

## **LOAN MANAGEMENT PROCEDURES**

### **Introduction**

1. The procedures in this regulation are intended to regulate certain aspects of loan management by a banking corporation.

### **Payments via a current account**

2. (a) A banking corporation shall not refuse a customer's request to repay a loan by depositing payments directly into the loan account.
- (b) When a certain loan is repaid by debiting the customer's current account in the same banking corporation, the banking corporation will have the customer sign a written statement which specifies that the interest charged may exceed the interest on arrears determined in the loan agreement.
- (c) Reimbursement of debits from the current account to the loan account are possible only within 90 days from the day the current account is debited for repayment of the loan, excluding error corrections.

For the purpose of this section, "loan account" includes a secondary account whose terms are the same as those of the loan.

### **Indexation differentials**

3. (a) As a rule, a banking corporation shall execute a CPI-indexed loan at the time requested by the borrower.
- (b) When a banking corporation sets a uniform repayment date for periodical payments of a CPI-indexed loan and the date of the loan execution does not fall on the same day of the month (and between the two dates the CPI is to be published), the banking corporation must take into account the fact that the first repayment date of the loan and the interest will fall within a shorter time period than the period set in the repayment schedule, for the purpose of indexation differentials.

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