

FAIR PRACTICE CODE

This Code has been formulated by Navarathna Housing Finance Ltd(NHFL) pursuant to the Guidelines issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies vide its circular bearing No.NHB (ND)/DRS/POL-No.16/2006 dated September 05, 2006 and further revised in terms of NHB circular letter no. NHB/ND/DRS/Pol-no.34/2010-11 dated 11-10- 2010.

Objective:

Our main business is extending loans for purchase/construction/extension/repairs/ renovation etc. of houses, apartments etc., for purchase of residential sites.

The objective of the code is primarily to ensure

- Promote good and fair practices by setting minimum standards in dealing with customers;
- Increase transparency so that the customer can have a better understanding of what he/she can reasonably expect of the services;
- Encourage market forces, through competition, to achieve higher operating standards;
- Promote a fair and cordial relationship between customer and NHFL and foster confidence in the housing finance system.

Applications of the code:

- This Code is applicable to all the products and services, whether they are provided by the NHFL or subsidiaries across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other mode, except in the event of any force majeure.
- The Code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the Code.

Commitment to Customers

- To act fairly and reasonably in all dealings with customers
- To help customers understand how their financial products and services work
- Providing them regular, appropriate updates and keeping them informed about changes in the interest rates, charges or terms and conditions.
- To deal quickly and sympathetically with things that go wrong
- To treat all personal information of customers as private and confidential

Disclosure and Transparency

NHFL would provide information on interest rates, common fees and charges through:

- putting up notices in branches
- through telephones or help lines
- through designated staff/help desk
- providing service guide/tariff schedule.

In respect of prospective customers, NHFL shall

- provide clear information explaining the key features of their services and products that customers are interested in
- provide information on any type of product and service offered, that may suit the customer's needs
- tell the customers about the various means through which products and services are offered
- tell the customer what information is needed from him / her to prove his / her identity and address, for complying with legal, regulatory and internal policy requirements
- provide information on fees/charges payable for processing the loan application

In respect of those who have become customers, NHFL shall

- provide information on interest rate, fees and applicable charges as well as changes (if any) from time to time
- provide information on all applicable terms and conditions as well as changes (if any) from time to time.

ADVERTISING, MARKETING AND SALES

- NHFL will ensure that all advertising and promotional material is clear, and not misleading
- In all communications regarding products and services, NHFL will ensure that reference to cost will be not only in terms of interest rate but also applicable fees and charges
- NHFL shall provide information on interest rates, common fees and charges through notices in branches, through telephone, company's website, designated staff / help desk and/or by providing service guide / tariff schedule
- NHFL will ensure a back to back agreement with all its vendors, representatives that they shall handle customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as NHFL is bound to do
- Communication to customers regarding various features of products to be / being availed by them will be done 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.

- NHFL will prescribe a code of conduct for their Direct Selling Agencies (DSAs) 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 through phone
- In the event of receipt of any complaint from the customer, appropriate steps shall be initiated to investigate and to resolve the complaint.

Privacy & Confidentiality:

All personal information of existing and past customers will be treated as private and confidential and will not be revealed to any third party except under consent from customer or as per terms of the loan agreement

Credit reference agencies:

- When a customer opens an account, the Company will inform him/her as to when the Company may pass his/her account details to credit reference agencies and the checks the Company may undertake in this regard.
- The Company may give information to credit reference agencies about the personal debts the Customer owes with the Company if,
 - o The customer has fallen behind with his/her payments;
 - o The amount owed is not in dispute; and
 - o 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 will intimate the customer in writing that the Company plans to give information about the debts the customer owes the Company to credit reference agencies. At the same time, the Company will explain to the customer the role of credit reference agencies and the effect the information provided can have on customer's ability to get credit.
- The Company may give credit reference agencies other information about the customer's account if the customer has given the company his/her permission to do so.
- A copy of the information given to the credit reference agencies will be provided by the company to the customer, if so demanded.

Collection of dues:

- Whenever loans are given, NHFL will explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. NHFL will also make efforts to remind the customers about their repayments every month, days before it falls due.
- However, if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by sending him notice or by making personal visits and / or repossession of security if any.

- Staff or any person authorized to represent it in collection of dues and / or security repossession will identify himself and display the authority letter issued by NHFL and upon request, display his identity card issued by NHFL or under authority of the company. NHFL will provide customers with all the information regarding dues and will endeavor to give sufficient notice for payment of dues.
- **All the members of the staff or any person authorized to represent NHFL in collection and / or security repossession will follow the guidelines set out below:**
 1. Customers will be contacted ordinarily at the place of his choice and in the absence of any specified place at the place of his residence and if unavailable at his residence, at the place of business / occupation.
 2. Identity and authority to represent NHFL will be made known to the customer at the first instance.
 3. Customer's privacy will be respected.
 4. Interaction with the customer will be in a civil manner.
 5. NHFL's representatives will contact customers between 8:00 AM and 7:00PM, unless the special circumstances of the customer's business or occupation require otherwise.
 6. Customer's request to avoid calls at a particular time or at a particular place will be honored as far as possible, unless NHFL has reason to believe that the customer is avoiding meeting NHFL representative.
 7. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 8. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

Complaints and grievances

- The Company shall have the system and procedures for receiving, registering and disposing of complaints and grievances in each of its offices.
- The Management under the supervision of the Board of Directors will lay down the appropriate grievance redressal mechanism within the Company to resolve complaints and grievances. Such a mechanism will 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.
- The Customer shall be told where to find details of the Company's procedure for handling complaints, fairly and quickly.
- If the customer wants to make a complaint, then the customers should be informed on the following:
 - i. How to do this
 - ii. Where a complaint can be made
 - iii. How a complaint should be made
 - iv. When to expect a reply
 - v. Whom to approach for redressal

- vi. What to do if the customer is not happy about the outcome
- vii. Company's staff shall help the customer with any queries the customer has

- 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 should contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over 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.

- 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.

- The Company shall publicize its grievance redressal procedure and ensure that it is specifically made available on its website.

Know Your Customer Guidelines:

- NHFL shall explain the requirements of KYC guidelines to its customers and inform them about the documents required for establishing the identity of the customer before loan sanctioning, account opening and operation.
- NHFL would obtain only such information to meet with company's KYC, Anti-Money Laundering or any other statutory requirements. In case any additional information is asked for, it will be sought separately and shall specify the objective of obtaining such additional information.

Loans:

Applications for loans and their processing

The Loan application forms will contain all 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 list of documents required to be submitted with the application form would also be mentioned.

Disbursement of loans including changes in terms and conditions:

a. Normally all particulars required for processing the loan application would be collected by the Company within a reasonable period of time of receipt of application. The Company shall carry out proper due diligence on creditworthiness of applicants notwithstanding the stipulation of any security and margin made by it.

b. The Company will convey in writing to the borrower by means of sanction letter, the amount of loan sanctioned along with all terms and conditions. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement would be provided to every borrower at the time of sanction / disbursement of loans.

Disbursement of loans including changes in terms and conditions:

The timely disbursement will be ensured to coincide with the terms and conditions of the sanction letter and compliance of such terms and conditions by the borrower/s/guarantors. Whenever changes are effected on the ROI (upward and downward revisions) on loans, schedule of charges, terms & conditions, guidelines stipulated by NHB etc. will be published in the website/ displayed in branch notice boards immediately. No written communications will be sent to customers/ borrowers/ guarantors individually. The Company shall ensure that such changes are effected only prospectively. The Company 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, the Company 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 NBFCs are entitled to retain the securities till the relevant claim is settled / paid.

Guarantors:

When a person is considered to be a guarantor to a loan, NHFL shall inform him/her the following under acknowledgement

- Letter/ Deed of Guarantee stating the terms of liability as guarantor
- NHFL shall keep him/her informed of any default in servicing of the loan by the borrower to whom he/she stands as a guarantor
- Circumstances in which NHFL will call on him/her to pay up his/her liability
- Whether NHFL has recourse to his/her other monies in the company if he/she fails to pay up as a guarantor
- Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited
- Time and circumstances in which his/her liabilities as a guarantor will be discharged.

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

General:

The Company 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 new information, not earlier disclosed by the borrower, has come to the notice of the company).

Grievances Reporting:

In case the grievance is not resolved within 15 days, a copy of the complaint/email with acknowledgment may be forwarded to the Grievance Escalation address: Complaint Redressal Officer, Navarathna Housing Finance Limited, Corporate Office, Flat #3, 1st Floor, Aarti arcade, No.114, Dr.RadhakrishnanSalai, Mylapore, Chennai – 600004 or by e-mail to coo@navarathnahousing.com.

For Navarathna Housing Finance Ltd.,



(Managing Director)