

Fair Practices Code

1.OBJECTIVES:

- a. To promote good and fair practices in dealing with the customers.
- b. To provide transparency in the transactions between SHFL and the customers, so that the customer can have an understanding of what he/she can reasonably expect of the services, from SHFL.
- c. To encourage market forces through competition, to achieve higher operating standards.
- d. To promote "fair and cordial relations", between customer and SHFL.
- e. To foster confidence in housing finance system.

2.FAIR & TRANSPARENT DEALINGS:

SHFL shall act fairly and reasonably in all dealings with the customers by ensuring the following:

- a. SHFL shall meet the commitments made and standards as per NHB'S guidelines on Fair Practices Code for the products and services that are being offered to the customers.
- b. The staff shall follow the procedures and practices as laid down by SHFL.
- c. The products and services of SHFL shall meet the relevant laws and regulations in letter and spirit.
- d. The dealings of SHFL with the customers shall be based on ethical principles of "integrity and transparency".
- e. SHFL shall inform the guarantors of their obligations, liabilities and circumstances in which they will be called upon to pay the dues of the customer/borrower and consequences of dishonour thereof, including the circumstances wherein they may be treated as defaulters/wilful defaulters.

3.ADVERTISING, MARKETING AND SALES:

SHFL shall ensure that:

- a. All advertising and promotional materials are clear and do not mislead the customers.
- b. Promotional literature on services and products, in any media shall include a reference to the interest rate. SHFL shall also ensure to indicate the fees, charges, terms and conditions that are applicable for the products and services and are made available to the customers on request.

- c. SHFL shall ensure to provide the information on interest rates, fees and charges through
 - i. Notices displayed at Branch premises.
 - ii. Telephone or help lines.
 - iii. Company's website.
 - iv. Designated staff/help desk.
 - v. Providing service guide/tariff schedule.
- d. SHFL shall ensure that the "third parties engaged" for providing support services shall handle customer personal information (if any available to such third parties) with the same degree of confidentiality and security as SHFL would.
- e. SHFL may from time to time shall communicate to customers various features of the products availed by them. Information about the new products/other products /services shall be conveyed to the customers, only if he customer had given his/her consent to receive such information/services either by mail or by registering the same on the web site or on customer mobile/land line number.
- f. SHFL shall prescribe a code of conduct for "direct selling agencies" (DSA) if their services are engaged /availed in marketing products /services, to identify themselves when they approach the customer for selling the products personally or through phone.
- g. In the event of receipt of any complaint from the customer that SHFL's representative(s)/courier/DSA had engaged in any improper conduct or acted in violation of this code, appropriate steps shall be taken to investigate and to handle the complaint(s).

4.LOANS:

4-1: APPLICATIONS:

- a. SHFL had included all the questionnaire, columns and tables to elicit the information that is needed, in the application form, for taking credit decision. The data required in the application form, shall enable the applicant(s) to compare the terms and conditions offered by SHFL with other housing finance institutions, so that the customer is in a position to take his/her decision independently.
SHFL has provided perforated sheet at the end of application form, for giving acknowledgement, to the applicant, for having received the application form, with date & signature of the authorized person of SHFL at the branch.

4-2: PROCESSING OF APPLICATION FORM & TERMS AND CONDITIONS:

- a. In the normal course, all the information that is needed is collected from the applicant at the time of submission of application form. The customer shall be informed at the time of accepting the application form, that the branch shall contact him/her again immediately, in case additional information is needed /required.

- b. SHFL shall issue to the applicants the Sanction Letter, conveying there in the "Terms and Conditions" of sanction/approval. The sanction letter indicates the loan amount approved, tenure, rate of interest, mode of rest, amount of processing fee received & balance payable, principal security and/or collateral security, guarantor(whenever applicable), special conditions and other terms of sanction. If the applicant accepts for the terms and conditions stated in the sanction letter, then he/she should sign on the sanction letter with date, as acceptance of the sanction letter.

4-3: REJECTION OF LOAN:

- a. SHFL shall intimate the applicant in writing, about his/her rejection of loan, in case the applicant does not meet the requirements/norms of SHFL.

4-4: DISBURSEMENT OF LOAN:

- a. Disbursement shall be made in accordance with the terms and conditions stated in the "schedule" of the loan agreement.
- b. SHFL shall give notice to the borrower of any change in the terms and conditions. Suitable condition in this regard is incorporated in the loan agreement.
- c. If the changes made in 4-4-2 are disadvantage to the customer, he/she may within 60 days & without notice close his /her loan account or switch it without paying any extra charges or interest.
- d. Decisions of SHFL to recall the advance or accelerate the payment or performance under the agreement or seeking additional securities shall be in consonance with the loan agreement.
- e. SHFL shall release all the securities charged to SHFL upon repayment of all dues, subject to right or lien for any other claim/guarantee, which is outstanding against the borrower. SHFL shall give notice to the borrower if right of lien is proposed to be exercised or SHFL is entitled to retain the securities till the relevant claim is settled or paid.

5.GUARANTOR:

When a person is considering to be a guarantor to a loan, he/she shall be informed by the authorised officers of SHFL Branch about

- a. His/her liability as guarantor.
- b. The amount of liability he/she will be committing himself/herself to SHFL.
- c. Circumstances under which the SHFL will call on him/her to pay up the borrower's liability.
- d. Whether SHFL has recourse to his/her other monies in SHFL, if he/she fail to pay up as a guarantor.
- e. Whether his/her liabilities as a guarantor are limited to a specific quantum or they are unlimited.

- f. Time & circumstances in which his/her liabilities as guarantor will be discharged as also the manner in which SHFL shall notify him/her about this.
- g. When a default is made in making repayment by the principal debtor, SHFL shall proceed against the guarantor / surety even without exhausting the remedies against the principal debtor
- h. In case the guarantor refuses to comply with the demand made by SHFL, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.
- i. When a wilful default has been made by a single borrowing company in a group, in cases where guarantees furnished by the companies in the same Group on behalf of the wilfully defaulting units are not honoured when invoked, such companies in the same group shall also be reckoned as wilful defaulters
- j. The borrowing company should not induct on its board a person whose name appears in the list of Wilful Defaulters and that in case, such a person is found to be on its board, it would take expeditious and effective steps for removal of the person from its board and the mechanism for such process shall be transparent.

6.PRIVACY AND CONFIDENTIALITY

All the information of the customers shall be treated as private and confidential. 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:

- a. If the information is required to be provided as per law of the country.
- b. If there is a duty towards the public to reveal the information.
- c. If the SHFL's interests require them to give the information to prevent frauds.
- d. With the permission of the customer or if the customer asks SHFL to reveal the information.
- e. If SHFL is asked to give reference about the customer, SHFL shall obtain his/her written permission before giving it.
- f. SHFL shall not use customer's personal information for marketing purposes, unless the customer specifically authorises them to do so.

7.CREDIT REFERENCE AGENCIES:

- a. SHFL in terms of the loan agreement executed by the borrower shall pass his/her account details to credit bureau and or other institutions in this regard.
- b. SHFL shall furnish the information to the credit reference agencies regarding the outstanding loans the borrower owes them if
 - i. The customer is irregular with his/her payments or EMIS/PEMIS are in arrears.
 - ii. The customer has not responded to SHFLS' formal recall/demand of the loan.

8.COLLECTION OF DUES:

- a. SHFL shall inform the customer at the time of execution of loan documents, the repayment terms and conditions provided in the annexure to the loan agreement. In case, the customer does not adhere to the repayment schedule as per loan agreement, SHFL shall remind the borrower by way of notice or by personal visits, of his/her obligation to pay the arrears or possession of the security.
- b. SHFL shall always provide the customer the information regarding dues and shall endeavour to give sufficient notice for payment of dues. The staff representing SHFL while on field duty for collection of over dues/arrears, or taking possession of security, shall identify his/her identity, as a matter of courtesy and fair treatment in building customer confidence. If need they shall display his/her identity card, issued by SHFL.
- c. The staff of SHFL authorised for collections and/or possession of security shall follow the following guidelines:
 - i. Customers shall 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.
 - ii. The staff of SHFL shall identify themselves; whenever/wherever they meet the customer for collections.
 - iii. The staff of SHFL shall respect the customer's privacy.
 - iv. The interaction by the staff of SHFL shall be in a civil manner.
 - v. The representatives of SHFL shall contact the customers between 0700 hours to 1900 hours, unless the circumstances of the customers business or occupation require otherwise.
 - vi. Customer's request to avoid calls at a particular time or at a particular place shall be honoured as far as possible.
 - vii. Time and number of calls and contents of conversation as far as possible shall be documented.
 - viii. All assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - ix. The staff of SHFL and their representatives shall maintain decency and decorum, while visiting the customer's place for collections.
 - x. Calls /visits for collection of dues shall be avoided under the circumstances of bereavement in the family or such other calamitous occasions.

9.COMPLAINTS AND GRIVANCES:

- a. SHFL shall adopt the system of receiving, registering and disposal of complaints and grievances at all its branches and offices. Branches are advised to maintain the following registers for registering the complaints.

- b. BORROWERS:

SL NO	DATE OF COMPLAINT	NAME OF CUSTOMER	TYPE OF COMPLAINT	ACTION TAKEN	DATE CLOSURE

- c. Customers shall be informed of the details of SHFL's procedure for handling complaints fairly and quickly.

- d. The customer shall be informed of the procedure for making a complaint and the mechanism of redressal.
- e. If a complaint is received from a customer, in writing, SHFL shall endeavour to send him/her the acknowledgement /response within a week. If the complaint is relayed over phone, SHFL shall provide the customer a complaint reference number and shall be informed of the progress within reasonable period of time.
- f. SHFL shall send the final response to the customer, or explain why it needs more time to respond and shall endeavour to reply within six weeks of receipt of complaint.
- g. SHFL shall publish its grievance redressal procedure on its website.

10. GENERAL: SHFL shall verify the customer's information:

- a. Verify the details stated by the customer in his/her loan application form by telephonic verification or through field investigation at his/her residence, and/or business and/ or physically visiting his/her residence and or business address through their staff or agencies appointed for this purpose, if deemed necessary.
- b. The customer shall be informed to co-operate, if SHFL needs to investigate a transaction, on customers account and with the police/other investigative agencies, if SHFL needs to involve them.
- c. SHFL shall 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.
- d. SHFL shall give information of their products and services in any one or more of the following languages: English/Hindi or the appropriate local language.
- e. SHFL shall not discriminate on grounds of sex, caste and religion in the matter of lending.
- f. SHFL shall process the request for transfer of loan account, either from the borrower or from a bank/ financial institution, in the normal course.

TO PUBLICISE THE CODE SHFL shall

- 1. Provide the existing and new customers with a copy of the code.
- 2. Make available this code on request either over the counter or by electronic communication or mail.
- 3. Make available this code at every branch and on the website.
- 4. SHFL shall ensure that its staff is trained to provide relevant information about the code and to put the code in to practice