

AHAM HOUSING FINANCE PRIVATE LIMITED

FAIR PRACTICES CODE

Preamble:

The Fair Practices Code (“Code”) has been formulated by Aham Housing Finance Private Limited (“the Company” or “AHFPL”) to promote transparency in transactions between the Company and its end users. This Code is in line with the “Guidelines on Fair Practices Code for HFCs” issued by the National Housing Bank from time to time.

Objectives:

This Code has been formulated by the Company to achieve the following objectives:

1. To promote good and fair practices by setting minimum standards in dealing with customers;
2. To increase transparency so that the customer can have a better understanding of the services that can be expected from the Company;
3. To encourage market forces, through competition, to achieve higher operating standards;
4. To promote a fair and cordial relationship between the Company and its customers; and
5. To foster confidence in the housing finance system.

SCOPE

This Code is applicable to all the Products and Services offered by the Company either across the counter, over the phone, by post, or through any other mode including interactive electronic devices or on the internet, at any of its offices, which may be enabled in the future.

POLICY:

Fairness and Transparency in Operations:

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

- a) The commitments and standards in this Code are fulfilled in respect of the products and services offered as well as in the procedures and practices followed by its staff.
- b) The products and services offered meet relevant laws and regulations in letter and spirit.

c) The dealings with customers rest on ethical principles of integrity and transparency.

1. Applications for loans and their processing

- a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b) The Company shall also transparently disclose 'all in cost' inclusive of all charges involved in processing/sanctioning of loan application in a transparent manner while ensuring that such charges/ fees are non-discriminatory.
- c) The Company shall endeavor at all times to guide its customers through the process and procedures to be followed for availing a loan. The loan application form shall include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and conditions offered by other HFCs can be made and an informed decision can be taken by the borrower. An indicative list of documents required to be submitted along with the loan application form shall be given.
- d) An acknowledgment duly signed and stamped, for receipt of the complete and duly filled application form along with the requisite documents shall be provided to the customers.
- e) The time - frame within which the loan application will be disposed off by the company shall also be informed to the customer.

2 Loan appraisal and terms/conditions

- a) The Company shall ensure that all particulars required for processing the loan application are collected at the time of application itself. In case of requirement for any additional information, the customer shall be told that he/she would be contacted immediately again.
- b) The Company shall ensure that each loan application is assessed independently on merit, upon scrutiny of all the information/documents required for verifying the title of the property, the identity of the person, the security to be offered, including guarantees, etc.
- c) Upon the fulfillment of the prescribed criteria, the Company shall convey in writing/ through email/through SMS to the borrower by means of a 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 the written acceptance of these terms and conditions by the borrower shall be maintained in its records.
- d) The Company shall also mention the penal interest charged for late payment in bold in the loan agreement.
- e) The Company shall furnish a copy of the loan agreement along with requisite enclosures quoted in the loan agreement, at the time of sanction/disbursement of loans, against acknowledgment.

3 Communication of rejection of Loan Application

The Company shall ensure to communicate, in writing/ through email/through SMS, the reason(s) for the rejection of the loan facility.

4. Disbursement of loans including changes in terms and conditions

- a) The Company shall ensure that the disbursement of the loan is made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- b) In the case of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fees/ charges, etc., the Company shall give notice to the customers in vernacular language through personal intimation, email, notice in the branch office, etc. The Company shall ensure that such changes are affected only prospectively. This has been incorporated in the loan documents.
- c) If such change is to the disadvantage of the customer, he/she may approach the branch within 60 days and close his / her account or switch it without having to pay any extra charges or interest.
- d) The decision of the Company to recall/accelerate payment or performance under the agreement or seek additional securities shall be in consonance with the loan agreement.
- e) The Company shall release all securities on repayment of all dues or on the realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the borrower. If such right of set-off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled /paid.

5. Responsibility of the Board of Directors

- a) The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism shall ensure that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.
- b) The Board of Directors of the Company shall periodically review the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals.

6. Complaints and Grievances

1. The Company has in place proper systems and procedures for receiving, registering, and disposing of complaints and grievances in each of its offices, including those received online.
2. The customer may write or call the Branch Operations Manager of the business location where he/she has his / her account clearly stating the nature of the grievance along with necessary documents, if any, and the customer will be provided a Complaint Reference Number.
3. Complaints received in writing from a customer shall be acknowledged/responded to within a week. The acknowledgment shall contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over the phone at Company'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.
4. After examining the matter, the 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.
5. The Company shall publicize its grievance redressal procedure on its website and display it in its offices/branches.
6. The Company shall also clearly display that in case the complaint does not receive a response from the company within a reasonable time or if the customer is dissatisfied with the response received, the complainant 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 the prescribed format available at the link <http://www.nhb.org.in/Grievance-Redressal-System/Lodging-Complaint-Against-HFCs-NHB%E2%80%9C>

Or

To
Complaint Redressal Cell,
Department of Regulation & Supervision,
National Housing Bank, 4th Floor, Core 5A,
India Habitat Centre, Lodhi Road,
New Delhi – 110 003

7. Regulation of excessive interest charged by HFCs

- a) The Company has a Board approved Operational Manual with an interest rate model taking into account relevant factors. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest to different categories of borrowers shall be disclosed in the application form and sanction letter. The Company also has Board approved Operational Manual for penal interest/charges.
- b) The said rate of interest is available on the website of the Company and shall be updated periodically.
- c) The rate of interest and penal interest (if any) shall be mentioned as the annualized rate for the benefit of the customer.
- d) Instalments collected from the borrowers shall clearly indicate the bifurcation between principal and interest.

8. ADVERTISING, MARKETING, AND SALES

The Company shall;

- a) Ensure that all advertising and promotional material is clear and factual.
- b) Ensure that any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, also indicates whether other fees and charges would apply and full details of the relevant terms and conditions shall be made available to the customer, on request or on the website of the Company.
- c) Endeavor to provide information on interest rates, common fees, and charges through putting up notices in their branches; through telephone or helplines; on the company's website; through designated staff/help desk; or providing service guide/tariff schedule.
- d) In case of the services of third parties being availed for providing support services in the future, the Company shall ensure that such third parties handle the customer's personal information (if any is available to such third parties) with the same degree of confidentiality and security as the Company would. This would be ensured by entering into a comprehensive agreement with third parties, wherever applicable.
- e) Communicate with the customer from time to time about the various features of the products availed by them. Ensure that the information about various products or promotional offers in respect of products/services may be conveyed to customers only if he/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 customer service number.
- f) Prescribe a code of conduct for its Direct Selling Agencies (DSAs) (when appointed by the 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 by phone. This would form part of the agreement executed with the DSAs, wherever applicable.

- g) The Company shall adopt the Model Code of Conduct for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) with Board approval whenever such arrangements are in place.
- h) In the event of receipt of any complaint from the customer that the Company's representative/courier or DSA (if applicable) has engaged in any improper conduct or acted in violation of this Code, the Company shall take appropriate steps to investigate and to handle the complaint and to make good the loss. This would form part of the agreement executed with the DSAs, wherever applicable.

9. Guarantors

When a person is considering being a guarantor to a loan, the Company shall endeavor to inform about:

- a) his/her liability as guarantor;
- b) the amount of liability he/she will be committing him/herself to the company;
- c) circumstances in which the Company will call on him/her to pay up his/her liability;
- d) whether the Company has recourse to his/her other monies in the company if he/she fails to pay up as a guarantor;
- e) whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- f) time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which the Company will notify him/her about this
- g) 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 either verbally or through written communication, of any material adverse change/s in the financial position of the borrower to whom he/she stands as a guarantor.

10. Privacy and Confidentiality

The Company shall ensure that 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. The 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:

1. If the information is to be given by law.
2. If there is a duty towards the public to reveal the information.
3. If the Company's interests require them to give the information (for example, to prevent fraud) However, this should not be used as a reason for giving information about customers or customer accounts (including customer name and address) to anyone else, including other companies in the group, for marketing purposes.
4. If the customer asks the Company to reveal the information, or with the customer's permission.
5. If the Company is asked to give a reference about customers, the same shall be provided after obtaining his / her prior written permission.
6. The customer shall be informed of the extent of his / her rights under the existing legal framework for accessing the personal records that the Company holds about him /her.
7. The Company shall not use the customer's personal information for marketing purposes by anyone including itself, unless the customer has specifically given authorization to do so.

11. Credit reference agencies

In the initial stage of operations, the Company has been carrying out the verification of customer details through its own staff. In the event of the Company engaging Credit reference agencies in the future, the following points would be applicable:

- a) When a customer opens an account, the Company shall inform him/her when they may pass his / her account details to credit reference agencies and the checks that the Company may make with them.
- b) The Company may give information to credit reference agencies about the personal debts the customer owes them 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 the Company's formal demand.

In these cases, the Company shall intimate the customer in writing/ through email/through SMS that it plans to give information about the debts the customer owes them to credit reference agencies. At the same time, the Company shall explain to the customer, the role of credit reference agencies and the effect the information it provides can have on the customer's ability to get credit.

- d) The Company may give credit reference agencies other information about the customer's account if the customer has given them his / her permission to do so.
- e) A copy of the information given to the credit reference agencies shall be provided by the Company to a customer if so demanded.

12. Collection of Dues

Whenever loans are given, the Company shall explain to the customer the repayment process by way of amount, tenure, and periodicity of repayment. However, if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for the 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's Collection Policy shall be built on courtesy, fair treatment, and persuasion and the Company shall believe in fostering customer confidence and long-term relationship. The Company's representatives and staff shall identify himself/herself and display the authority letter issued by the Company and upon request, display his / her identity card issued by the Company or under the authority of the Company. The Company shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.

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

- a) 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.
- b) Identity and authority to represent the Company shall be made known to the customer at the first instance.
- c) Customer's privacy shall be respected.
- d) Interaction with the customer shall be in a civil manner
- e) The Company's representatives shall endeavor to contact the customers between 0700 hrs and 1900 hrs, unless the special circumstances of the customer's business or occupation require otherwise.
- f) Customer's request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
- g) Time and number of calls and contents of conversation would be documented.
- h) All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner.
- i) During visits to customer's places for dues collection, decency and decorum should be maintained.
- j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues.

GENERAL

- The Company shall refrain from interference in the affairs of the borrower except for the purposes mentioned in the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- In case of receipt of a request from the borrower from the transfer of borrower account, the consent or objection by the Company shall be conveyed within 21 days from the date of receipt of such request and shall be as per the transparent contractual terms in consonance with law. The Company shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.
- Whenever loans are given, the Company shall explain to the customer the repayment process by way of amount, tenure, and periodicity of repayment. However, if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for the 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.
- In the matter of recovery of loans, the Company shall not resort to harassment viz. persistently bothering the borrowers at odd hours, using muscle power for recovery of loans, etc. As complaints from customers also include rude behavior from the staff of the companies, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- The Company shall formulate suitable Guidelines for Recovery Agents, when applicable.
- The Company shall not charge a pre-payment levy or penalty on the pre-closure of housing loans under the following situations:
 - a. Where the housing loan is on a floating interest rate basis and pre-closed from any source.
 - b. Where the housing loan is on a fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.
- The expression "own sources" for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution.
- All dual/ special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/ floating rates depending on whether at the time of pre-closure, the loan is on fixed or floating rate. In the case of dual/ special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into a floating rate loan, after the expiry of the fixed interest rate period. This applies to all such dual/ special rate housing loans being foreclosed hereafter. It is also clarified that a fixed-rate loan is one where the rate is fixed for the entire duration of the loan.
- The Company shall 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).

- To facilitate a quick and good understanding of the major terms and conditions of the housing loan agreed upon between the Company and the individual borrower, the Company shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases in the prescribed format. The document will be in addition to the existing loan and security documents being obtained by the Company. The said document shall be obtained in duplicate and in the language understandable by the borrower.
- Duplicate copy duly executed between the Company and the borrower should be handed over to the borrower under acknowledgment. Display of various key aspects such as service charges, interest rates, Penal interest (if any), services offered, product information, time norms for various transactions and grievance redressal mechanisms, etc. shall be done as per Regulatory requirements to ensure transparency. The Company shall display at its branches/offices, various key aspects relating to the Company's products and services in bilingual language in Hindi-speaking states and trilingual language in other states, as required by NHB.
- The Company 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 Company.
- The customer would be informed to co-operate if the Company needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if necessary.
- The customer shall be advised 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.
- The Company shall not discriminate on grounds of sex, caste, and religion in the matter of lending. Further, the Company shall also not discriminate against visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of society.

To publicize the code, the Company shall:

- a) provide existing and new customers with a copy of the Code.
 - make this Code available on request either over the counter or by electronic communication or mail;
 - make available this Code at every branch and on their website; and
 - Ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.