFORMATION SUBMITTED/PROVIDED IS

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ESTABLISHED TO BE FORGED AND FRAUDULENT. MOREOVER SUCH CASES MUST BE IMMEDIATELY REPORTED (IN WRITING) TO THE CONCERNED DEPARTMENT (CREDIT & OPERATION) AT CORPORATE OFFICE ALONGWITH COMPLETE RELEVANT DETAILS/DOCUMENTS AND EVIDENCE FOR RECORD, INFORMATION AND NECESSARY ACTION INCLUDING INTIMATION TO NHB & OTHER REGULATORY AUTHORITIES.

### E. THE PROCESS:

The process/steps to be pursued for seeking refund of fees (P.F. & A.F.) is already explicitly mentioned in the earlier "POLICY FOR THE PROCESS/STEPS TO BE FOLLOWED WHILE REQUESTING REFUND AND/OR ADJUSTMENT OF FEES INCLUDING INSURANCE OR ANY OTHER CHARGES/EXCESS AMOUNT RECEIVED/REALISED, INTERIM CHANGES TO EMI/PEMI STRUCTURE, REQUEST FOR FORECLOSURE/ISSUANCE OF BALANCE CONFIRMATION, CANCELLATION OF / MODIFICATION TO DISBURSED INSTRUMENT AND ANY RELATED CIRCUMSTANCES WHICH MAY DEMAND CHANGE IN THE BORROWER'S LEDGER" which is in force since 28/08/2007 (Refer Comm. No. SHCL/IOM/VK/F.1101/07-08/430 dated 28/08/2007). **However, in addition to the procedure summarized in the policy dated 28/08/2007, the functionaries of SHCL seeking refund (P.F. & A.F.) must ensure a written "Request Letter" is obtained from the customer and the same thereafter forwarded to CO duly recommended by the respective BH/RBH.**

### G. GENERAL:

1. Refund of fees (P.F. and A.F.) shall be released from CO by means of account payee instruments (payable at par cheques) issued in favour of the first applicant whose name appear on the respective Loan Application Form of the company.
2. The process of refund must be commenced only after obtaining proper written communication from the applicant of the loan;
3. No request for refund shall be processed without proper recommendation of the respective BH and RBH.
4. While the same is being appealed to be released in favour of any Co-applicant, a written "No Objection Letter" must be obtained from the first applicant and filed appropriately;
5. A written communication must be obtained from the bonafide customer while handing over the refund instrument acknowledging the said refund and indemnifying the company from any future claim in this respect.



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6. The instrument must be handed personally to the bonafide customer. In the event of the same being handed over to an authorized representative of the customer, an “Letter of Authority” must be obtained duly signed by the customer designating an authorized representative on his/her behalf and duly attesting the authorized representative(s) signatures. The letter must be filed properly for future reference.
7. The company reserves to itself the rights to alter/delete/add to the Policy at any time without prior individual notice and such alterations/deletions/additions shall be binding on the customer/s.
8. The above Policy will come into force with immediate effect and shall be in force till rescinded in writing.
9. The above policy is not exhaustive but indicative based on situation/general practice that can be presumed and therefore there might be a real life situation/s which could not be determined / covered in the policy. All concerned are therefore requested to revert to Accounts Department, Corporate Office, Kolkata in such a situation so that immediate remedial/suggestive measures can be initiated without delay and thereafter such situation/s (if necessary) be incorporated after due deliberation to the Policy so as to make it further dynamic, exhaustive and informative.

Sd/-  
(D. J. Bagchi)  
CEO

Dated : 19/07/2011

Place : Kolkata

Abbreviation:

RBH : Region Business Head	BH : Branch Head	CO : Corporate Office
CEO: Chief Executive Officer	A.F. : Administrative Fee	S.T.: Service Tax
SHCL: Sahara Housingfina Corporation Limited		P.F. : Processing Fee