



**Shubham Housing Development Finance Company Limited**

## **FAIR PRACTICE CODE**

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# FAIR PRACTICE CODE

Know about Shubham's fair practice codes here.

Shubham Housing Development Finance Company Limited. ("Shubham" 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").

This document provides details of the practices which need to be followed by the Company to ensure fair and transparent dealings with its customers who approach it to obtain a loan and for transactions with customers after the loan has been granted. This code will enable employees to provide better customer service and maintain transparency in business dealings with its customers. The Code has the following key elements.

## Application of the Code

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

This code shall also apply to all employees of the company and other persons authorized to represent it in the course of its business with respect to all products and services. A copy of the fair practice code shall be displayed at all the offices/branches of the Company. A copy of the FPC shall also be displayed on the website of the company.

## Objectives of the Code

- a. to promote good and fair practices by setting minimum standards in dealing with customers.
- b. to increase transparency so that the customer can have a better understanding of what he/she can reasonably expect of the services,
- c. to encourage market forces, through competition, to achieve higher operating standards.
- d. to promote a fair and cordial relationship between the customer and the Company.
- e. to foster confidence in the housing finance system.

## Commitment

The Company 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.

The Company will provide clear and transparent information to customers to enable them to understand the terms and conditions of the products and services offered including the interest rate and service charges.

## Benefits available to customers.

The products and services of the company will meet relevant laws and regulations in both letter and in spirit.

The Company will act quickly in correcting the mistakes and attend to complaints lodged by its customers in light of the objectives of this code.

The Company shall not discriminate amongst its prospective/existing customers based on age, race, caste, gender, marital status, religion, or disability. However, the restrictions, if any, as mentioned in the housing loan products, shall continue to apply.

A copy of the code may be provided on request to any existing customer. A onetime copy of the updated Fair Practice Code shall be provided to all existing customer(s) upon it becoming effective.

## Disclosure and Transparency

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

Putting up notices in branches

Providing tariff schedule as and when requested.

Through the company's website

Through designated staff

## Confidentiality

The Company shall collect personal information that it believes to be relevant and required to understand the customer's profiles and conduct its business.

The Company shall treat all personal information of customers as private and confidential and shall not divulge any information to a third person unless required by any law or Government authorities including Regulators or Credit agencies or where the sharing of information is permitted by the customer. If company shall avail services of any third party for providing support services, the company shall require that such third parties handle customers' personal information with the same degree of confidentiality.

### 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. The loan agreement discloses the rate of interest charged from customer as also the other charges pertaining to the loan like processing fee, cheque bounce charges, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payment options and charges, if any, penal charge/penalty for delayed repayment etc.
- c. The Company must disclose 'all in cost' inclusive of all charges involved in processing/sanctioning of loan application in a transparent manner. It should also be ensured that such charges/fees are nondiscriminatory.
- d. Loan application forms shall 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 an informed decision can be taken by the borrower.
- e. The loan application form may indicate the list of documents required to be submitted with the application form.
- f. Acknowledgement will be given for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed should also be indicated in the acknowledgement.
- g. The Company would verify the loan applications within a reasonable period.

### Loan appraisal, terms/conditions, and communication of rejection of loan application.

- a. Normally all particulars required for processing the Loan Application will be collected by the Company at the time of application. In case it needs any additional information, the customer will be informed to provide the same.
- b. The Company 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.

- c. In case of rejection of loan sanction/disbursement, the decision will be communicated to the borrower in writing. The reason for rejection will also be communicated in writing. In case the proposal does not meet the internal product parameters of the Company, the borrower will be intimated accordingly.
- d. The Company shall mention the penal charge for late repayment in bold in the loan agreement.
- e. The Borrower shall be entitled to a copy of the Loan Agreement along with a copy of each of all enclosures quoted in the Loan Agreement at the time of sanction/disbursement of loans.

## Disbursement of loans including changes in terms and conditions

- a. Disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/Sanction Letter.
- b. The disbursement shall be made by Shubham by issuing a cheque or pay order or a demand draft crossed as "A/c Payee only" or through an electronic credit to a designated bank account, details whereof are specified in the Schedule hereto. The loan shall be deemed to be disbursed from the date the cheque is handed over or, in case of electronic/online transfer of disbursement, the date of such transfer, and interest on the loan will begin to accrue in favour of Shubham from the said date irrespective of whether the amount received has actually been withdrawn by the borrower or not or whether cheque/pay order/demand draft handed over by Shubham has been encashed or not.
- c. The Company 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, penal charge (if any), service charges, prepayment charges, other applicable fee/ charges etc. The company should also ensure that changes in interest rates and charges are affected only prospectively.
- d. 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.
- e. If the customer forecloses the loan within 60 days with the reason that he does not agree to such an increase the company will ensure that no extra interest is levied.

- f. Decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- g. The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of housing finance and loan subject to any legitimate right or lien for any other claim that the Company may have against the 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 the company is entitled to retain the securities till the relevant claim is settled/paid.

## Complaints and Grievances

- a. The Company shall have a system and a procedure for receiving, registering, and disposing of complaints and grievances, including those received online.
- b. The Board of Directors of the Company should 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.
- c. The Company would strive for customer satisfaction within the framework of law, adopted policies and procedures.
- d. 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 with the In-charge. On registering the complaint, the customer should obtain the complaint number and date for future reference.
- e. All offices/branches shall display the office address, e mail id, phone number etc. where a complaint can be made and the authority to whom the complaint can be made.
- f. The company shall endeavour to resolve the complaint within one month of receipt of the complaint.
- g. In case the response is unsatisfactory, or no response is received, the complaint should be escalated to the -Head of Credit and Service.
- h. 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.
- i. The acknowledgement should contain the name & designation of the official who will deal with the grievance.

- j. If the complaint is relayed over the phone, the customer shall be provided with a complaint reference number and be kept informed of the progress within a reasonable period of time.
- k. Any dispute arising out of the decisions of the Company's functionaries shall be disposed of by Head Customer Services

The following Customer Grievance Redressal Mechanism shall be followed for all the complaints received.

Level 1- Shubham Branch/Toll Free number/E- mail/Portals

A customer may visit the branch or call 1800-258-2225 to register their complaint. The complaint can also be e-mailed at [customercare@shubham.co](mailto:customercare@shubham.co).

Level 2- Grievance Redressal Officer

In case the complaint is not resolved, the customer may contact:

Grievance Redressal Officer

Ms. Kanika Sharma

E mail-GRO@shubham.co,

Phone No- 0124-6631140

Shubham House, 425,

Udyog Vihar Phase-IV, Gurgaon,

Haryana - 122015

In case customer does not receive response from Shubham within a period of one month or is not satisfied with the resolution provided by Shubham, then he may approach the Complaint Redressal Cell of National Housing Bank by lodging his complaint.

- a. in Online mode at the link <https://grids.nhbonline.org.in>
- b. in Offline mode by post, in prescribed format available at link [https://nhb.org.in/citizencharter/Complaint\\_form.pdf](https://nhb.org.in/citizencharter/Complaint_form.pdf), to Complaint Redressal Cell, Department of Regulation & Supervision, National Housing Bank, 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi – 110 003

## Language and mode of communicating Fair Practice Code

Fair Practices Code (which shall preferably be in the vernacular language, or a language as understood by the borrower) based on the directions outlined hereinabove shall be put in place by the company with the approval of their Boards. The Company will have the freedom to draft the Fair Practices Code, enhancing the

scope of the directions but in no way sacrificing the spirit underlying the above directions. The same shall be put on their website, for the information of various stakeholders.

### Regulation of excessive interest charged.

The Board of the company 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 or customer in the application form and communicated explicitly in the sanction letter. The Board shall also have a clearly laid down policy for penal charges (if any).

The rates of interest and the approach for gradation of risks, and penal charges (if any) shall also be made available on the 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

The rate of interest and penal charge (if any) must be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

### Excessive interest charged.

Rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor conform to normal financial practice. The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal charge, if any). In this regard the directions in the Fair Practices Code about transparency in respect of the terms and conditions of the loans are to be kept in view. Shubham shall put in place an internal mechanism to monitor the process and the operations to ensure adequate transparency in communications with the borrowers.

### Penal Charge

The company will levy a penal charge as mentioned in the schedule of charges.



## Advertising, Marketing and Sales

- a. The Company shall ensure that all advertising and promotional material is clear, and not misleading. The code shall apply to Sales Associates/representatives of the company in dealing with customers to the extent it is applicable.
- b. The Company may, from time to time, communicate to customers 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.
- c. In the event of receipt of any complaint from the customer that representative/DSA of the company 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.
- d. Whenever the services of any third party is used for providing support services, the Company shall ensure that such third-party handles customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as the Company would.
- e. Company would prescribe a code of conduct to the Direct Selling Agencies (DSAs) whose services Company may avail 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.
- f. 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, the Company 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.
- g. The Company shall provide information on interest rates, common fees and charges (including penal charge, if any) through putting up notices in their branches; through telephone or helplines; on the company's website; through designated staff/help desk; or providing service guide/tariff schedule
- h. In the event of receipt of any complaint from the customer that Company's representative/courier or DSA 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.
- i. The Company shall adopt the Model Code of Conduct for Direct Selling Agents (DSAs)/Direct Marketing Agents (DMAs) with the approval of the Board

## Guarantors

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

- a. Letter/Deed of Guarantee stating the terms of liability as guarantor.
- b. The Company shall keep him/her informed of any default in the servicing of the loan by the borrower for whom he/she stands as a guarantor.
- c. The Company shall keep him/her informed of any material adverse changes in the financial position of the borrower for whom he/she stands as a guarantor.
- d. the amount of liability he/ she will be committing to the company.
- e. circumstances in which the Company will call on him/her to pay up his/ her liability.
- f. Whether the Company has recourse to his/her other monies in the company if he/ she fails to pay up as a guarantor
- g. whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- h. time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which the company will notify him/her about this.
- i. In case the guarantor refuses to comply with the demand made by the creditor/lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

## Privacy and Confidentiality

All personal information of the 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. The company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, other than in the following exceptional cases.

- a. If the information is to be given by law or by the direction of the regulator.
- b. If there is a duty towards the public to reveal the information
- c. If the Company's interest requires them to give the information (for example, to prevent fraud) the same shall not be used as a reason for giving information about customers or customer accounts to anyone else.
- d. If the customer asks the Company to reveal the information or with the customer's permission.
- e. The customer shall be informed the extent of his/her rights under the existing legal framework for accessing the personal records that holds about him/her.
- f. The Company shall use the personal information only to the extent authorized by the customer under the loan agreement.
- g. If the Company is asked to give a reference about customers, they shall obtain his/her written permission before giving it.

The Company shall not use a customer's personal information for marketing purposes by anyone including the Company unless the customer specifically authorizes them to do so.

### Credit Bureau/ Reference agencies.

The Company may give information to Credit Bureau/Reference agencies about the personal debts, the customer owes to it if:

- a. The customer has fallen behind with his/her payments.
- b. Legal proceedings have been initiated against the customer to recover the dues.
- c. Debts settled through legal recourses against the customer.
- d. It is mandated by law to provide the information of all such customers to such agencies. A clause to this effect has been included in the Loan Agreement seeking the customer's consent to share information on his loan with Credit Bureaus approved by NHB.
- e. At the same time, Shubham 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.
- f. Shubham may give credit reference agencies other information about the customer's account based on the consent given.
- g. A copy of the information given to the credit reference agencies shall be provided by the Company to a customer, if so requested.

### General

The Company 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)

In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise, 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.

In cases of receipts of loan closure requests other than balance transfer, the borrower can request for closing his running loan any day before 25th of the running month, by visiting the same or nearest branch and giving the request. The loan will be closed within 15 days of accepting the application and original property papers along with SPDCs (if any) will be handed over within 30 days of loan closure.

The Company 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 a 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 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. This applies to all such dual/special rate housing loans being foreclosed hereafter. It is also clarified that a fixed rate loan is one where the rate is fixed for the entire duration of the loan.
- Shubham 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).
  - a. Shubham may verify the details mentioned by the customer in the loan 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.
  - b. The customer will be informed to co-operate if Shubham needs to investigate a transaction on the customer’s account with the police/other investigative agencies. If the customer acts fraudulently, he/she will be responsible for all losses on his/her account and if the customer acts without reasonable care and this causes losses, the customer may be responsible for the same.
  - c. Shubham will review annually for compliances to the Fair Practices Code and the functioning of the grievance’s redressal mechanism at the various levels of management. A consolidated report of such reviews may be submitted to the Board.
  - d. To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between Shubham and the individual borrower, Shubham shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases. Duplicate copy duly executed between the Shubham and the borrower should be handed over to the borrower under acknowledgement.

- e. Display of various key aspects such as service charges, interest rates, penal charge (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations and Shubham shall follow the instructions on “Notice Board”, “Booklets/ Brochures”, “Website”.
- f. The Company shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- g. The Company shall provide a copy of the Fair Practice Code to new customers without request or demand. Apart from this any customer, whether new or existing, who requests for a copy of Fair Practice Code shall be provided the same either in physical form or through electronic communication.
- h. The Fair practice code will be available in each branch and all employees will be trained in the Company’s Fair Practice code.