

Fair Practices Code

I. Introduction

Swagat Housing Finance Company Limited (SHFC) has been incorporated with an intent to be an enabler in providing credit access to first time home buyers in EWS/LIG/MIG segment and aims to contribute meaningfully towards Government of India's mission "Housing for All". With underlying philosophy of changing the status quo in the society, the Company intends to work on philosophy of giving back to the society in a way and fashion that cause a sustainable change for the larger good of Indian populace without any discrimination religion, creed, caste, color or gender. The Company aims to undertake those initiatives which would bring about positive irreversible change for the betterment of the society and would help the beneficiaries quantitatively and qualitatively in their lives.

This policy enunciates the detailed overview of practices to be followed by SHFC that would lead to dealing with customers in equitable and impartial manner at all times of the loan life cycle. The fair practices code will help the SHFC employees to better understand the finer nuances of customer service and help them in dealing with them in a better manner in line with the Company's core values of "Truth, Transparency and Sincerity"

II. Intent and Content

This Code has been formulated by SHFC pursuant to the Master Circular issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies. This Code which has been reviewed and approved by the Board of Directors shall come into effect from April 1, 2019.

III. Objectives

- A. Promotion of impeccable business practices by defining basic standards in dealing with customers.

- B. Increase in transparency in all dealings so that the customer is well informed and becomes educated about the offerings so as to have reasonable expectations from the Company and its staff.
- C. Encouragement of healthy competition amongst the peers through better operating standards leading to excellence in operations.
- D. Promotion of open and cordial relationship with the customers
- E. Lead by example and play a meaningful role in developing confidence in Indian Housing Finance Industry

IV. **Application of the Code**

- A. This code would apply to all employees (On roll and off roll) and the associated stakeholders (including but not limited to business associates and business vendors) who are involved in provision of the Company's product and services through online or offline modes of business or by post or by phone or through other medium.
- B. The code would be applicable and cover all business areas related to housing finance including loan origination, loan processing, loan management, collection and marketing/branding. SHFC's commitment to the code would be quantified in terms of exhibiting responsibility by employee, efficiency in business, monitoring the implementation and training the staff towards the same
- C. SHFC would conduct regular employee engagement in the form of meetings and seminars and would resort to available modes of communications to make employee aware of the code and ensure its implementation leading to excellence in lending. The Code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the Code.
- D. The Code is applicable under normal operating environment except in the event of any force majeure.

V. **Disclosure**

- A. While interacting with customers, SHFC may take all steps as may be required to provide clear information either in English or Hindi or the appropriate local language.
- B. SHFC would provide all details related to the products and services including the interest rate and fees and charges to the customers in open and transparent manner
- C. SHFC would ensure that all products and services designed and offered to the customers are in compliance to the law of the land and are in line with the regulations set by the Regulator
- D. SHFC would provide all information through:
 - 1. Putting up notice in branches;
 - 2. Through marketing and promotional materials
 - 3. Through company website
 - 4. Any other medium that may be required as per law/regulation and as may deem fit by the Company

VI. **Commitments**

- A. SHFC shall adhere to this code to act fairly and reasonably in all dealings, on the ethical principle of integrity and transparency, to meet the standard practices prevalent in the housing finance industry.
- B. SHFC would provide clear information, without any ambiguity, to the customer in understanding: Products and services together with its terms and conditions including interest and service charges.
- C. SHFC would not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude SHFC participating in credit-linked schemes for the weaker sections of society and in respect of schemes formulated by NHB/ other Government Agencies, implemented through the SHFC.

VII. **Benefits available to customer**

- A. SHFC will deal quickly in correcting mistakes, if any, and attend to customer's complaints in light of the objectives of this code.
- B. SHFC shall treat all personal information of customers as private and confidential and shall not divulge any information to third person unless required by any law or Government Authorities including Regulators or Credit Agency or where the sharing of information is permitted by the customer.
- C. SHFC would provide, on request, copy of the Code to the existing borrowers and new Customers prior to commencement of business transaction.
- D. SHFC shall not discriminate its customers on the basis of age, race, caste, gender, marital status, religion or disability. However, the restrictions if any, as mentioned in the Loan products, shall continue to apply.

VIII. **Display and Transparency**

SHFC will act transparently and reasonably in all dealings with customers, by ensuring that:

- A. SHFC shall meet the standards and commitments for the products and services SHFC offers
- B. The products and services of SHFC shall meet relevant laws and regulations in letter and spirit
- C. SHFC would provide information on interest rates, common fees and charges through Putting up notice in branches, Providing tariff schedule.
- D. The Code shall be made available on the website of SHFC and at every branch/ office of the Corporation.

IX. **Fees and Charges**

SHFC would disclose all fees and charges to the customer in transparent manner including

- A. Application charges plus other applicable charges payable during different stages of loan.

- B. The non-refundable part of the application charges irrespective of outcome of loan application.
- C. Options to prepay the loan and associated charges, if any
- D. Penalty for delay in repayment of instalment including bounce charges and visit charges
- E. Charges applicable for switching the loan from floating to fixed and vice-versa
- F. Provision of interest reset option and charge associated to it in case the same is availed

X. **Marketing and Sales**

- A. SHFC would ensure that all marketing and promotional materials including brochures/pamphlets/leaflets/danglers/fliers/standees etc. would have contents that contain unambiguous information in relation to the product and service offerings
- B. The promotional materials on digital and print media that contain reference to interest rate would also give information on applicability of other fees and charges and that the details on same can be made available to the customer on request
- C. Third party service partners allied with SHFC in the areas of credit/legal/technical/operations and collections would handle customer's personal information, if made available to them, with utmost confidentiality in line with Company's policy
- D. SHFC would keep its customers updated about the salient features of the products and offerings subscribed by them. Information related to other offerings by the Company shall be communicated to them only post their consent on receiving the same through available modes of communication
- E. SHFC would have a code of conduct for financial intermediaries / Business associates / vendors whose services would be availed to brand / sell the Company's products and offerings. They would need to identify their association with SHFC when they solicit a customer for marketing/selling of SHFC products through any channel

- F. In case the Company receives any complaint against the above-mentioned stakeholder in relation to misconduct or violation of Code, then the Company would launch investigation into the act and take remedial measures in order to provide the required relief to the customer

XI. Loans

A. Loan Application and Processing

1. The application form would contain all necessary details which would help the customer to compare the terms and conditions of other housing finance companies thereby enabling the customer to make an informed and researched choice to select the prospective lender for home loan.
2. Schedule of applicable fees and charges including the non-refundable fees shall be made available to all customers on request. The communication for the same to be made through simple and transparent process so that the customer has full information pertaining to the same.
3. SHFC, on receiving fully completed application form shall acknowledge the receipt to the customer. SHFC would also communicate to the customer an approximate date where the customer should contact the Company for discussion related to the submitted loan application, if felt necessary.
4. As per the guidelines issued by NHB vide its Circular NHB (ND)/DRS/Policy Circular No.72/2014-15 dated April 23, 2015, SHFC is in the process of implementing e-KYC verification. However, the implementation is subject to any future notifications by competent authority. Post implementation, the Company shall explain the procedural formalities and provide necessary classifications sought by the customer at the time of loan application.
5. All loan applications shall be processed within 4 weeks from date of receipt of application form along with all necessary documents as demanded by the Company.

6. Rejection of application needs to be conveyed to the customer in writing through official modes of communication which also clearly define the reason for rejection

B. Loan appraisal and terms/conditions

1. Loan shall be appraised in line with the Company's policies, guidelines, risk management framework and established standard operating procedures. On the basis of these each application will be processed based on its merit and accordingly underlying securities will be enforced upon.
2. Customer shall be communicated the sanctioned limit along with allied terms and conditions through a sanction letter and be communicated through official modes of communication. The customer, on receipt of the letter, has to acknowledge the same in writing.
3. Customer has the right to ask for a copy of loan related documents and can avail the same based on request. The Company would not be obliged to consider an increase in limit without proper due diligence in line with Company's policies and processes.

C. Loan Disbursement

1. Post sanction, on diligence of property and on total compliance of necessary conditions including loan documentation, the sanctioned loan has to be disbursed immediately.
2. Disbursement would be made as per the disbursement schedule
3. With respect to change in terms including interest rate and/or charges, the Company would inform the borrowers through official mode of communication and for other public, the same would be disseminated through Public Notice/display on branch/hub notice board and also on Company's website as and when it happens.
4. Changes in interest rates and service charges will come into effect prospectively.
5. Decision to recall the loan or accelerate the repayment shall be in line with executed loan agreement.

6. On receipt of full and final payment of the loan subject to any legal right or lien for any other claim that the Company may have, the Company shall release all securities. If right of set off is exercised, the Company shall give notice to the customer about the same along with full particulars and stating that the Company shall retain them till the outstanding dues are paid / settled.
7. The Company shall inform the guarantor to a loan about his rights, responsibilities and obligations. The Company shall keep him/her informed about the status of loan repayment and if there is any default.
8. The Company shall not interfere in the personal affairs of the customer and as such the scope of engagement shall be governed by the terms and conditions in the loan documents, unless there is a case where information materially affecting the loan disbursed comes to the notice of the Company and was not previously provided by the customer during loan processing

XII. Other general provisions

- A. SHFC will refrain from interference in the affairs of the borrower except for what is provided in the terms and conditions of Loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the SHFC as lender). However, this does not imply that SHFC's right of recovery and enforcement of security under Law.
- B. In the case of recovery, SHFC will take necessary / usual measures as per laid down guidelines and extant provisions and would operate within the legal framework. SHFC is already having a "Collection and Recovery Policy".
- C. In case of request for transfer of borrower's account, either from the borrower or from a Bank/Financial Institution, SHFC's consent shall be conveyed within 21 days from the date of receipt of request.

XIII. Guarantors

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

- A. Letter/ Deed of Guarantee stating the terms of liability as guarantor.
- B. SHFC shall keep him/her informed of any default in servicing of the loan by the borrower to whom he/she stands as a guarantor.

XIV. Privacy and Confidentiality

Customer information in possession with the Company would be considered as private and confidential (throughout loan life cycle and even post full and final repayment of loan) as per the Company's policies and guidelines. The Company shall not provide this information related to customer to anyone, including group companies, except in the following cases

- A. The Company is legally bound to give the information to authorized agencies
- B. There is a duty towards the general public to provide the information
- C. It is in Company's interest to provide the information (for example, to prevent fraud) but the same will not be used by the Company as a reason for giving to anyone else, including other entities in the group, for marketing purposes. Customer's permission to be sought if information to be provided for marketing purposes
- D. Customer asks the Company to give the information with written permission, this includes providing reference of customer to associate / subsidiary companies or business partners where the company has tie up arrangements. The same can be documented in loan documents

XV. Credit Reference Agencies

- A. SHFC shall provide the customer details to the credit reference agencies (CIBIL, Experian, Equifax and CRIF High Mark) at the time of loan application so as to check his/her credit score and repayment behavior with respect to his obligations (both historical and current)
- B. SHFC shall also share the information about the repayment behavior of the customer to the credit reference agencies as mandated by the regulations. This

would include the cases when payment due but not paid and when the customer has not made satisfactory debt repayment proposal, following the Company's formal demand.

- C. SHFC shall communicate the same to the customer about the sharing and this would be enshrined in loan documents. SHFC shall also explain to the customer the role of the credit reference agencies and the effect the information they provide can have on ability to get credit later in his / her life
- D. The Company shall provide the customer with a copy of the information which the Company has given to the credit reference agencies about the customer, if so demanded by him/ her.

XVI. Collection of Dues

- A. At the time of disbursement, SHFC would give a detailed overview to the customer about the repayment process including the EMI amount based on loan amount, tenure and rate of interest, repayment schedule, payment cycle and EMI due date. In case the customer does not adhere to the repayment schedule, the Company shall follow a process as per the guidelines and in accordance to the law of the land for recovery of dues. The process would include sending reminders to the customer through notice, calls, emails, making personal visits, asking the customer to come to office for repayment and/or repossession of the underlying property being financed
- B. SHFC staff or Company authorized personnel appointed to collect the dues and/or repossess the property shall identify himself/herself to the customer and display the authority letter issued by the Company upon customer's request and also display company issued identity card. The person should provide all details regarding overdue amount to the customer
- C. SHFC staff or Company authorized personnel in charge of collection of dues and/or possession of property shall follow the below guidelines
 - 1. 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 residence, at the place of his business/occupation

2. Customer's privacy should be respected
3. Interaction/conduct with customer in a civil manner
4. Customers would be contacted between 0700 hrs and 1900 hrs, unless special circumstances of the customer's business or occupation require otherwise
5. Customer's request to avoid call at a specific time and place shall be honored as far as possible
6. Time and number of calls and also content of conversation shall be documented
7. Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues
8. All assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner
9. During visits to customer's place for dues collection, decency and decorum shall be maintained

XVII. Complaints and Grievances

- A. The Company has established set of procedures and guidelines to receive complaints and grievances from the customers, attending to them and disposing the same
- B. The guidelines are laid down by the Board and ratified to be implemented across the offices
- C. The office staff should help the customer in recording the complaint/grievance and give a patient hearing to the problems/issues faced by the customer
- D. The customer should be informed about how to make a complain, where to make a complain, whom to address, which mode of communication to be followed, when to expect a reply and what are the escalations mechanism available if the complaint is not redressed

- E. Any written complain received by the Company has to be acknowledged and replied within a week. The acknowledgement shall contain the name of the attending officer, his/her designation
- F. If complaint is lodged over phone, then the officer shall give a reference number which can be quoted by the customer in all interactions pertaining to the complaint
- G. After examination, the Company shall send a response or if wants more time to respond, then the same also would be communicated within six weeks
- H. If the customer is not satisfied then he/she should escalate the same to the following

XVIII. Know your customer (KYC) policy

The Company shall carry out due diligence as required under "Know Your Customer" (KYC) policy of our Company. The borrower will be asked to submit or provide necessary documents or proofs for the same. The Company shall ensure obtaining only such information so as to meet Company's KYC, Anti Money Laundering or any other statutory requirements.

The Company shall provide the Loan application form / account opening forms and other material to the customer and the same shall contain all details of essential information required to be furnished and documents to be produced for verification and/or for record for meeting the KYC requirements.

As per the guidelines issued by NHB vide its Circular NHB (ND)/DRS/Policy Circular No.72/2014-15 dated April 23, 2015, the Company is in the process of implementing e-KYC verification. The e-KYC verification service is valid under the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

The Company shall explain the procedural formalities and provide necessary classifications sought by the borrower while opening a loan account.

XIX. **Branch Closure / Shifting**

SHFC shall give notice to the borrower in the event of closure/shifting of its branch office

XX. **Complaints**

SHFC will strive for customer satisfaction within the framework of law, adopted policies and procedures.

- A. In case of any grievance, the customer may approach the In-Charge of the business location where he / she had his / her account and register the complaint in the 'Complaint Register' available.
- B. On registering the complaint, the customer should obtain complaint number and date for future reference
- C. Customer may also write / communicate with the concerned location for redress of the grievance. (For list of locations, please log on to website - www.shfc.in)
- D. In case the response is unsatisfactory or no response is received, the complaint should be escalated to the following

By letter

The Chief Executive Officer
Swagat Housing Finance Company Limited
A-1/207, Laram Centre, Above Federal Bank,
Opposite Railway Station, Andheri West,
Mumbai 400 0 58

In case the response is unsatisfactory or not received the response from the company within reasonable time (6 weeks) or is dissatisfied with the response received, the Consumer may approach NHB at the following address /Grievance Registration & Information Database System (GRIDS):

National Housing Bank

Department of Regulation and Supervision
(Complaint Redressal Cell) 4th Floor, Core 5-A,
India Habitat Centre Lodhi Road,
New Delhi – 110003

Link for register the Complaint(s) under Grievance Registration & Information Database System (GRIDS): <https://grids.nhbonline.org.in>

XXI. GENERAL

- A. The Company shall verify the details provided by the customer in the loan application process by contacting him / her at the residence / business place / employment place through telephone / personally visiting him / her. The Company will record the entire discussion on telephone / video record the personal discussion on the tab through mobile applications
- B. The Company, on the consent of the customer, through bank account integration would be accessing the bank account statement in read only format, which would be required to be downloaded as a part of credit appraisal process. Till the time the same is to be implemented, the customer shall provide hard copies of the same
- C. Customer would be informed to co-operate if the Company needs to investigate a transaction on his/her account and with the police/ other investigative agencies, if the Company needs to involve them.
- D. The Company would advise the customer that if her / she act fraudulently, he/she will be responsible for all losses on his/her account and that if he/she act without reasonable care and this causes losses, he/she may be responsible for the same.
- E. The Company would not discriminate the customers on the basis of race, caste, gender, marital status, religion or disability
- F. The Company will process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course
- G. The Company shall give notice to the customer in the event of closure/shifting of its branch office.
- H.

XXII. **Amendment**

The Company has the right to update or modify parts of this policy or totally from time to time. The Audit Committee and the Chairman will also review this Policy and suggest amendments to make it more relevant and responsive so as to protect the reputation of the Company and minimize the business loss emanating from any misconduct / fraudulent activities

XXIII.