



FAIR PRACTICES CODE

INTRODUCTION AND APPLICABILITY OF THE CODE

This Code has been formulated by Niwas Housing Finance Private Limited (Formerly, IndoStar Home Finance Private Limited) (hereinafter referred to as “**NHFPL**” or “**the Company**”) pursuant to the Master Direction – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India (RBI) and should be published and disseminated on the web-site of the Company, available at every branch for the information of the public.

The Code shall be applicable to all the products and services of the Company, whether they are provided by NHFPL, or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) provided across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method. The code shall be applicable across all aspects of operations including marketing, loan origination processing and servicing and collection activities and various service providers, engaged by the Company.

OBJECTIVES OF THE CODE

To serve as a part of best corporate practices and to provide transparency in business practices, the Company has developed and adopted this Code to:

- a) promote good and fair practices by setting minimum standards in dealing with customers;
- b) increase transparency so that the customer can have a better understanding of the services that he/she can reasonably expect from the Company;
- c) encourage market forces, through competition, to achieve higher operating standards;
- d) promote a fair and cordial relationship between the Company and its customer; and
- e) foster confidence in the housing finance system.

(I) Applications for loans and their processing

- a) NHFPL official language for all communications within the Company or with third parties shall be English.
- b) All communications to the borrower shall be in English or in vernacular language / the language as understood by the borrower.
- c) NHFPL will take a confirmation from the prospective borrower that all communications with the borrower shall be in English or in vernacular language / the language as understood by the borrower and that he has understood the terms & conditions.
- d) NHFPL shall transparently disclose to the borrower all information about fees/ charges payable for processing the loan application, the amount of fees refundable, if any, if loan amount is not sanctioned/ disbursed, pre-payment options and charges, if any, penal charges/ 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 reset clause and any other matter which affects the interest of the borrower.
In other words, NHFPL must disclose ‘all in cost’ inclusive of all charges involved in processing/ sanctioning of loan application in a transparent manner and shall ensure that such charges/ fees are non-discriminatory.
- e) Loan application form will 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 informed decision can be taken by the borrower.

- f) The documents required to be submitted with the loan application including KYC documents will be informed to the borrower separately or included in the loan application form.
- g) NHFPL shall provide to the prospective borrower an acknowledgement for receipt of loan application. The time frame within which loan applications will be disposed of, will be indicated in the acknowledgement.

(II) Loan appraisal and terms/conditions

- (a) NHFPL shall collect at the time of application, all particulars required from the customers for processing the loan application. In case it needs any additional information, the borrower should be told immediately that he would be contacted again.
- (b) NHFPL shall convey in writing to the borrower in the vernacular language or a language as understood by the borrower, the fate of the loan application by means of sanction letter or otherwise. In case of sanction of loan, the sanction letter shall contain the amount of loan sanctioned along with the terms and conditions including annualised rate of interest, method of application, EMI Structure, prepayment charges, penal charges (if any) and keep the written acceptance of these terms and conditions by the borrower on its record.
- (c) NHFPL shall mention the penal charges charged for late repayment in bold in the loan agreement.
- (d) NHFPL will invariably furnish a copy of loan agreement along with a copy of each enclosures quoted in the loan agreement to every borrowers at the time of sanction/disbursement of loan.
- (e) NHFPL shall communicate in writing the reason(s) for rejection of the loan application to its borrower.

(III) Disbursement of loans including changes in terms and conditions and Release of Movable/ Immovable Property Documents on Repayment/ Settlement of Personal Loans

- (a) NHFPL shall make the disbursement in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- (b) NHFPL shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/charges etc. Changes in interest rates and charges shall be effected prospectively and a suitable condition in this regard shall be incorporated in the loan agreement. 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 interest.
- (c) Decision to recall / accelerate payment or performance under the agreement or seeking additional securities shall be in consonance with the loan agreement.
- (d) NHFPL shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim NHFPL may have against 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 NHFPL is entitled to retain the securities till the relevant claim is settled/paid.
- (e) NHFPL shall release all the original movable/ immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account. In case of any delay beyond the said time, NHFPL to

communicate reasons for such delay to borrower and shall compensate the borrower at the rate of INR 5,000/- for each day of delay, where delay is attributable to NHFPL apart from getting any other compensation as per any applicable law.

- (f) In case of loss/ damage to original movable/ immovable property documents, either in part or in full, the NHFPL shall assist the borrower in obtaining duplicate/ certified copies of the movable/ immovable property documents and shall bear the associated costs, in addition to paying compensation. However, in such cases, an additional time of 30 days will be available to NHFPL to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- (g) The compensation provided under above point (e) & (f) shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

(IV) Language and mode of communicating Fair Practice Code

The Company shall based on the RBI Master Direction shall put in place the Fair Practices Code with the approval of the Board of Directors and such approved Fair Practices Code shall be made available to borrowers (preferably in the vernacular language or a language as understood by the borrower) and shall also put up the code on the Company's website, for the information of various stakeholders.

(V) Regulation of excessive interest charged by HFCs

- a) The Board of NHFPL 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, processing and other charges (including penal interest, if any) to be levied for loans and advances. 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.
- b) The rates of interest and the approach for gradation of risks, and penal charges (if any) shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- c) The rate of interest and penal charges (if any) must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- d) Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.
- e) The Company would put in place an internal mechanism to monitor the process and the operations to ensure adequate transparency in communications with the borrowers.

(VI) Guarantors

When a person is considering to be a guarantor to a loan, he/she should be informed about following

- 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 NHFPL will call on him/her to pay up his/her liability;
- d) whether NHFPL has recourse to his/her other monies in the company if he/she fail 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 way NHFPL 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 wilful defaulter.
- h) any material adverse change/s in the financial position of the borrower to whom he/she stands as a guarantor.

(VII) Collection of Dues

Whenever loans are given, NHFPL 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 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 possession 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, use muscle power for recovery of loans etc. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

The collection policy of NHFPL is built on courtesy, fair treatment and persuasion. NHFPL believes in fostering customer confidence and long-term relationship. The Company shall adopt the Guideline for engaging Recovery Agents as per RBI Master Direction with the approval of Board, as and when the same become applicable.

All the members of the staff or any person authorised to represent the NHFPL in collection or / and security repossession should 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 NHFPL should be made known to the customer at the first instance.
- (c) Customer's privacy should be respected.
- (d) Interaction with the customer shall be in a civil manner
- (e) NHFPL's representatives shall contact the customers between 08:00 hrs and 19:00 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 honoured as far as possible.
- (g) Time and number of calls and contents of conversation would be documented.
- (h) All assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- (i) During visits to customer's place for dues collection, decency and decorum shall be maintained.
- (j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions shall be avoided for making calls/visits to collect dues.
- (k) Interaction should only with the customer/ borrower or the guarantor (only if so required) and shall not approach any other relatives/ contacts of the borrower.

(VIII) Advertising, Marketing and Sales

NHFPL will

- (a) Ensure that all advertising and promotional material is clear, factual and not misleading.
- (b) In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, NHFPL will also indicate other fees and charges, if applicable and the full details of the relevant terms and conditions will be made available on request or on website.
- (c) NHFPL shall provide information on interest rates, common fees and charges (including penal charges, if any) through putting up notices in the branches; through telephone or help-lines; on the company's website; through designated staff / help desk; or providing service guide / tariff schedule.
- (d) If NHFPL avails the services of third parties for procuring support services, NHFPL shall require that such third parties should handle customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as the NHFPL would.
- (e) The Company, if felt appropriate, communicate to customers various features of its products availed by them. Information about its other products or promotional offers in respect of products/ services may be conveyed to customers only if the customer has given their consent to receive such information / service either by mail or by registering for the same on the website or on customer service number.
- (f) NHFPL shall prescribe a board approved code of conduct for Direct Selling Agencies (DSAs), inter-alia covering the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) as prescribed in the Master Directions, whose services are availed to market products / services which amongst other matters require the DSAs to identify themselves when they approach the customer for selling products personally or through phone.
In the event of receipt of any complaint from the customer that NHFPL representative / courier or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps will be initiated to investigate and to handle the complaint and to make good the loss.

(IX) Privacy and Confidentiality

- a) NHFPL shall treat all personal information of customers as private and confidential [even

when the customers are no longer customers], and shall be guided by the following principles and policies.

NHFPL 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:

- If the information is to be given by law.
 - If there is a duty towards the public to reveal the information.
 - If the NHFPL's interests require them to give the information (for example, to prevent fraud) but it shall 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.
 - If the customer asks the NHFPL to reveal the information, or with the customer's permission.
 - If NHFPL is asked to give a reference about customers, NHFPL shall obtain his / her written permission before giving it.
- b) The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that an NHFPL holds about him /her.
- c) NHFPL shall not use customer's personal information for marketing purposes by anyone including NHFPL unless the customer specifically authorizes them to do so.

(X) Loans sourced over Digital Lending Platforms

NHFPL shall to the extent applicable, comply with the instructions contained in circular on "Guidelines on Digital Lending" dated 2 September 2022 and as amended from time to time.

(XI) Complaints & Grievance

- (a) NHFPL shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- (b) The Board of Directors of NHFPL 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 lending institution's functionaries are heard and disposed of at least at the next higher level.
- (c) Customer shall be told where to find details of NHFPL's procedure for handling complaints fairly and quickly.
- (d) If the customer wants to make a complaint, he/she shall be told following:
- How to do
 - Where a complaint can be made
 - How a complaint should be made
 - When to expect a reply
 - Whom to approach for redressal
 - What to complain if the customer is not happy about the outcome.
 - NHFPL's staff shall help the customer with any questions the customer has.
- (e) If a complaint has been received in writing from a customer, an NHFPL shall endeavor to send him/her an acknowledgement / response within a week. The acknowledgement shall contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at NHFPL'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.
- (f) After examining the matter, NHFPL 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.
 - (g) A Grievance Redressal Committee comprising of minimum two members shall be constituted to resolve all disputes arising in this regard. Grievance Redressal Committee
 - (g) 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.
 - (h) NHFPL 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 shall ensure that it is specifically made available on its website.
 - (i) NHFPL shall clearly display in all its offices / branches and on the website that in case the complaint 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 in Online mode at the link <https://grids.nhbonline.org.in> OR in offline mode by post, in prescribed format available at link [http://www.nhb.org.in/ Grievance-Redressal-System/Lodging-Complaint-Against-HFCs-NHB%E2%80%9393Physical-Mode.pdf](http://www.nhb.org.in/Grievance-Redressal-System/Lodging-Complaint-Against-HFCs-NHB%E2%80%9393Physical-Mode.pdf), to Complaint Redressal Cell, Department of Regulation & Supervision, National Housing Bank, 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

(XII) General

- (a) NHFPL shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- (c) NHFPL shall 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.

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 rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. In case of a dual/ special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This applied 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 entire duration of the loan.

- (d) NHFPL 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).
- (e) To facilitate quick and good understanding of the major terms and conditions of 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 suggestive format as per Annex XII of RBI Master Direction. The document will be in addition to the existing loan and security documents being obtained by the Company. The Company shall prepare the said document in duplicate and in the language understandable by the borrower, one copy of the said document to be handed over to the borrower under acknowledgement.
- (f) The Company shall display of various key aspect such as service charges, interest rates, Penal charges (if any), services offered, product information, time norms for various transactions, procedure for return of original movable/ immovable property documents to the legal heirs and grievance redressal mechanism, etc. to promote transparency in the operations of Company. The Company shall display the important instructions on “Notice Board”, “Booklets/ Brochures”, “Website”, “Other Modes of Display” and on “Other Issues” as per Annex XII of RBI Master Direction.
- (g) NHFPL shall display about their products and services in any one or more of the languages i.e Hindi, English or the appropriate local language.
- (h) NHFPL shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, NHFPL 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 HFCs from instituting or participating in schemes framed for different sections of the society.
- (i) To publicise the code, NHFPL shall:
 - 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 the website; and
 - ensure that the staff are trained to provide relevant information about the Code and to put the Code into practice.

(XIII) Responsibility of Board of Directors

- a) The Board of Directors of NHFPL shall 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 institution’s functionaries are heard and disposed of at least at the next higher level.
- b) The Board of Directors of the Company 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. A consolidated report of such reviews may be submitted to the Board at regular intervals, atleast on an annual basis

Note:

In compliance with the guidelines on ‘Fair Practices Code’, NHFPL shall publish the Fair Practices Code on the web-site of the Company.