



AADHAR HOUSING FINANCE LIMITED

**FAIR PRACTICES CODE**

*(Revision Effective from 7<sup>th</sup> August, 2024)*

*Version - XI*

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**Aadhar Housing Finance Limited****FAIR PRACTICES CODE****(As amended and approved by the Board of Directors of the Company)****1. Introduction**

National Housing Bank had issued their Fair Practices Code guidelines vide notifications/Circular No. NHB (ND)/DRS/Pol-No.16/2006 dated 5<sup>th</sup> September, 2006, and the same had been subsequently amended in the guidelines issued by them vide Circular No. NHB/ND/DRS/Pol. No. 34/2010 -11 dated 11<sup>th</sup> October, 2010, NHB (ND)/DRS/REG/MC-03/2017 dated 1<sup>st</sup> July, 2017, NHB (ND)/DRS/REG/MC-03/2018 dated 2<sup>nd</sup> July, 2018 and further amendments notified from time to time. Aadhar Housing Finance Limited (AHFL), (previously known as DHFL Vysya Housing Finance Ltd.) with a view to ensure the best Corporate Practices and transparency in dealing with its clients, has adopted the guidelines in its Fair Practice Code (Code) was originally approved by the Board of Directors of the Company in its Meeting 24<sup>th</sup> April, 2018 and also reviewed and modified at the Board meeting held on 30<sup>th</sup> April, 2019.

Further, the Board of Directors at their meeting held on 28<sup>th</sup> May, 2021, reviewed and modified this policy as per Master Direction- Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (herein after referred as “RBI Directions”) issued by Reserve Bank of India vide Circular No. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17<sup>th</sup> February, 2021. The said policy was reviewed by the Board of Directors at their meeting held on 12<sup>th</sup> August, 2022, 9<sup>th</sup> August, 2023 and 7<sup>th</sup> November, 2023. Further the modifications are duly approved by the Board of Directors by circulation on 26<sup>th</sup> March, 2024. Further the present modifications are approved by the Board of Directors on 7<sup>th</sup> August, 2024.

This code deals with promotion of good and fair practices, increased transparency, encouraging market forces, ensuring a fair and cordial relationship between borrower / Customer and the Company and to foster confidence of the customer in the housing finance system of the Company. The Code has the following key elements.

**2 Objectives :**

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

### 3 **Application of the Code**

- This Code shall apply to all the products and services, whether they are provided by AHFL, 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.
- The code shall be applicable across all aspects of operations including marketing, loan origination processing and servicing and collection activities and various service providers, engaged by AHFL. Our commitment to Fair Practice Code would be demonstrated in terms of employee responsibility, efficiency, monitoring and auditing programmes, training and technology.
- Through regular training programs, meetings, seminars, circulars and other modes of the communication employees would be made aware of the code so that there is a strong commitment for fair and quality lending and efficient and fair services.

### 4 **Commitments**

AHFL 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.

AHFL shall meet the commitments and standards in this Code for the products and services it offers and in the procedures and practices its staff follows.

AHFL shall ensure that their products and services comply with relevant laws and regulations in letter and spirit.

AHFL shall deal with their customers on ethical principles of integrity and transparency.

AHFL 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.

#### **Benefits available to customer**

AHFL will deal quickly and sympathetically in correcting mistakes if any and attend to customer's complaints in light of the objectives of this code.

AHFL 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.

AHFL would provide, on request, copy of the Code to the existing borrowers and new customer prior to commencement of business transaction.

AHFL 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.

## **5. Loans**

### **5.1.1 Applications for loans and their processing.**

All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

Standard schedule of fee/ charges relating to the loan application / 'all in cost' inclusive of all charges involved in processing/ sanctioning of loan application depending on the segment to which the accounts belong will be made available to all the prospective borrowers in a transparent manner, along with the loan application, irrespective of the loan amount. Likewise, amount of fee refundable or not in the event of non-acceptance of the application, prepayment options and any other matter which affects the interest of the borrower will also be made known to the borrower at the time of application. The loan application form may also indicate the list of documents required to be submitted with the application form. Receipt of completed application forms will be duly acknowledged by call/sms/mail.

The acknowledgement would also include the approximate date by which the applicant should call on the Company for preliminary discussions, if deemed necessary.

All loan applications will be disposed of within a period of 4 weeks from the date of receipt of duly completed loan applications i.e. with all the requisite information/papers.

In case of rejection of loan application, irrespective of category of loans or threshold limits, the same would be conveyed in writing along with the main reason(s), which led to rejection of the loan application.

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

In accordance with AHFL's prescribed risk based assessment procedures, each loan application will be assessed and suitable margin/securities will be stipulated based on such risk assessment and AHFL's extant guidelines, however without compromising on due diligence.

a) Normally all particulars required for processing the loan application shall be collected by the AHFL at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.

b) AHFL should convey in writing to the borrower, in the vernacular language or a language as understood by 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, penal charges plus applicable GST (if any) and keep the written acceptance of these terms and conditions by the borrower on its record.

c) AHFL shall mention the penal charges for late repayment in bold in the loan agreement.

d) AHFL shall invariably 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, against acknowledgement.

e) Communication of rejection of Loan Application to be given by sms/email/letter.

### **5.1.3 Disbursement of loans including changes in terms and conditions; and Release of Movable/ Immovable Property Documents on Repayment/ Settlement of Personal Loans (including Housing Loans)**

Disbursement of loans sanctioned is to be made immediately on total compliance of terms and conditions including execution of loan documents governing such sanction.

Any change in terms and conditions, including interest rate and service charges, will be informed individually to the borrowers in case of account specific changes and in case of others by display on Notice Board at the branches/on the AHFL's website/through Print and or other Media from time to time.

Changes in interest rates and service charges will be effected prospectively.

Consequent upon such changes any supplemental deeds documents or writings are required to be executed, the same shall also be advised. Further, availability of facility will be subject to execution of such deeds documents or writings.

Interest on loans disbursed to customer will be charged from the date of Cheque Handover with effect from RBI circular dated 29.04.2024.

#### **I. 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 AHFL should 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 charges (if any) service charges, prepayment charges, other applicable fee/ charges etc. AHFLs should also ensure that

changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

c) 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.

d) Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.

e) AHFLs should release 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 AHFLs 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 AHFLs are entitled to retain the securities till the relevant claim is settled /paid.

f) The Company is required to release all movable/ immovable property documents upon receiving full repayment and closure of loan account. The following process shall be followed by the Company in this regard:

## ***II. Release of Movable/ Immovable Property Documents:***

a. The Company shall release all the original movable/ immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

b. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/ his preference.

c. The timeline and place of return of original movable/ immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.

d. In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company shall have a well laid out procedure for return of original movable/ immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the Company along with other similar policies and procedures for customer information.

## ***III. Compensation for delay in release of Movable/ Immovable Property Documents:***

a. In case of delay in releasing of original movable/ immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Company shall communicate to the borrower reasons

for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

b. In case of loss/ damage to original movable/ immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/ certified copies of the movable/ immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at sub-paragraph (i) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

c. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

The Directions under Paragraph 76.6 shall be applicable to all cases where release of original movable/ immovable property documents falls due on or after December 01, 2023 (as notified by Reserve Bank of India).

## **6 Loans sourced over Digital Lending Platforms and Guidelines on Digital Lending**

The Para No. 76A and 76B of Chapter XIII- Fair Practice Code of RBI Master 2021, shall be applicable to the Company as and when the Digital lending will be started by the Company.

## **7 Responsibility of Board of Directors**

1. The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism shall 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.
2. The Board of Directors of AHFL should provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

## **8 Complaints and Grievance Redressal - Internal Procedures**

- The Company would endeavor to deal quickly and sympathetically to correct any mistake committed by its staff/system/process and would cancel any charges wrongly accrued due to such mistakes.
- The Company would provide suitable alternative avenues to alleviate problems arising out of technological failures.
- To redress customer grievances, he/she may write or call the Manager of the concerned Branch clearly stating the nature of Customer's grievance along with



necessary documents, if any, and the customer will be provided a Complaint Reference Number.

- The Company would request customer to complain against representative/courier or Direct Selling Agent (DSA) or broker for servicing deposits or any other agencies employed by The Company if they are engaged in any improper conduct or action in violation of the code. The company would ensure that the complaint is properly investigated and proper action and redressal takes place.

#### **i. Complaints-**

The Board of Directors of AHFL should lay down the appropriate grievance redressal mechanism, as per the Board approved policy 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.

a) AHFL shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices, including those received on-line.

b) Customer should be told where to find details of AHFL's procedure for handling complaints fairly and quickly. AHFL shall make available facilities at each of its offices for the customers to lodge and/or submit their complaints or grievances, if any.

c) If the customer wants to make a complaint, he/she should be told:

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. AHFL's staff shall help the customer with any questions the customer has.

d) If a complaint has been received in writing from a customer, an AHFL shall endeavour 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 AHFL's designated telephone helpdesk no. 180030042020 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.

e) After examining the matter, AHFL shall send the customer its final response or explain why it needs more time to respond and shall endeavour 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.

f) AHFL shall publicize its grievance redressal procedure (e-mail id and other contact details at which the complaints can be lodged, turnaround time for resolving the issue,

matrix for escalation, etc.) for lodging the complaints by the aggrieved borrower and ensure that it is specifically made available on its website. AHFL shall clearly display in all its offices / branches and on the website that in case the complainant does not receive response from the company within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints in Online mode at the link <https://grids.nhbonline.org.in> OR in offline mode by post, in prescribed format available at link <http://www.nhb.org.in/Grievance-Redressal-System/Lodging-Complaint-Against-HFCs-NHB%E2%80%9393Physical-Mode.pdf>, to Complaint Redressal Cell, Department of Supervision, National Housing Bank, 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

In case the response is unsatisfactory or no response is received, the complaint should be escalated to the following: The Grievance Redressal Officer, email id- [grievanceredressal.officer@aadharhousing.com](mailto:grievanceredressal.officer@aadharhousing.com)

## ii. Grievance Redressal Mechanism

The Company strives to provide quality services & make the customer satisfied within the framework of the Regulatory norms, Board/Top Management approved policies, processes & procedures, as per the Grievance Redressal Mechanism. AHFL operates in a decentralized manner where in each branch is under the control of Branch Manager/Branch In-charge, who will report to Cluster Manager & then to Regional Business Head, who in turn reports to Corporate Office respective functional heads. Hence, customers may normally approach branches for their grievances/complaint redressal or to the Corporate Office, Mumbai.

In case of any grievance or a complaint relating to any services/charges of AHFL, the customer can lodge a complaint & approach the Branch Manager/In-charge of the Branch at the respective location, where he/she has availed his/her housing loan & account is maintained and register the complaint either by way of a Letter addressed to the Branch Manager at the address given in the loan sanction letter or visit the branch office personally and make an entry of the complaint/ grievance in the Complaint Register maintained by the Branch. The customer shall be responded within a week from the date of receipt of complaint by the Branch, to resolve the issues.

In case, the response given by Branch is unsatisfactory, dissatisfied or did not receive any response from the Branch within the above time-limit, the customer can escalate his/her complaint/grievance to the Registered office, Bengaluru, either by way of a Letter addressed to the Customer Care Officer/ Grievance Redressal Officer or Principal Officer of AHFL at the address or by e-mail send to the address given below:-

The Customer Care Officer/ Grievance Redressal Officer, Aadhar Housing Finance Ltd.,  
2<sup>nd</sup> Floor, No.3, JVT Towers, 8<sup>th</sup> A Main, Road, Sampangi Rama Nagar, Hudson Circle, Bengaluru, Karnataka- 560027.

Email ID: [grievanceredressal.officer@aadharhousing.com](mailto:grievanceredressal.officer@aadharhousing.com)

Email ID: [customercare@aadharhousing.com](mailto:customercare@aadharhousing.com)

After examining the complaint/grievance received, we shall send to the customer a final response or explain why it needs more time to respond and shall endeavour to send a detailed reply or intimation within six weeks of receipt of complaint at the Registered Office of the company.

In case the response is unsatisfactory or dissatisfied with the response received or did not receive any response from the company within a period of one month, the customer may approach the Complaint Redressal Cell of National Housing Bank (NHB) for HFCs, by lodging the customer complaints in online mode at the link: <https://grids.nhbonline.org.in> OR in offline mode by post, in prescribed format available at NHB website link: <http://www.nhb.org.in/Grievance-Redressal-System/Lodging-Complaint-Against-HFCs-NHB%E2%80%9393-Physical-Mode.pdf>, send to the following address:-

To Complaint Redressal Cell,  
Department of Supervision,  
National Housing Bank (NHB),  
4th Floor, Core 5-A, India Habitat Centre,  
Lodhi Road, New Delhi - 110003.

The company holds the Registration of a Corporate Agent (composite) with IRDAI for solicitation of insurance business. It will ensure adherence to the IRDAI Regulations, with respect to redressal of grievances relating to insurance. The offices of the company where complaints related to insurance products sold by the company are received will acknowledge the complaint and facilitate redressal of the same within 14 days of the receipt of such complaint through the respective Insurance Company(ies).

If the complaint is not resolved or the customer is unsatisfied with the resolution provided, then he/she can lodge the complaint online through Bima Bharosa System by logging into: <https://bimabharosa.irdai.gov.in/> or email to [complaints@irda.gov.in](mailto:complaints@irda.gov.in) / Or call Toll Free Number 155255 or 1800 4254 732.

## **9 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 the Board. The Company has the freedom of drafting 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 up on the website, for the information of various stakeholders.

## **10 Regulation of excessive interest charged by the Company**

a) The Board of AHFL shall adopt an interest rate policy 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 of the Company also has clearly laid down policy for penal charges (if any).

b) The rates of interest and the approach for gradation of risks, and penal charges plus applicable GST (if any) shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

c) The rate of interest plus applicable GST (if any) must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

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

## **11 Excessive interest charged by Company**

Though interest rates are not regulated by the Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming 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 charges, if any). In this regard the directions in this Code about transparency in respect of terms and conditions of the loans are to be kept in view. The Company shall to put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

## **12 Penal Charges in Loan Accounts**

Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as ‘penal charges’ and shall not be levied in the form of ‘penal interest’ that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.

The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.

The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.

The penal charges in case of loans sanctioned to ‘individual borrowers, for purposes other than business’, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on REs website under Interest rates and Service Charges.

Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

These instructions shall be implemented in respect of all the fresh loans availed from April 01, 2024 onwards. The Company may carry out appropriate revisions in their policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date falling on or after April 01, 2024, but not later than June 30, 2024.

### **13 Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans (including housing loans)**

- I. At the time of sanction of EMI based floating rate personal loans, the Company is required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate/ interest rates during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the Company is advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:
  - A) At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
  - B) At the time of reset of interest rates, the Company shall provide the option to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, *inter alia*, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
  - C) The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
  - D) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above

options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.

- E) The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- F) The Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.

II. Apart from the equated monthly instalment loans, these instructions would also apply, *mutatis mutandis*, to all equated instalment based loans of different periodicities.

The above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

#### **14 Advertising, Marketing and Sales :**

##### **AHFL :**

- (a) Shall ensure that all advertising and promotional material is clear & factual, and not misleading.
- (b) in any of its advertisement in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate 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.
- (c) shall provide information on interest rates, common fees and charges (including penal charges, if any) 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.
- (d) if it avails of the services of third parties for providing support services shall require that such third parties handle customer's personal information (if any available to such third parties) with same degree of confidentiality and security as the Company would.
- (e) 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 either by mail or by registering for the same on AHFL's website or in customer service number.
- (f) shall prescribe a code of conduct for the 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.
- (g) in the event of receipt of any complaint from the customer that the Company's representative / courier agency 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.

## **15 Guarantors:**

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

- (a) Letter/ Deed of Guarantee stating the terms of liability as guarantor;
- (b) AHFL shall keep him/her informed of any default in servicing of the loan by the borrower to whom he/she stands as a guarantor ;
- (c) his/her liability as guarantor;
- (d) the amount of liability he/she will be committing him/herself to the company;
- (e) circumstances in which AHFL will call on him/her to pay up his/her liability;
- (f) whether AHFL has recourse to his/her other monies in the company if he/she fail 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 AHFL 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.

AHFL 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.

## **16 Privacy and Confidentiality**

All the customer/borrower's personal information both present and past, shall be treated as private and confidential (even when he/she is no longer our customer) 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, including other companies in the group, other than in the following exceptional cases :

- a) If the information is to be given by law or any competent Court / authorities so direct.
- b) If there is a duty towards the public to reveal the information.

c) If the AHFL'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 after taking customers' permission/ consent.

d) If the customer ask the Company to reveal the information, or with customers' permission/ consent.

e) If AHFL is asked to give a reference about customers, they shall obtain his / her written permission before giving it.

f) The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that an AHFL holds about him /her.

g) AHFL shall not use customer's personal information for marketing purposes by anyone including AHFLs unless the customer specifically authorizes them to do so.

In light of the above conditions, if the customer provides express consent for sharing of such information, the company may provide such information or share such information to AHFL's Group /associates companies for the purpose of offering any other financial products and services for the benefit of the customer(s).

## **17 Post disbursement supervision**

Post disbursement supervision, particularly in respect of loans, would be constructive with a view to taking care of any genuine difficulties that the borrower may face.

### **a) Other general provisions.**

AHFL would 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 AHFL as lender). However this does not imply that AHFL's right of recovery and enforcement of security under Law.

AHFL will not discriminate on the grounds of gender, caste or religion in its lending policy and activity. Further, AHFL shall 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 HFCs from instituting or participating in schemes framed for different sections of the society.

In the case of recovery, AHFL would resort to the usual measures as per laid down guidelines and extant provisions and would operate within the legal framework. AHFL is already having a Model Policy on Code for Collection of Dues and Repossession of Security.

In case of request for transfer of borrowers accounts, either from the borrower or from a Bank/Financial Institution, the AHFL's consent or otherwise 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.

AHFL shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:

- a. Where the housing loan is on floating interest rate basis and pre-closed from any source.
- b. Where the housing loan is on 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 applied 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 entire duration of the loan.

AHFL 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).

AHFL shall display of various key aspect such as service charges, interest rates, penal charges plus applicable GST (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations of AHFL. AHFL shall follow the instructions on “Notice Board”, “Booklets/ Brochures”, “Website”, “Other Modes of Display” and on “Other Issues” as per the format prescribed by RBI Directions.

AHFL shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.

## **18 Collection of Dues**

Whenever loans are given, AHFL would 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 as per Collection and Recovery Policy. The provisions of RBI/NHB Directions, applicable for the Company’s activities, relating to the customers, shall be complied, as far as applicable.

In the matter of recovery of loans, the Company shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of

loans etc. As complaints from customers also include rude behavior from the staff of the companies, The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

All assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

- i. Whenever loans are given, AHFLs should 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.
- ii. The AHFL's collection policy should be built on courtesy, fair treatment and persuasion. AHFLs should believe in fostering customer confidence and long-term relationship. AHFL's staff or any person authorized to represent them in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by the AHFL and upon request, display his / her identity card issued by the AHFL or under authority of the company. AHFL's shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.
- iii. All the members of the staff or any person authorised to represent the AHFL in collection or / and security repossession should follow the guidelines set out below:
  - a) 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.
  - b) Identity and authority to represent the AHFL should be made known to the customer at the first instance.
  - c) Customer's privacy should be respected.
  - d) Interaction with the customer shall be in a civil manner.
  - e) AHFLs' representatives shall contact the customers between 8.00 a.m. and 7.00 p.m., unless the special circumstances of the customer's business or occupation require otherwise.
  - f) Customer's request to avoid calls at a particular time or at a particular place shall be honoured as far as possible.
  - g) Time and number of calls and contents of conversation would be documented.
  - h) All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

- i) During visits to customer's place for dues collection, decency and decorum should be maintained.
- j) Only employees of the Company or Recovery Agency shall visit the borrower's premises for the recovery/ collection activity and no other person shall accompany such Recovery Agent.
- k) Inappropriate occasions such as bereavement in the family or such other calamitous occasions or marriage functions, festivals etc. should be avoided for making calls/visits to collect dues.
- l) The written communication sent by the collection agent to the borrower should have the approval of the Company.
- m. the Company shall interact only with the customer/ borrower or the guarantor (only if so required) and shall not approach any other relatives/ contacts of the borrower.

## **19 Disclosure and Transparency**

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

- (a) MITC format duly signed by customer.
- (b) Putting up notice in branches.
- (c) Providing service guide/ tariff schedule.
- (d) Telephone or help-lines.
- (e) AHFL's website; and
- (f) Designated staff/ help desk.

AHFL would 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, penal charges for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest re-set clause and any other matter which affects the interest of the borrower. In other words, AHFL shall disclose 'all in cost' inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It would also be ensured that such charges/fees are non-discriminatory.

## **20 Credit reference agencies / Credit Information Companies**

- a) When a customer opens an account, AHFL shall inform him / her when they may pass his / her account details to Credit Reference Agencies/ Credit Information Companies and the checks AHFL may make with them.
- b) AHFL may give information to credit reference agencies about the personal debts the customer owes them if:
  - i. The customer has fallen behind with his / her payments;
  - ii. The amount owed is not in dispute; and

- iii. The customer has not made proposals that the AHFL are satisfied with, for repaying his / her debt, following AHFL formal demand.
- c) In these cases, the Company shall intimate customer in writing its plan to give information about the debts he/she owe it to credit reference agencies. At the same time, the Company shall explain to the customer the role of the credit reference agencies and the effect the information they provide can have on Customer's ability to get credit.
- d) AHFLs may give credit reference agencies other information about the customer's account if the customer has given them his / her permission to do so.
- e) A copy of the information given to the credit reference agencies shall be provided by the AHFL to a customer, if so demanded.
- f) Requests / complaints received from customer / CIC will be processed and updated to customers as per RBI circular effective from 26.04.2024.

## **21 Know Your Customer (KYC) Policy:**

The Company shall carry out due diligence as required under "Know Your Customer" (KYC) policy of our Company before opening and operating customer's account and in furtherance of the policy. The customer 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.

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

## **22 Deposit Accounts :**

AHFL shall provide all information regarding its various deposit schemes, if and when the same are permitted by NHB / launched, including rate of interest, method of interest application, terms of the deposits, premature withdrawal, loan against deposits, nomination facilities etc.

## **23 Branch Closure / Shifting / Relocation/ Merger**

AHFL shall give notice to the customer in the event of closure/shifting of its branch office by display on notice board and public notice to be issued in two newspapers at least 90 days prior to the relocation/ shifting/ merger or closure and intimate to NHB.

**24 General- The Company shall :**

- Explain the key features of its loan products including applicable fees and charges while communicating the sanction of the loan. AHFL shall give customers full information about the benefits which would accrue to them, how they could avail such benefits, their financial implications and whom he could contact in the event of any doubt for addressing their queries.
- Advise the information/documentation required from customer to enable him / her to apply. Customer would also be advised regarding what documentation is needed from him / her with respect to customer's identity, address, employment, etc. and any other document that may be stipulated by statutory authorities (e.g. PAN details) in order to comply with legal and regulatory requirements.
- Verify the details mentioned by Customer in the loan application by contacting him/ her at their 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.
- 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.
- 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. Not to discriminate on the basis of race, caste, gender, marital status, religion or disability.

1. AHFL shall verify the details mentioned by him/her in the loan application 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 by the AHFL.

2. The customer should be informed to co-operate if the AHFL needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if the AHFL needs to involve them.

3. AHFL should 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.

4. AHFL shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, HFCs shall 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 AHFLs from instituting or participating in schemes framed for different sections of the society.

5. AHFL shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.

6. To publicise the code, AHFL shall:

- a) Exhibit a copy of this Code on the Web site & Notice Board at Branches.
- b) make this Code available on request either over the counter or by electronic communication or mail to customers;
- c) ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice;
- d) provide existing and new customers with a copy of this Code.

Note: The requirements regarding Digital Lending Platforms are not applicable to the Company.

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