

PREAMBLE

This fair practice code (“THE CODE”) has been formulated by New Habitat Housing Finance and Development Limited (NHHFDL) as a part of good corporate governance and in line with the guidelines issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies vide its circular bearing no. NHB/ND/DRS/POLNO. 34/2010-11 dated October 11, 2010 and no. NHB (ND) DRS/POL-NO. 38/4699/201011 dated April 25, 2011 and RBI Master Direction – Non-Banking Financial Company – Housing Finance

Company (Reserve Bank) Directions, 2021 vide its Notification bearing no. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17 February 2021. The code aims at promoting good and fair practice, increasing transparency, encouraging market forces, promoting a fair and cordial relationship between NHHFDL and its customers and enabling NHHFDL in fostering confidence of the customers.

1. OBJECTIVE OF THE CODE

- To promote good and fair practices by setting minimum standards in dealing with customers.
- To increase transparency so that the customer can have a better understanding on the key terms & conditions governing the grant of loan facility,
- To encourage market forces, through competition, to achieve higher operating standards. ➤ To promote a fair and cordial relationship between customer and NHHFDL and ➤ To foster confidence in the housing finance system.

2. APPLICATION

- To be applicable to all the persons who are offered the products and services of (NHHFDL) in any manner and/or by any mode.
- The code is applicable under normal operating environment except in the event of any force majeure.
- The code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the code.

- The products and services of NHHFDL will meet all applicable laws and regulations.
- Through regular training programs, meetings, seminars, circulars and other modes of communication, NHHFDL employees would be made aware of the code so that a strong commitment for fairness, quality lending and efficient services is instilled in employees at all levels.
- This Code shall apply to all the products and services, whether provided by the HFCs, its subsidiaries or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

3. NHHFDL’S COMMITMENT TO CUSTOMERS NHHFDL

shall

- Act fairly and reasonably with customers, by following all ethical principles of integrity and transparency.
- Be transparent in providing key & relevant information on the nature and benefits of the financial products and services.
- Explain the important terms and conditions outlined in loan documents etc. in English and/or the local language or a language understood by the customer as and when required.

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- Follow the Know Your Customer guidelines while obtaining information and documents from customers and obtain necessary information as required as per the anti-money laundering act and applicable guidelines issued from time to time by the regulatory body and relevant authorities.
- Handle customer grievances sympathetically and take all necessary steps to address issues.
- Not discriminate between customers on the basis of age, race, caste, gender, marital status, religion or disability.
- Ensure that all information about fees/charges that is payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/ disbursed, pre-payment options and charges, if any, penalty for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest re-set clause and all such matters that effect the interest of the borrower are disclosed to him/her. Such fees/charges should be non-discriminatory.
- Lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal interest, if any).

4. KNOW YOUR CUSTOMER POLICY GUIDELINES NHHFDL SHALL

- Carry out due diligence as required under “Know Your Customer” (KYC) policy of our NHHFDL before opening and operating the customer’s loan account and in furtherance of the policy.
- Request the customer to submit or provide necessary documents or proofs for the same as are required to meet NHHFDL’s KYC, anti-money laundering or any other statutory requirements.
- Provide the loan application form/account opening forms and other material to the customer and the same shall contain amongst others, key and relevant details of essential information required to be furnished and documents to be produced for verification and/or for record for meeting the KYC requirements.
- Explain the procedural formalities and provide necessary classifications sought by the customer while opening a loan account.

5. ADVERTISING, SALES AND MARKETING

- Ensure that all advertising and promotional material in any media and promotional literature that draws attention to a service or product is clear and transparent, and not misleading.
- Ensure that all advertising 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 that full details of the terms and conditions, if any, will be available on request of the customer.
- Ensure that information on interest rates, common fees and charges is provided on either the notice board at the branches, via telephone/helpline, via the company website, via designated help desk or by providing a tariff schedule.
- Ensure that third parties whose services may be availed for providing support services shall handle customer’s personal information (if any available to such third parties) with the same degree of confidentiality and security as handled by NHHFDL. The company will execute separate vendor agreements for this purpose the ensuring the confidentiality of the information provided by the customers.
- Communicate to customers various features of products availed by them. Such communication about the products or promotional offers in respect of the products/services may be conveyed to the customers only if/she has given his/her consent to receive such information/service either by mail or by registering for the same on the website or on the customer service number of NHHFDL
- Ensure that a code of conduct for the Direct Selling Agents (DSA’s) whose services are availed by NHHFDL to market the products and services is prescribed by NHHFDL which specifically requires them to identify themselves while approaching a customer for selling the products personally or via telephone.

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- Ensure that in the event any complaint from a customer is received against any NHHFDL representative/courier/DSA's for any improper conduct or violation of the code of conduct, then the complaint shall be adequately addressed and appropriate steps shall be initiated for investigation of the complaint and for making good the loss incurred basis the said investigation.

6. LOANS Disclosure and transparency

- NHHFDL shall make available and disclose all material information to the customer, as may be required by the customer to understand the terms and conditions governing the grant of loan facility. The material information shall include all the terms and conditions applicable to the loan.
- In respect of prospective customers, provide clear information explaining the key features of its services and products that customers are interested in and also the terms and conditions governing the loan.
- The rates of interest and the approach for gradation of risks, and penal interest (if any) shall be made available on the website of the companies or published in the relevant newspapers.

Applications for loans and their processing

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Loan Applications must entail all information about fees/ charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/ disbursed, pre-payment options and charges, if any, penal interest/ penalty for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. It should also be ensured that such charges/ fees are non-discriminatory.
- Loan application forms to include necessary information which would affect the interest of the customer, so that a meaningful comparison with the terms and conditions offered by other HFCs can be made and informed decision can be taken by the customer. The loan application form may indicate the list of documents required to be submitted with the application form.
- Acknowledgement for receipt of all loan applications shall be provided to the customers and if possible, it should contain the time frame within which loan applications will be disposed of by NHHFDL.

Loan appraisal, disbursement and changes in the terms, conditions, interest rates, charges etc.

- Normally, all particulars required for processing the loan application will be collected at the time of the loan application. In case any additional information is required, the customer will be informed that he would be contacted immediately again.
- The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.(part of n transparency n disclosure)
- It will be conveyed in writing to the customer in the vernacular language or a language as understood by the borrower, by means of sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI structure, prepayment charges and written acceptance of these terms and conditions by the customer shall be kept in the record of NHHFDL.
- A copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement will be invariably furnished to the customer at the time of sanction/disbursement of loans.
- Loan Agreement shall specify in bold the penal interest charged for late repayment.
- Communication of rejection of loan application: where the loan has been rejected, a communication in writing containing the reason(s) for rejection shall be provided to the customer.
- Disbursement should be made in accordance with the disbursement schedule given in the loan agreement/sanction letter.

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- A notice will be given to the customer of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/charges etc. Changes to terms and conditions will be made with prospective effect and may be given by personal intimation, notice board of each branch, website/email/sms or newspaper, post/courier or any other method as may be desired by NHHFDL, in English or a language as understood by the borrower. A suitable condition in this regard will be incorporated in the loan agreements.
- NHHFDL shall ensure that changes in interest rates and charges are effected only prospectively. If such change is to the disadvantage of the customer, NHHFSL shall ensure that the customer is able to close his/ her account or switch it without having to pay any extra charges or interest within 60 days and without notice.
- Decision to recall/accelerate payment or performance under the loan agreement or seeking additional securities, will be in consonance with the loan agreement.
- NHHFDL shall release all securities on repayment of all dues or on realization of the outstanding amount of loan, subject to any legitimate right or lien for any other claim NHHFDL may have against the customer. If such right of set off is to be exercised, the customer shall be given notice about the same with full particulars about the remaining claims and the conditions under which NHHFDL is entitled to retain the securities till the relevant claim is settled/paid.
- NHHFDL shall indicate the bifurcation between interest and principal in all instalments collected from customers:-

7. GUARANTORS-APPLICABILITY OF THE CODE

When a person is considering being a guarantor to a loan, he/she shall be informed about:

- His/her liability as guarantor.
- The amount of liability he/she will be committing him/herself to the NHHFDL ➤ Circumstances in which NHHFDL will call on him/her to pay up his/her liability.
- The customer has been informed the extent of his/her rights under the existing legal framework for accessing the personal records.
- Whether NHHFDL has recourse to his/her other monies if he/she fall to pay up as a guarantor.
- Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- Time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which NHHFDL will notify him/her about this.
- Any material adverse change/s in the financial position of the borrower to whom he/ she stands as a guarantor.
- That 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 wilful defaulter.

8. PRIVACY AND CONFIDENTIALITY

Treat all personal information of customers as private and confidential even when the customers are no longer customers of NHHFDL, no information or data relating to customer accounts, whether provided by the customers or otherwise, shall be revealed to anyone, including other company's entities in NHHFDL group, unless:

- The information is to be given by law.
- There is a duty towards the public to reveal the information.
- In NHHFDL's reasonable opinion or interest, the information is required to be given.
- The customer asks the NHHFDL to reveal the information, or the information is given with customer's prior written permission.
- Authorized by the customer to give information to credit reference agencies.

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- NHHFDL will not use customer's personal information for marketing purposes unless the customer has specifically authorized NHHFDL to do so.

9. CREDIT REFERENCE AGENCIES

Inform the customer at the time when the customer is availing the loan facility or any time thereafter that his/her account details may be disclosed to credit reference agencies and the checks that may be made through them.

Further, provide information to credit reference agencies about the personal debts of the customer, if: ➤

The customer has defaulted with his/her payments of EMI.

- The amount owed is in dispute and
- The customer has not made satisfactory proposal for repaying the debt, following NHHFDL's formal demand.

In the above mentioned cases, intimation in writing will be given to the customer stating that NHHFDL intends to give information about the debts the customer owes them, to the credit reference agencies. At the same time, customer shall be explained the role of credit reference agencies and the effect the providing of such information will have on the customer's ability to get credit.

Additional information about the customer may be given to credit reference agencies if the customer has given his/her permission to do so. A copy of the information given to the credit reference agencies shall be provided to a customer, if so demanded.

10. COLLECTION OF DUES

At the time of disbursement of loan the customer will be explained the repayment process including amount, tenure and periodicity of repayment detailed in the repayment schedule. 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.

NHHFDL's collection policy has been built on courtesy, fair treatment and persuasion, fostering customer confidence and long-term relationship. NHHFDL's staff or any person authorized to represent NHHFDL in collection of dues or/and security repossession shall identify himself/herself and display the authority letter so issued and upon request, display his/her identity card so issued. Provide customers with all the information regarding dues and endeavor to give sufficient notice for payment of dues.

NHHFDL have a mechanism whereby the borrower grievances with regards to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower.

In the event of default in payment of loan amount by the customer, NHHFDL and/or its authorized agents:

- Shall contact the customer 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.
- Shall display and inform the customer of his/her identity and authority to represent NHHFDL in the first instance.
- Shall respect customer's privacy.
- Shall remind the customer by sending him/her notice or by making personal visits.
- Shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.
- Shall use legal means to repossess the asset -both immovable and movable property.
- NHHFDL and/or its authorized representatives shall not use abusive language and/or force while undertaking collection/repossession activity.
- Shall always be polite to all the customers.
- Contact the customer ordinarily at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation between 0700 hrs and 1900 hrs unless the special circumstances of the customer's business or occupations require otherwise.

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- Customer's request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
- Document time and number of calls and contents of conversation.
- Provide all assistance to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- Maintain decency and decorum during visits to customer's places.
- Not visit on inappropriate occasions such as bereavement in the family or such other calamitous occasions to collect dues.

11. CUSTOMER GRIEVANCES AND REDRESSAL NHHFDL

shall

- Have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- If a complaint has been received in writing from a customer, an HFC 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.
- After examining the matter, NHHFDL 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.
- NHHFDL shall publicize its grievance redressal procedure (e-mail id and other contact details at which the complaints can be lodged, turnaround time for resolving the issue, matrix for escalation, etc.) for lodging the complaints by the aggrieved borrower and ensure specifically that it is made available on its website and shall clearly display in all its offices/ branches and on the website that in case the complainant does not receive response from the company within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints online on the website of NHB GRIDS or through post to NHB, New Delhi.
- Generally, a time limit of one month may be given to the customers for preferring the complaints/grievances. The grievance redressal procedure and the time frame fixed for responding to the complaints should be placed on the HFC's website.
- The board of directors of NHHFDL will lay down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.
- NHHFDL shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

12. DEPOSIT ACCOUNTS:

The company does not accept public deposits currently. However, NHHFDL shall provide all information regarding its various deposit schemes, if and when the same are launched, including rate of interest, method of interest application, terms of the deposits, premature withdrawal, renewal, loan against deposits, nomination facilities etc. in the same manner as applicable to loan products.

13. GENERAL NHHFDL shall

- Verify the details mentioned by the customer in the loan application by contacting him/her at his/her 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 NHHFDL.

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- Convey its response to a request from the customer for transfer of borrowal account within 21 days from the date of receipt of request. NHHFDL shall process requests for transfer of a loan account from the borrower, in the normal course.
- Inform the customer to co-operate if NHHFDL needs to investigate a transaction on the customer's account and with the police/other investigative agencies, if there is a need to involve the customer.
- Advise the customer that if the customer acts fraudulently, he/she will be responsible for all losses on his/her account and that if the customer acts without reasonable care and this causes losses, the customer may be responsible for the same.
- Inform about the products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- Not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude NHHFDL from instituting or participating in schemes framed for different sections of the society.
- Not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.
- Not impose foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- Obtain a document containing the most important terms and conditions (MITC) of housing loans in all cases in addition to the existing loan and security documents being obtained by NHHFDL.
- Publicize the code by:
 - Providing existing and new customers with a copy of the Code by electronic communication or mail.
 - Making this code available on request either over the counter or by electronic communication or mail.
 - Making available this code at every branch and on the website of the company
 - Ensuring that every employee of the company is aware of the code and trained to communicate the same to the customers of the company

The Board of Directors of NHHFDL shall Adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.

14. OFFICE CLOSURE/CHANGE OF LOCATION:

In the event of shifting or closure of any office of NHHFDL, adequate notice shall be given to the affected customers of the office.

The board of directors of NHHFDL shall provide for periodical review of the compliance of the fair practices code at various levels of management. A consolidated report of such reviews may be submitted to the board at regular intervals, as may be prescribed by it.

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