

FAIR PRACTICE CODE

Approvals

Date	Approving Authority
October 27, 2023	Board of Directors
July 30, 2022	Board of Directors
November 02, 2021	Board of Directors
February 12, 2021	Board of Directors
June 10, 2020	Board of Directors

Version Control

Version	Date	Change History
2.0	October 27, 2023	“Penal Interest” has been updated as “Penal Charge” in line with RBI’s regulations.
1.3	July 30, 2022	No Change
1.2	November 02, 2021	Policy revamped in line with Fair Practice Code as prescribed under RBI Master Directions
1.1	February 12, 2021	<ul style="list-style-type: none"> - Removed old email ID crcell@nhb.org.in and replaced with new link - Other changes
1	June 10, 2020	No Change

Policy Owner: Compliance Department

Disclaimer

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1. INTRODUCTION

India Shelter Finance Corporation Ltd. (“**India Shelter**” or “**Company**”) being a Housing Finance Company, is required to comply with the ‘**Guidelines on Fair Practice Code**’ issued by the Reserve Bank of India (“**RBI**”) under the Non-Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021 (“**RBI Directions**”).

Accordingly, India Shelter proposes to adopt the ‘**Fair Practice Code**’ (“**FPC**” or “**Code**”), with approval of its Board of Directors, to ensure fair and transparent dealings with its customers. The Company, through the FPC, has defined a framework for efficient customer service, transparency and fairness in business dealings with its customers. The FPC has been formulated keeping in mind India Shelter’s ethos of “Honesty, Hardwork & Respect”.

2. OBJECTIVES OF THE FPC

- a) To promote good and fair practices by setting minimum standards in dealing with the customers.
- b) To increase transparency so that the customer can have a better understanding of what he/she can reasonably expect of the products/ services offered by India Shelter.
- c) To effectively compete with the established and emerging market players by setting higher operating standards.
- d) To promote a fair and cordial relationship between the customer and India Shelter.

3. REVIEW / AMENDMENT / MODIFICATION

The FPC shall be reviewed as and when required by the applicable rules and regulations or based on the Company’s internal recommendations to have good, transparent and fair customer relations.

4. APPLICATION OF THE FPC

This Code shall apply to all products and services of the Company, whether they are provided by the Company, any of its group companies or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) across counter, over the phone, by post, or through interactive electronic devices, on the internet or by any other method.

5. COMMITMENT TO ACT FAIRLY AND IN A TRANSPARENT MANNER

India Shelter, its employees and its representatives shall adhere to this Code to act fairly and transparently in all its dealings, on the principle of integrity and transparency, to meet the high operational standard adopted by the Company. The Company shall:

- a) Meet the commitments and standards in this Code for the products and services it offers and, in the procedures and practices that its employees follow.
- b) Ensure that its products and services meet relevant laws and regulations in letter and spirit.
- c) Ensure that its dealings with the customers rest on ethical principles of integrity and transparency.

6. LOANS

i) 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) India Shelter transparently discloses 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 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. In other words, the Company will disclose 'all in cost' by indicating all charges involved in processing/ sanctioning of loan application in a transparent manner. It will also ensure that such charges/ fees are non-discriminatory.
- c) Loan application forms 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. The loan application form will also indicate the list of documents required to be submitted with the application form.
- d) India Shelter will issue an acknowledgement receipt for all loan applications. Loan applications shall be disposed of within 30 days or such extended time as may be mutually agreed between the borrower and the Company from the date of receipt of the application form along with the documents required, complete in all respects.

ii) Loan appraisal and terms/ conditions and communication of rejection of loan application

- a) Normally, all particulars required for processing the loan application shall be collected by India Shelter at the time of application. In case we need any additional information, the customer will be contacted again as soon as possible.
- b) India Shelter will convey in writing to the borrower 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, penal charges (if any), and seek written acceptance of these terms & conditions by the borrower to keep the same for its records.

- c) India Shelter shall mention the penal charges which are charged for late repayment in bold in the loan agreement.
- d) India Shelter will furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to every borrower at the time of sanction/ disbursement of loans, against acknowledgement.
- e) If India Shelter cannot provide the loan to the customer, it shall communicate in writing (including through electronic means like e-mail, SMS etc.) the reason(s) for rejection.

iii) Disbursement of loans including changes in terms and conditions

- a) Disbursement will be made in accordance with the disbursement schedule, details of which shall be provided in the Loan Agreement / Sanction letter.
- b) India Shelter will 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 those relating to disbursement schedule, interest rates, penal charges (if any), service charges, prepayment charges, other applicable fee/ charges etc. The Company will ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard has been incorporated in the loan agreement.
- c) If such change in terms and conditions of the loan/ credit facility 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.
- d) Decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, will be in consonance with the loan agreement.
- e) India Shelter will 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 India Shelter 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 India Shelter is entitled to retain the securities till the relevant claim is settled /paid.

7. RESPONSIBILITY OF BOARD OF DIRECTORS

- a) India Shelter, with the approval of its Board of Directors, 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 and its officials are heard and disposed of at least at the next higher level.

- b) The Company shall ensure periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

8. CUSTOMER GRIEVANCE REDRESSAL MECHANISM

- a) India Shelter shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices/ branches, including those received online.
- b) Grievance Redressal Mechanism of the Company will also deal with the customer's issues relating to services provided by the Company through such third-party service providers/ outsourced agencies.
- c) If a complaint has been received in writing from a customer, India Shelter will endeavor to send him/ her an acknowledgement/ response within a week. The acknowledgement will contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at India Shelter'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.
- d) After examining the matter, India Shelter will 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.
- e) 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 Grievance Redressal Department of National Housing Bank (NHB) through any of the following modes:
 - (i) **Online mode:** The complainant may click on following link for registering complaint: <https://grids.nhbonline.org.in>.
 - (ii) **Offline Mode:** In offline/ physical mode by post, the customer may write in prescribed format available at link <https://nhb.org.in/en/grievance-redressal-officer/> to the following address:
 - The Grievance Redressal Department, National Housing Bank, Core 5A, India Habitat Centre, Lodhi Road, New Delhi– 110 003
- f) The Company will implement the above grievance redressal mechanism by

adopting a separate Grievance Redressal Policy with the approval of its Board of Directors.

- g)** India Shelter shall publicize its grievance redressal mechanism (including 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. The Company shall publicize the same by displaying it in all its offices/ branches and on its website.

9. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICE CODE

Fair Practices Code (in vernacular language or a language as understood by the borrower), based on the RBI directions, shall be put in place with the approval of the Board. The same shall be put up on the official website of the Company for the information of various stakeholders.

10. POLICY ON RATE OF INTEREST AND CHARGES

- a)** India Shelter, with approval of its Board of Directors, 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. 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/ customer in the application form and communicated explicitly in the sanction letter. The Company, with approval of its Board, shall also lay down policy for penal charges.
- b)** The rates of interest and the approach for gradation of risks, and penal charges, shall also be made available on the website of the Company. Whenever there is a change in the rate of interest, the Company shall ensure updation of the same on its website.
- c)** The rate of interest and penal charge (if any) shall 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 shall clearly indicate the bifurcation between interest and principal.

India Shelter shall adopt appropriate internal principles and procedures in determining interest rates and processing & other charges (including penal charges), keeping the spirit of the Guidelines on Fair Practice Code in view. The Company shall put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

11. ADVERTISING, MARKETING AND SALES

- a) India Shelter shall ensure that all advertising and promotional material is clear and factual. The Code shall apply to all Sales Associates/ representatives of India Shelter in dealing with customers to the extent it is applicable.
- b) For advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, India Shelter shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request or on the website.
- c) India Shelter will provide information on interest rates, common fees and charges (including penal charges) through putting up notices in their branches; through telephone or help-lines; on its website; through designated staff / help desk; or providing service guide/ tariff schedule.
- d) If India Shelter avails services of third parties for providing support services, it will require that such third parties handle customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as India Shelter would handle.
- e) India Shelter will, from time to time, communicate to customers various features of the products availed by them. Information about other 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 Company website or on its customer service number.
- f) India Shelter will prescribe a code of conduct for its Direct Selling Agencies (DSAs) whose services are availed by the Company to market products/ services. Such Code of Conduct, inter alia, would require them to identify themselves when they approach the customer for selling the Company's products personally or through phone.
- g) In the event of receipt of any complaint from the customer that India Shelter's representative or sourcing partner has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.

12. GUARANTORS

When a person intends to be Guarantor for a loan, through an appropriate documentation, he/ she will be informed 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 there is recourse to guarantor's other monies in the company if he/ she fail to pay up as a guarantor.
- e) Whether their liabilities as a guarantor are limited to a specific quantum or are they unlimited.
- f) Time and circumstances in which his/ her liability as a guarantor will be discharged along with 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 Company, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.
- h) Guarantors will be informed of any material adverse change(s) in the financial position of the borrower to whom he/she stands as a guarantor, in the Company becomes aware of such information and considers it to be material.

13. PRIVACY AND CONFIDENTIALITY

All personal information of customers, both present and past, shall be treated as private and confidential and shall be guided by the following principles and policies.

- a) India Shelter will not reveal information or data relating to its customer accounts available with it, whether provided by the customers or otherwise, to anyone, including other companies/entities in their group, other than in the following exceptional cases:
 - i) If the information is to be given by law.
 - ii) If there is a duty towards the public to reveal the information.
 - iii) If India Shelter's interests required its customers to provide any information (for example, to prevent fraud). However, the same will not be used as a reason for giving information about customer or customer accounts (including customer name and address) to anyone else, including other companies in the group, for marketing purposes.
 - iv) If the customer asks the Company to reveal the information, or it may be revealed with the customer's permission.
 - v) If India Shelter is asked to give a reference about customers, we will 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 India Shelter holds about him/ her.
- c) India Shelter will not use customer's personal information for marketing purposes

by anyone including itself, unless the customer specifically authorizes them to do so.

14. GENERAL

- a. India Shelter will 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. Whenever loans are given, India Shelter will explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/ her notice or by making personal visits and / or repossession of security if any.
- d. India Shelter, however, advises its customers to be responsible borrowers, repay on time and build a good credit history. India Shelter urges its borrowers to honour their commitment and build trust with their lenders.
- e. In the matter of recovery of loans, India Shelter shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. To ensure that there is no rude behavior against its customers, the Company shall arrange to train its staff is adequately to deal with the customers in an appropriate manner. The Company, with the approval of its Board, shall adopt the guidelines prescribed by the RBI for engaging recovery agents.
- f. India Shelter shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - (i) Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - (ii) Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower(s) out of its/ 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. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.

- g. India Shelter 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).
- h. To facilitate quick and good understanding of major terms and conditions of housing loan agreed upon between the Company and the individual borrower, India Shelter shall provide a document containing the Most Important Terms and Conditions (MITC) of such loan in prescribed format in all cases in addition to the existing loan and security documents being obtained by the Company. India Shelter shall provide a copy of duly executed MITC in duplicate, in the language understandable by the borrower, to the borrower under acknowledgement.
- i. Display of various key aspect such as service charges, interest rates, Penal Charge (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. shall be done to promote transparency in the operations of the Company. India Shelter shall follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues" as per the regulatory requirements prescribed by the RBI.
- j. India Shelter will display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- k. India Shelter shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, the Company will 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 the Company from instituting or participating in schemes framed for different sections of the society.
- l. India Shelter will verify the details mentioned by him/her 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 India Shelter.
- m. The customer is expected to co-operate if India Shelter needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if India Shelter needs to involve them.
- n. The customer will be responsible for all losses if such customer acts fraudulently or without reasonable care.
 - a) To publicize the code, the Company will:
 - (i) provide existing and new customers with a copy of the Code.
 - (ii) make this Code available on request either over the counter or by electronic

communication or mail.

- (iii) make available this Code at every branch and on its website; and
- (iv) ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.

- b)** A report on review of compliance with the Fair Practice Code by the Company shall be presented to the Board of Directors, at least once in a financial year.

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