FAIR PRACTICES CODE

VERSION CONTROL

Version Control No.	Author	Date Created / updated	Date Effective	Version Description
V1	Priyal Shah Company Secretary	8 Sep 2017	8 Sep 2017	Adoption of Policy
V2	Nidhi Sadani	10 February 2022	10 February 2022	Amendment to align the Code with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
V3	Nidhi Sadani	27 April 2023	27 April 2023	Amendment to align the Code with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
V4	Nidhi Sadani	20 October 2023	1 December 2023	Amendment inter-alia to incorporate provision regarding release of Movable/ Immovable Property Documents
V5	Nidhi Sadani	31 March 2025	31 March 2025	Amendment *inter-alia* pursuant to change in name of the Company
V6	Nidhi Sadani	4 February 2026	4 February 2026	Amendment *inter-alia* pursuant to conversion from Private Limited to Public, inclusion of certain provisions and Consolidation of RBI Regulations
V7	Nidhi Sadani	31 August 2026	31 August 2026	Amendment *inter-alia* to update the name of Grievance Redressal Officer and also update the link to lodge the complaint to NHB

INTRODUCTION AND APPLICABILITY OF THE CODE

This Code has been formulated by Niwas Housing Finance Limited (Formerly, Niwas Housing Finance Private Limited) (hereinafter referred to as "**NHFL**" or "the **Company**") pursuant to the Reserve Bank of India (Housing Finance Companies) Directions, 2025 read with Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, as amended from time to time, (collectively referred as "**RBI FPC Directions**"), and will 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 NHFL, or its 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, servicing and collection activities and for activities carried out by 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) <u>Applications for loans and their processing</u>

a) NHFL 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) NHFL will take a confirmation from the prospective borrower that all communications with the borrower shall be in English or in vernacular language or the language as understood by the borrower and that he has understood the terms & conditions.
d) NHFL 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 inter-alia 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, NHFL shall 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) NHFL 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,terms/conditions and communication of rejection of loan application

(a) NHFL shall inform/collect all particulars required from the customers for processing the loan application, at the time of application. In case it needs any additional information, the borrower should be told immediately that he would be contacted again.

(b) NHFL 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 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) NHFL shall mention the penal charges charged for late repayment in bold in the loan agreement.

(d) NHFL 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) NHFL shall communicate in writing the reason(s) for rejection of the loan 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) NHFL shall make the disbursement in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.

(b) NHFL 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) NHFL 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 NHFL 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 NHFL is entitled to retain the securities till the relevant claim is settled/paid.

(e) NHFL 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, NHFL 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 NHFL.

(f) In case of loss/ damage to original movable/ immovable property documents, either in part or in full, the NHFL 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 as stated above. However, in such cases, an additional time of 30 days will be available to NHFL 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 based on the RBI FPC 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). Further, FPC shall also be put on the Company's website, for the information of various stakeholders.

(V) Regulation of excessive interest charged by HFCs

a) The Board of NHFL 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 charges, 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 be available on Company's website 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) will 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 shall put in place an internal mechanism to monitor the process and the operations to ensure adequate transparency in communications with the borrowers.

(VI) Penal Charges in Loan Accounts

The Company shall comply with the instructions contained in RBI FPC Directions with regard charging of penal charges

(VII) Guarantors

When a person is considered 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 NHFL will call on him/her to pay up his/her liability;
d) whether NHFL 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 manner NHFL will notify him/her about this;
g) In case the guarantor refuses to comply with the demand made by the NHFL, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

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

(VIII) Advertising, Marketing and Sales

NHFL 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, NHFL will ensure that it 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) 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) ensure that, if any customer's personal information are shared with any third party(s) for providing support services, such thirds party(s) handles customer's personal information with the same degree of confidentiality and security as the NHFL would.
(e) communicate to customers various features of its products availed by them, if felt appropriate. Information about its other products or promotional offers in respect of products/ services will 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) 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 RBI FPC 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 NHFL representative 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

NHFL 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:

a) NHFL 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 NHFL'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 NHFL to reveal the information, or with the customer's permission;
   - If NHFL is asked to give a reference about customers, NHFL 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 NHFL holds about him /her.

c) NHFL shall not use customer's personal information for marketing purposes by anyone including NHFL unless the customer specifically authorizes them to do so.

(X) Loans sourced over Digital Lending Platforms

NHFL 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) NHFL shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices including those received on-line

(b) The Board of Directors of NHFL shall lay down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances arising pursuant to services provided directly by the Company or relating to services provided by any outsourced agency, appointed by the Company. 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) Mr. Savio Furtado is the Grievance Redressal Officer and his name along with contact details shall be displayed on Company's registered office and branches and website.

(d) Customer shall be told where to find details of NHFL's procedure for handling complaints

fairly and quickly.

(e) 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.
- NHFL's staff shall help the customer with any questions the customer has.

(f) If a complaint has been received in writing from a customer, the Company 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 NHFL'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.

(g) After examining the matter, NHFL 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.

(h) NHFL 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) NHFL 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 online at the link https://grids.nhbonline.org.in OR in offline mode by post, in prescribed format available at link https://www.nhb.org.in/wp-content/uploads/2021/08/Grievance-Redressal-Policy-hindi-english.pdf, to Complaint Redressal Cell, Department of Supervision, National Housing Bank, Core 5A, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

(XII) General

(a) NHFL 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 NHFL, 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) Whenever loans are given, NHFL 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.

(d) 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.

(e) The Company shall strictly ensure that the Company or its agents do not resort to: (i) intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, (ii) sending inappropriate messages either on mobile or through social media, (iii)making threatening and/ or anonymous calls, (iv) persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, (v) making false and misleading representations, etc.

(f) The Company has approved policy on Guideline for engaging Recovery Agents.

(g) NHFL 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 preclosure norms applicable to fixed/ floating rate depending on whether at the time of preclosure, the loan is on fixed or floating rate.

(h) 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.

Further, a fixed rate loan is one where the rate is fixed for entire duration of the loan.

(i) NHFL 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);
- any floating rate term loan sanctioned for business purpose to individual and Micro and Small Enterprises (MSEs) borrowers, with or without co-obligant(s) with sanctioned amount/ limit up to ₹50 lakh;

For dual/ special rate (combination of fixed and floating rate) loan, above will be applicable depending on whether the loan is on floating rate at the time of pre-payment.

(j) The foreclosure charges will be levied as per the Interest Rate Policy of the Company or as disclosed in the sanction letter, loan agreement, MITC and Key Facts Statement (KFS).

(k) The Company shall not levy any charges where pre-payment is effected at the instance of the Company.

(l) NHFL shall also comply with the instructions contained in the RBI FPC Directions on KFS.

(m) 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 other most important terms and conditions (MITC) of such loan in all cases in the suggestive format as prescribed in the RBI FPC Directions. 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.

(n) 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 follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues" as per applicable RBI FPC Directions.

(g) NHFL 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) NHFL shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude NHFL from instituting or participating in schemes framed for different sections of the society.

(i) To publicise the Code, NHFL 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) Loan facilities to the physically/ visually challenged

- NHFL shall not discriminate in extending products, services and facilities, including loan facilities, to physically or visually challenged applicants on grounds of disability, in any of Company's branches
- NHFL shall not impose any additional burden of interest payment, collateral and other terms on the visually impaired customer.
- NFHL shall include a suitable module on the rights of persons with disabilities, as guaranteed by law and international conventions, in all training programs conducted for employees at all levels.
- NHFL shall ensure redressal of grievances of persons with disabilities under the Company's Grievance Redressal Mechanism.
- NHFL shall comply with applicable provision mentioned in the RBI FPC Directions with regard to facilities to visually impaired/physically challenge customer.

(XIV) Responsibility of Board of Directors

a) The Board of Directors of NHFL 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 conduct periodic 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 but atleast on an annual basis.

The Code shall stand auto-corrected with any changes / modifications which may be advised from time to time by the Reserve Bank of India/National Housing Bank and/or other regulators.