

# INDIA HOME LOAN LIMITED



## FAIR PRACTICE CODE

### **VERSION CONTROL**

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To define the Fair Practice Code (FPC) of the Company in accordance with the NHB Directions for Housing Finance Companies.

## **I. INTRODUCTION**

The purpose of this document is to define the Fair Practice Code (FPC) of the Company in accordance with the NHB Directions for Housing Finance Companies.

Pursuant to the guidelines issued by the National Housing Bank on Fair Practices Code guidelines vide its notifications/Circular and in line with the amendment in the guidelines issued time to time, the Board of Directors of the Company, had approved and adopted the “Fair Practice Code” accordingly to provide transparency in business dealing with the customers of the Company, which came into force with immediate effect.

The said code deals to promote good and fair practice, increase transparency, encourage market forces; promote a fair and cordial relationship between borrower / Customer and the Company and to foster confidence of the customer in the Company.

This is living document and supposed to be updated on a regular basis. Any regulatory change that would impact the FPC aspects of the company would be reflected here.

## **II. GOVERNING LAWS**

This policy shall be governed by Pursuant to the guidelines issued by the National Housing Bank on Fair Practices Code and other applicable laws.

## **III. SHORT TITLE**

This Code shall be known as “Fair Practice Code”.

## **IV. OBJECTIVES OF THE CODE**

1. To serve the customers as part of best services and to provide transparency in business practices.
2. To promote fair and cordial relationship between the customers and company.
3. To foster confidence in the housing finance system.
4. To encourage the market forces through competition to achieve higher operating standards.
5. To promote good and fair practices.

## **V. COMMITMENTS**

To Act fairly and reasonably in all their dealings with their Customers IHLL shall meet the commitments and standards set in this Code for the products and services offered and make sure that products and services meet relevant laws and regulations in letter and spirit in order to ensure that dealings with customer rest on ethical principles of integrity and transparency.

## **VI. APPLICATION OF THE CODE**

The code shall be applicable across all aspects of operations including marketing, loan origination processing and servicing and collection activities. Our commitment to Fair Practice Code would be

demonstrated in terms of employee responsibility, efficiency, monitoring and auditing programmes, training and technology.

Through regular meetings, training programmes etc. and other modes of the communication employees would be made aware of the code so that there is a strong commitment for fair and quality lending and efficient and fair services.

## **VII. DISCLOSURE AND TRANSPARENCY**

The Company shall act fairly and reasonably in all dealings with customers, by ensuring that:

- a) It meets the commitments and standards in this Code for the products and services it offer and in the procedures and practices its staff follows.
- b) Its products and services meet relevant laws and regulations in letter and spirit.
- c) Its dealings with customers rest on ethical principles of integrity and transparency.

The Company (IHLL) should transparently disclose to the borrower all information about fees/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payments options and charges, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa (if applicable), existence of any interest re-set clause and any other matter which affects the interest of the borrower. In other words, Company must disclose 'all in cost' inclusive of all charges involved in processing /sanction of loan application in a transparent manner. It should also be ensured that such charges/fees are non-discriminatory.

## **VIII. KEY ELEMENTS**

1. To Act fairly in all their dealings with their Customers Company shall:

- a) Provide clear information, without any ambiguity, to the customer in understanding Products and services together with its terms and conditions including interest and service charges.
- b) Treat all personal information of customers as private and confidential and shall not divulge any information to third person unless required by any law or Government authorities including Regulators or Credit agency or where the sharing of information is permitted by the customer.
- c) Not discriminate its customers on the basis of age, race, caste, gender, marital status, religion or disability. However the restrictions if any, as mentioned in the loan products, shall continue to apply.
- d) Provide, on request, copy of the Code to the existing borrowers and new customer prior to commencement of business transaction.
- e) Deal quickly and sympathetically in correcting mistakes if any, and attend to customer's complaints in light of the objectives of this code.

With respect of Prospective Customers, the Company shall:

- a) Provide clear information explaining the key features of services and products that customers are interested in.
- b) Provide information on any type of product and service which they offered and that may suit customer's needs.

- c) Tell the customers about the various mediums of offering Products and services for example, through internet, over the phone etc. and information about how they find them.
- d) Tell the customers what information they need from him/her to prove his/her identity and address, for Company to comply with legal, regulatory and for other applicable policies requirements.

2. To provide information on interest rates, common fees and charges etc through:

- a) Putting up notice in Head office/ Satellite Centres/branches;
- b) Customers can ask to see this free of cost by providing tariff schedules etc. at offices.
- c) A list of services which are rendered with fee and free of charges.
- d) Through telephone or on company's website;

3. Interest Rates:

The Company shall inform their customers about the change in interest rates on their products and also give information to the customer on:

- a) The interest rates which apply to his/her accounts and when interest is charged on his / her loan accounts.
- b) How interest is applied to his / her account and method of calculation of interest etc.

4. Uniformity of Charging interest:

For the growth of a healthy and sound housing finance limited, it is considered necessary that pricing of the products by the lending institutions are transparent, non-discriminatory and objective.

In case if floating rate basis applicable in future, the company must ensure to apply uniform rates of interest to the old & new borrowers, who have the same credit/risk profile.

5. Fees & Charges:

The Company shall transparently disclose to the borrower all information about:-

- a) Fees/ charges payable for processing the loan application,
- b) The amount of fees refundable if loan amount is not sanctioned / disbursed,
- c) Pre-payment options and charges, if any
- d) Penalty for delayed repayment, if any
- e) Conversion charges for switching loan from fixed to floating rates or vice-versa if applicable in company.
- f) Existence of any interest re-set clause and any other matter which affects the interest of the borrower.

The company would disclose "all in cost" inclusive of all charges involved in processing / sanction of loan application in a transparent manner. It would also be ensured that such charges/fees are non-discriminatory.

The Company shall give their customer all details in their tariff schedule of any charges applicable to the products and services chosen by him / her.

The Company should provide their customers information about the penalties liable to be levied in case of no observance / violation of any of the terms and conditions governing the product / services chosen by them.

If Company increases any of these charges or introduce a new charge, it will be notified in stipulated time prior to the revised charges being levied / becoming effective.

6. Advertising, Marketing and Sales Company shall make sure that:

- a) All advertising and promotional material is clear, and not misleading.
- b) In any of its advertisement in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available to you on request.
- c) Provide information on interest rates, common fees and charges through putting up notices in its branches/ satellite centers; through telephone or help-lines; on the company's website; through designated staff / help desk; or providing service guide / tariff schedule.
- d) If avails of the services of third parties for providing support services shall require that such third parties handle customer's personal information (if any available to such third parties) with same degree of confidentiality and security as the Company would.
- e) May from time to time, communicate to customers various features of their products availed by them. Information about their other products or promotional offers in respect of products / services may be conveyed to customers only if he / she have given his / her consent to receive such information/service either by mail or by registering for the same on the website or on customer service number.
- f) Shall prescribe a code of conduct for the Direct Selling Agencies (DSAs) whenever applicable to company whose services are availed to market products / services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through phone.
- g) In the event of receipt of any complaint from the customer that the Company's representative or DSA (if any ) has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.

7. Loans To Customer

- a) Applications for loans and their processing Company shall Make sure:
  - i. At the time of sourcing a loan product, company will provide information about the interest rates applicable, as also fees / charges, if any, payable for processing, pre-payment options and charges if any and any other matter which affects the interest of the borrower.
  - ii. The Company would devise a system of giving acknowledgement of receipt of all loan applications. Preferably, the time frame within which loan application will be disposed of should also be indicated in the acknowledgement.
  - iii. Company would disclose all the charges involved in processing/sanctioning loan in a transparent manner. All the fees/charges would be non-discriminatory in nature. The borrower will be disclosed following information:
    - a. Fees/charges payable for processing of the loan application.

- b. The amount of fees refundable if the loan amount is not sanctioned or disbursed,
  - c. Pre-payment options and charges, if any.
  - d. Penalty for delayed repayment, if any.
  - e. Conversion charges for converting loan from floating rate to fixed rate and vice-versa (if applicable).
  - f. Existence of any interest re-set clause.
  - g. Any other matter that affects the interest of the borrower.
- iv. All loan applications will be disposed of within a stipulated period from the date of receipt of duly completed loan applications i.e. with all the requisite information/papers.

#### Communication of rejection of Loan Application

In case of rejection of loan application, irrespective of category of loans or threshold limits, the same would be conveyed along with the reason(s), which led to rejection of the loan application.

#### b) Loan appraisal and term & conditions

- i. Normally all the particulars required for processing the loan application shall be collected by Company at the time of Loan application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
- ii. Inclusion of all necessary information affecting the interest of the borrower in the loan application form.
- iii. The Company will convey in writing to the customer by means of sanction of letter or otherwise, the amount of loan sanctioned along with all terms & conditions including annualized rate of interest, method of application, EMI terms & conditions by the customer on its record.
- iv. The Company will supply authenticated copies of all the loan documents executed by the customer at its cost along with a copy each of all enclosures quoted in the loan document on request.
- v. Repayment of loan will be done through payment of MMR (Minimum Monthly Repayment) on monthly basis. The Borrower is required to pay its MMR or EMI on the respective due date if any delay has been made then company will charge additional interest as decided by the company, as a penal interest for the period of default.

#### c) Disbursement of loans including changes in terms and conditions

- i. Disbursement of loans sanctioned is to be made immediately on total compliance of terms and conditions including execution of loan documents governing such sanction.
- ii. Conveying, in writing, to the borrower the loan sanctioned and terms thereof including the annualized rate of interest, method of application, EMI structure. A copy of the Loan agreement is to be given to all the borrowers (if required) at the time of disbursement of loan. The acceptance of such terms should be kept on record by the company.



- iii. Any change in terms and conditions, including interest rate and service charges, will be informed to the borrowers in case of account specific changes and in case of others by Public Notice/display on Notice Board at the branches/ satellite centres/on the Company's website from time to time.
- iv. Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively. A suitable term has to be incorporated in the loan agreement wherever necessary.
- v. If such change is to the disadvantage of the customer, he/she may within 60 days and without notice close his / her account or switch it without having to pay any extra charges or additional interest.
- vi. Consequent upon such changes any supplemental deeds documents or writings are required to be executed, the same shall also be advised. Further, availability of facility will be subject to execution of such deeds documents or writings.

#### Post disbursement supervision

- i. Post disbursement supervision would be constructive with a view to taking care of any genuine difficulties that the borrower may face.
- ii. Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities the Company would give reasonable notice to the borrower.
- iii. All securities pertaining to the loan would be released on receipt of full and final payment of the loans subject to any legitimate right or lien and set off for any other claim that the Company may have against the borrowers. If such right is to be exercised, borrowers would be given due and proper notice with requisite details.

#### d) Guarantors:

The Company shall make sure that Guarantor means a person who has taken obligation in support of borrower. Preferably Guarantor should be government servant or any other person. Company will inform the person acting as guarantor about:

- i. His/her ability as guarantor;
- ii. The amount of liability he/she is committed to;
- iii. Circumstances in which he/she may be called upon by Company to pay off the liability;
- iv. Whether Company has recourse to his/her other monies in the company if he/she fail to pay up as a guarantor;
- v. Whether his/her liabilities are restricted to specific quantum or are unlimited;
- vi. Time & circumstances under which his/her liabilities as a guarantor would be discharged and the manner of notification by Company. Further he/she would be kept informed about the financial position of the borrower.
- vii. In case the guarantor refuses to comply with the demand made by the creditor /lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a willful defaulter.

The Company shall keep him/her informed of any material adverse change/s in the financial position of the borrower to whom he/she stands as a guarantor.

#### e) Collection/Recovery of dues:

Whenever loans are given, company should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However 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. The process will involve reminding the customer by sending him / her notice or by making personal visits and / or repossession of security if any.

The company' collection/Recovery policy is built on courtesy, fair treatment and persuasion. Company believes in fostering customer confidence and long-term relationship. Company's staff or any person authorized to represent them in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by the Company and upon request. Company shall provide customers with all the information regarding dues and shall endeavour to give sufficient notice for payment of dues.

All the members of the staff or any person authorized to represent the company in collection or / and security repossession should follow the guidelines set out below:

- i. Customer 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.
- ii. Identity and authority to represent the customer should be made known to the customer at the first instance.
- iii. Customer's privacy should be respected.
- iv. Interaction with the customer shall be in a civil manner.
- v. Company's representatives shall contact the customers between 10: 00 hrs. and 19: 00 hrs., unless the special circumstances of the customer's business or occupation require otherwise.
- vi. Customer's request to avoid calls at a particular time or at a particular place shall be honoured as far as possible.
- vii. Time and number of calls and contents of conversation would be documented.
- viii. All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- ix. During visits to customer's place for dues collection, decency and decorum should be maintained.
- x. Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues.

#### 8. Other Relevant Terms and conditions:

- i. Customer availing a product / service for the first time should be advised the relevant terms and conditions for the service he / she have asked Company to provide.
- ii. All terms and conditions shall be fair and will set out respective rights and liabilities & obligations clearly and as far as possible in plain and simple language.

##### a) Pre-payment of Loans:

- i. Prepayment of the loan can be done on reasonable grounds of the case. Nominal charges as per sanction letter subject to NHB Directions.

- ii. As directed by NHB Company should not charge prepayment levy or penalty on pre-closure of housing loans under the following situations:
  - a. Where the housing loan is on floating interest rate basis (pre-closed through any source).
  - b. Where the housing loan is fixed interest rate basis and the loan is pre closed by the borrowers out of their own sources.

In this regard The expression 'own sources' means any source other than by borrowings from a bank /HFC/ NBFC & /or a financial Institutions.

b) Changes to Terms and Conditions:

Customers should be informed of changes to terms and conditions through any of the following channels:

- i. Personal intimation
- ii. Putting up notices in the Registered office /branches(if any);
- iii. Internet, including email and website
- iv. Newspaper
- v. Normally, changes should be made with prospective effect giving due notice
- vi. Major change or a lot of minor changes in any one year, shall be informed to the customer on request and provide a copy of the new terms and conditions or a summary of the changes.

**IX. PRIVACY AND CONFIDENTIALITY:**

All personal information of customers shall be treated as private and confidential [even when the customers are no longer customers], and shall be guided by the following principles and policies. Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies entities in their group, other than in the following exceptional cases:

- i. If the information is to be given by law;
- ii. If there is a duty towards the public to reveal the information;
- iii. If the Company's' interests require them to give the information (for example, to prevent fraud) but it should not be used as a reason for giving information about customer or customer accounts [including customer name and address] to anyone else, including other companies in the group, for marketing purposes;
- iv. If the customer asks the Company to reveal the information , or with the customer's permission;
- v. If company is asked to give a reference about customers, it shall obtain his/her written permission before giving it;
- vi. The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that a company holds about him /her;
- vii. Company shall not use customer's personal information for marketing purposes by anyone including company unless the customer specifically authorizes them to do so;

**Credit reference agencies**

Customer are hereby informed that at the time of opening a new account, the Company will pass his / her account details to credit reference agencies and the checks the Company may undertake in this regard. Company may give information to credit reference agencies about the personal debts the customer owes it if:

- i. The customer has fallen behind with his / her payments;
- ii. The amount owed is not in dispute; and
- iii. The customer has not made proposals that the company is satisfied with, for repaying his / her debt, following company's formal demand.

The Company will provide information to credit reference agencies about the personal debts, the customer owe to it. In these cases, the Company shall intimate customer in writing (if required) its plan to give information about the debts he/she owe it to credit reference agencies. At the same time, the Company shall explain to the customer the role of the credit reference agencies and the effect the information they provide can have on your ability to get credit.

The Company may give credit reference agencies other information about the customer's account if he/she has given permission to do so. The Company shall provide the customer with a copy of the information which the Company has given to the credit reference agencies about the customer, if so demanded by him/ her.

## **X. COMPLAINTS AND GRIEVANCES**

Internal Procedures:

- i. Company would have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- ii. Company's Board would lay down a grievance Redressal mechanism to resolve complaints. Such a system would try to dispose off and settle disputes at the next higher level.
- iii. Company would let customer know where to find the company's procedure of handling complaints fairly and quickly.
- iv. If the customer wants to make a complaint, he/she should be told:
  - a. How to do this
  - b. Where a complaint can be made
  - c. How a complaint should be made
  - d. When to expect a reply
  - e. Whom to approach for Redressal
  - f. What to do if the customer is not happy about the outcome.
  - g. Company's staff shall help the customer with any questions the customer has.
- v. If a complaint has been received in writing from a customer, Company shall endeavor to send him/her an acknowledgement / response within a week. The acknowledgement should contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at HFC's designated telephone helpdesk or customer service number, the customer shall be provided with a complaint reference number and be kept informed of the progress within a reasonable period of time.
- vi. After examining the matter, Company shall send the customer its final response or explain why it needs more time to respond and shall endeavor to do so within six weeks of receipt of a complaint and he/she should be informed how to take his/her complaint further if he/she is still not satisfied.

- vii. To redress their grievances, applicants / borrowers may write to the designated senior officials at the address below or on Company's website, clearly stating the nature of their grievance along with necessary documents, if any. A copy of the same will be returned to the borrower with dated acknowledgement.

By letter:

To Manger/officer in charge,  
India Home Loan Limited  
504-504A, Nirmal Ecstasy,  
J. S. Dossa Road, Mulund West,  
Mumbai-400080

By e-mail:

- viii. Complaints will be entertained after verification with the complainant within a reasonable time. To enable us to contact and verify the information person's correct contact details is essential.
- ix. In case your complaint does not receive response from the company within reasonable time or is dissatisfied with the response received, you may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints in Online mode at the link <https://grids.nhbonline.org.in> or in offline mode by post, in prescribed format available at link [https://grids.nhbonline.org.in/\(S\(yqmfrp2eq1k53lmuuinvffx\)\)/Complainant/Updated-ComplainantCheckScreen](https://grids.nhbonline.org.in/(S(yqmfrp2eq1k53lmuuinvffx))/Complainant/Updated-ComplainantCheckScreen) to Complaint Redressal Cell, Department of Regulation & Supervision, National Housing Bank, 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi -110003.

## **XI. GENERAL**

Company shall:

- i. Explain the key features of its loan products including applicable fees and charges while communicating the sanction of the loan. Company would provide information about products & services in English. In case of demand it may be provided in Hindi or other language.
- ii. Advise what information/documentation required from customer to enable him / her to apply. Customer would also be advised regarding what documentation is needed from him / her with respect to customer's identity, address, employment, etc. and any other document that may be stipulated by statutory authorities (e.g. PAN details) in order to comply with legal and regulatory requirements.
- iii. Verify the details mentioned by the customer in the loan application by contacting them at their residence and / or on business telephone numbers and / or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary by the Company.
- iv. Customer would be informed to co-operate if the Company needs to investigate a transaction on his/her account and with the police/ other investigative agencies, if the Company needs to involve them.
- v. The Company would advise the customer that if he/ she act fraudulently, he/she will be responsible for all losses on his/her account and that if he/she act without reasonable care and this causes losses, he/she may be responsible for the same.
- vi. The Board of Director of company provide for periodical review of the compliance of the fair practices code at various levels of management. A consolidate report of such reviews (if required) may be submitted to the Board at regular intervals, as may be prescribe by it.
- vii. Company shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further Company shall also not discriminate visually impaired or physically challenged applicants

on the ground of disability in extending products, services, facilities, etc. However, this does not preclude Company from instituting or participating in schemes framed for different sections of the society.

- viii. Company shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.
- ix. To publicize the code, company shall:
  - a. Provide existing and new customers with a copy of the Code.
  - b. make this Code available on request either over the counter or by electronic communication or mail;
  - c. make available this Code at every branch/ satellite centers and on their website; and
  - d. Ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.
- x. The Company reserves to itself the right to alter/delete/add to these codes at any time without prior individual notice and such alterations /deletion/addition shall be binding.