

SARAL HOME FINANCE LIMITED

Fair Practice Code

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1. OBJECTIVES AND APPLICATION

1.1 Introduction

Saral Home Finance Limited ("SHFL") is a Housing Finance Company registered with National Housing Bank (NHB) and is in the business of providing Home Loans and Loan against Property to its customers. Such credit facility is extended to different types of customers, which include Individuals, Companies and other Corporate/Legal Entities.

In order to provide for transparency in transactions between the SHFL and the customers and also to provide for well-informed business relationships, some broad guidelines have been considered necessary. In this backdrop, the National Housing Bank, has framed the Guidelines on Fair Practices Code which has been duly accepted, adopted and implemented by SHFL to serve as a part of best corporate practices and to provide transparency in business practices to its customers.

Accordingly, the Fair Practices Code ('FPC') has been articulated by SHFL in accordance with Circular no. NHB (ND)/DRS/ POL-No-16 /2006 dated September 5, 2006 and updated in accordance with Master Circular no. NHB (ND)/DRS/REG/MC-03/2019 dated July 1, 2019 to adopt the best practices when SHFL is dealing with its stakeholders such as customers, employees, vendors, etc.

1.2 Objectives

The essence of the FPC lies in the following aspects that SHFL shall strive to follow in spirit and in letter:

- 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 SHFL;
- foster confidence in the housing finance system;
- be fair and honest in any advertisement and marketing of loan products;
- provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transaction; and
- to attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.

1.3 Application of the Code

- The Code is applicable to all the Products and Services, offered by SHFL to its Customers in any manner and/or by any mode.
- The Code is applicable under normal operating environment except in the event of any force majeure.



2. ACT FAIRLY AND IN A TRANSPARENT MANNER

SHFL will act fairly and reasonably in all dealings with customers, by ensuring that:

- it meets the commitments and standards in this Code for the products and services it offer and in the procedures and practices its staff follows.
- products and services meet relevant laws and regulations in letter and spirit
- dealings with customers' rest on ethical principles of integrity and transparency.

2.1 Disclosure of Charges

SHFL will transparently disclose to the borrower all information about fees / charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned / disbursed, pre-payment options and charges, if any, penalty 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, SHFL will disclose 'all in cost' inclusive of all charges involved in processing / sanction of loan application in a transparent manner. It will be ensured that such changes / fees are non-discriminatory.

3. ADVERTISING, MARKETING AND SALES

3.1 SHFL;

- shall ensure that all advertising and promotional material is clear, and not misleading.
- shall, 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, SHFL shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request.
- will provide information on interest rates, common fees and charges through putting up notices in their branches; through telephone or help-lines; on the company's website; through designated staff / help desk; or providing service guide / tariff schedule.
- if avails of the services of third parties for providing support services, SHFL shall 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 the SHFL would.
- may, from time to time, communicate to customer (s) various features of their products availed by them. Information about their 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 website or on customer service number.
- 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 a customer for selling products personally or through phone.
- In the event of receipt of any complaint from the customer that its 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.



4. LOANS

4.1

(i) **Applications for loans and their processing**

- As part of the loan process, to inter alia ensure utmost transparency, SHFL provides all necessary information to the customer along with the application/proposal as the case may be including but not restricted to nature of security required, fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of loan proposal, pre-payment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Housing Finance Companies ('HFCs') can be made and informed decision can be taken by the customer.
- SHFL will be giving an acknowledgement for receipt of all loan applications. All the loan applications need to be disposed off in maximum of 45 days and the same should also be indicated in the acknowledgement.

(ii) **Loan appraisal and terms/conditions**

- Normally all particulars required for processing the loan application shall be collected by SHFL at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
- SHFL will convey in writing to 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 and keep the written acceptance of these terms and conditions by the borrower on its record.
- SHFL 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.

(iii) **Communication of rejection of Loan Application**

- If SHFL cannot provide loan to the customer, it shall communicate in writing the reason(s) for such rejection.

(iv) **Disbursement of loans including changes in terms and conditions**

- Disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- SHFL will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/charges etc. SHFL ensures that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will 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.
- Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- SHFL 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 SHFL 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 SHFL is entitled to retain the securities till the relevant claim is settled /paid.



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4.3 Guarantors

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

- his/her liability as guarantor;
- the amount of liability he/she will be committing him/herself to the company;
- circumstances in which SHFL will call on him/her to pay up his/her liability;
- whether SHFL has recourse to his/her other monies in the company if he/she fail 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 as also the manner in which SHFL will notify him/her about this
- treatment of him/her as a wilful defaulter, in case he/she refuses to comply with the demand made by the SHFL, despite having sufficient means to make payment of the dues.

SHFL 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.

4.4 Privacy and Confidentiality

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

4.5 Credit reference agencies

- When a customer opens an account, SHFL shall inform him/her when they may pass his/her account details to credit reference agencies and the checks that SHFL may make.
- SHFL may give information to credit reference agencies about the personal debts the customer owes them if:
 - The customer has fallen behind with his / her payments;
 - The amount owed is not in dispute; and
 - The customer has not made proposals that SHFL is satisfied with, for repaying his / her debt, following SHFL's formal demand



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- In these cases, SHFL shall intimate the customer in writing that they plan to give information about the debts the customer owes them to credit reference agencies. At the same time, SHFL shall explain to the customer the role of credit reference agencies and the effect the information they provide can have on customer's ability to get credit.
- SHFL may give credit reference agencies other information about the customer's account if the customer has given them his / her permission to do so.
- A copy of the information given to the credit reference agencies shall be provided by SHFL to a customer, if so demanded.

4.6 Collection of Dues

4.5.1 Whenever loans are given, SHFL 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.

4.5.2 SHFL's collection policy should be built on courtesy, fair treatment and persuasion. SHFL believes in fostering customer confidence and long-term relationship. SHFL's staff or any person authorized to represent in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by the company and upon request, display his / her identity card issued by SHFL or under authority of the company. SHFL shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.

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

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



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4.7 Complaints and Grievances

SHFL has devised and adopted a separate Grievance Redressal Policy ('GRP') laying down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism ensures that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.

The GRP explains the procedure for registering and handling of the Complaints and Grievances of Customers. The Board of the Company has constituted a Customer Service & Grievance Redressal Committee for the effective implementation of the Grievance Redressal Mechanism in the Company.

The said Grievance Redressal Mechanism System has been duly displayed outside corporate and registered office and the website of the company.

5. GENERAL

- 5.1 SHFL shall verify the details mentioned by customer in the loan application by contacting the Customer 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.
- 5.2 The customer will be informed to co-operate if SHFL needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if the SHFL needs to involve them.
- 5.3 SHFL will advise the customer 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.
- 5.4 SHFL shall display about their products and services in English at the its offices.
- 5.5 SHFL will not discriminate on grounds of sex, caste and religion in the matter of lending. Further, it 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 SHFL from instituting or participating in schemes framed for different sections of the society.
- 5.6 SHFL will process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.
- 5.7 To publicize the code, SHFL will:
 - o provide existing and new customers with a copy of the Code
 - o make this Code available on request either over the counter or by electronic communication or mail;
 - o make available this Code at every Office 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.
- 5.8 The Board of Directors of SHFL shall review the FPC **Annually** and ensure that the functioning of the grievances redressal mechanism at various levels of management. All the complaints that are received and resolved shall be tabled every quarter to the Customer Service & Grievance Redressal Committee.



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