

HERO HOUSING FINANCE LIMITED

FAIR PRACTICES CODE

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1. INTRODUCTION, OBJECTIVES AND APPLICATION

Hero Housing Finance Limited (hereinafter referred to as “the Company” or “we”) has framed and adopted this voluntary code, which sets the fair practice standards while dealing with individual customers. The Code has been prepared based on the Guidelines issued by National Housing Bank on Fair Practices Code from time to time. The FPC Code is now subjected to review after coming into effect (from Feb 17, 2021) of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

1.1 Objectives of the Fair Practices Code

The Code has been adopted:

- a) To promote good and fair practices by setting minimum standards in dealing with customers;
- b) To increase transparency so that the customers can have better understanding of what they 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 customers and the Company;
- e) To foster confidence in housing finance system.

1.2 Application of the Code

This Code applies to all the products and services offered by the Company whether over the phone, across the counter, including digital marketing channels of the HHFL or shared with other providers of such services on the internet or by any other means. It will apply to all the employees and representatives of the Company.

2. COMMITMENT OF THE COMPANY

2.1 The Company will act fairly and reasonably in all dealings with its customers, by ensuring that:

- a) It meets the commitments and standards in this Code for the products and services it offers and in the procedures & practices its staff follow.
- b) Its products and services meet relevant laws and regulations in letter and spirit.
- c) Its dealings with customers rest on ethical principles of integrity and transparency.

2.2 The Company will ensure transparently disclose all details of product and services to the borrower:

- a) Fees/ charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned / disbursed,
- b) Pre-payment options and charges, if any;
- c) Penalty for delayed repayment if any;
- d) Conversion charges for switching loan from fixed to floating rates or vice-versa;
- e) Information interest reset clause, if any, and any other matter which affects the interest of the borrower;
- f) Disclosure of the list of all the documents required sanction process of the loan

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- g) On receipt of request for loan transfer, the company shall respond within 21 days of its decision on acceptance /objection, if any, in the consideration of such request.

Thus, the Company will disclose 'all in cost' inclusive of all charges involved in processing / sanction of loan application in a transparent manner. Further, the company shall perform all acts including the following to ensure compliance with provisions under Chapter XIII of the Master Directions of the RBI relating to FPC

- a. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b. HHFL shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed should also be indicated in the acknowledgement.
- c. HHFLs shall invariably furnish a copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement to every borrower at the time of sanction/ disbursement of loans, against acknowledgement.

2.3 Non-Discrimination Policy

The Company will not discriminate between its customers based on gender, physical ability, race or religion. The Company will also not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society.

3. DISCLOSURES, ADVERTISING, MARKETING AND SALES

3.1 The Company shall:

- a) Ensure that all advertising & promotional material is clear and not misleading.
- b) In any advertisement in any media or promotional literature that draws attention to a service or product that includes a reference to an interest rate, the Company will also indicate whether other fees and charges will apply and ensure that full details of the relevant terms and conditions would be made available on request.
- c) Provide information on Interest Rates, Common Fees and Charges through any one or more of the following media:
 - i) Putting up notices at all our branches;
 - ii) Through telephone or helplines or electronic message;
 - iii) On the Company's website;
 - iv) Through designated staff / helpdesk.
- d) If the Company avails services of third parties for providing support services, it shall require that such third parties handle customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as it would. Further, Grievance Redressal Mechanism of the Company will also deal with the customer's issues relating to services provided by the Company through such third-party service provider.
- e) The Company, from time to time, communicate to customer various features of the products availed by them. Information about its other products or promotional offers in respect of products / services, may be conveyed to the customers only if he/ she has given his/ her consent to receive such information/ service either through the application

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form/ loan agreement or by mail or by registering for the same on the website or on the Customer Service Number.

- f) Prescribe a Code of Conduct for Direct Selling Agents (DSAs), whose services are availed to market products of the Company. Such Code of Conduct, amongst other matters, require them to identify themselves when they approach the customer for selling the Company's products.
- g) In the event of receipt of any complaint from the customer that the 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.

4. LOANS

4.1 Applications for loans and their processing

- a) At the time of sourcing a loan proposal, the Company shall provide information about the applicable interest rates, fees/ charges etc. and any other important information which affects the interest of a borrower, so that a meaningful comparison and informed decision can be taken by the borrower.
- b) The Company will issue an acknowledgement receipt for all loan applications. Loan applications shall be disposed of within 15 days or such extended time as may be mutually agreed between the borrower and the Company, from the date of receipt of the application form complete in all respects.

4.2 Loan appraisal and terms/conditions

- a) Normally all details/ documents required for processing the loan application will be collected by the Company at the time of application. If any additional detail/ document is required, the Company will contact the customer again at the earliest possible instance.
- b) As per extant RBI Master Directions for HFCs; an Interest Rate Model needs to be adopted by HHFL. Since, this is a recent requirement and would have multiple implications, the organization is working on formulating a policy basis the guidance received from auditor, market feedback, etc. and we endeavor to get this policy approved by the board soon.
- c) The Interest Rate Model shall:
 - i. Consider relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.
 - ii. Determine approach for gradation of risk and penal interest and rationale for charging different rate of interest to different categories of borrowers
 - iii. Penal interest/ charges shall be part of Schedule of Charges which will be approved and modified from time to time by the relevant authorities in line with the Interest Rate Model policy as approved by Board of HHFL. These schedule of charges will be communicated to customer along with or as a part of the sanction letter.
- d) The Interest Rate Model comprising of the 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 at the time of application and as a part of sanction letter.
- e) The Interest Rate Model shall also be shared on the website of HHFL and shall be available for any borrower and/ or customer.

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- f) Any change in the rate of interest and/ or change in Interest Rate Model shall be updated on the website.
- g) The customer would be informed by means of a written sanction letter of the amount of loan sanctioned or otherwise; all important terms and conditions including Annualized Rate of Interest, method of application of rate of interest, EMI structure, prepayment charges etc. The Company will keep the written acceptance of these terms and conditions by the borrower on its record.
- h) HHFL shall maintain transparency in respect of all terms and conditions along with schedule of charges, rate of interest, processing fee and any other charges charged or applicable to the customer and/ or borrower.
- i) HHFL shall have an internal mechanism to monitor the process and operations with respect to ensuring that the interest rates and other charges levied on the customer are in line with the internal policies. Any deviation in the terms and condition and/ or schedule of charges shall be approved by relevant authorities.
- j) The Company will furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to every borrower at the time or after disbursement of loans.

4.3 Communication of rejection of Loan Application

If the Company is not in position to provide the loan to the customer, it shall communicate in writing the reason(s) for rejection.

4.4 Disbursement of loans including changes in terms and conditions

- a) The Company will disburse the loans in accordance with the disbursement request made by the customer or the disbursement conditions mentioned in the Loan Agreement/ Sanction Letter;
- b) The Company will give notice to the borrower of any change in the terms and conditions including changes in terms & conditions relating to disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/ charges etc. The Company will also ensure that revisions in rate of interest and charges are effected only after notification to the customer. A suitable condition in this regard will be incorporated in the loan agreement.
- c) If such change in terms & conditions is to the disadvantage of the customer, he/she may within 60 days and without notice close his/ her account or switch the loan account without having to pay any extra charges or interest.
- d) Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, shall be in consonance with the loan agreement.
- e) The Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company 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 the Company is entitled to retain the securities till the relevant claim is settled /paid.

4.5 Guarantors

When a person intends to be Guarantor for a loan, he/ she shall be informed about:

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- a) His / her liability as guarantor;
- b) The amount of liability he/ she will be committing himself/ herself to the Company;
- c) Circumstances in which we will call on him/ her to pay up his/ her liability;
- d) Whether his / her liabilities as a guarantor are limited to a specific quantum or are they unlimited;
- e) 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 the same;
- f) The Company will 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, if it becomes aware of it; and
- g) 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 as per the extant regulatory prescriptions.

5. PRIVACY AND CONFIDENTIALITY

5.1 Post Disbursement Monitoring

HHFL 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).

5.2 Credit Reference Agencies/ Credit Information Companies

- a) The Company may share details of the loan and repayment track record of its borrowers to the Credit Information Companies as per the regulatory directions/ guidelines or the Company's internal policies.
- b) The Company may share information with the Credit Information Companies about the personal debts the customer owes it if:
 - i) The customer has fallen behind his/her payments
 - ii) The amount owed is not in dispute
 - iii) The customer has not made proposal following our formal demand for repayment of dues.
- c) At the same time, the Company representatives will explain to the customers the role of the CICs and the effect the information they provide can have on customer's ability to get credit.
- d) The Company will give information about the customer's account to the CICs if the customer has given his/ her permission to do so OR the statutory/ regulatory requirements prescribe so.
- e) The Company will provide relevant information given to the CICs if demanded by the customer.

5.3 Sharing of information

- a) The Company may provide such information to its group entities or other entities for the purposes for which it has obtained consent/ permission from its customer under loan application/ sanction letter/ loan agreement or by other means.
- b) The Company will treat the personal information of customer even when the customer is no longer a customer as private and confidential. We will not reveal the data or information of customer to anyone except as provided above and in the following exceptional cases:

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- i) Required by law;
- ii) Duty towards public to reveal information;
- iii) The Company's interest requires giving information;
- iv) The Company has consent/ permission from the customers;
- v) The Company's representatives will inform the customer about his rights/ liabilities under the Laws of India for accessing the personal records that the Company holds about him/her;
- vi) The Company will not use customer's personal information for marketing purposes unless the customer specifically authorizes us to do so.

6. COLLECTION OF DUES

- 6.1** When the loans are given, the Company's representatives will explain to the customer the repayment process by mentioning amount, tenure and periodicity of repayment in the welcome letter. 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.
- 6.2** The Company's collection policy/ process shall be built on courtesy, fair treatment and persuasion. We believe in fostering customer confidence and long-term relationship. The Company's staff or any person authorized by it for collection of dues or/ and security repossession shall identify himself / herself and display the authority letter issued by the Company and upon request, display his / her identity card issued by the Company or under authority of the Company.
- 6.3** The Company's employees or any person authorized by it to represent it for collection and/ or security repossession shall 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 Company shall be made known to the customer at the first instance.
 - c) Customer's privacy would be respected.
 - d) Interaction with the customer shall be in a civil manner.
 - e) The Company's representatives shall contact the customers between 0700 hrs and 1900 hrs, unless the special circumstances of the customer's business or occupation require otherwise.
 - f) The Company will endeavor to consider the customer's request to avoid calls at a particular time or at a particular place and such requests shall be honoured, as far as possible.
 - g) A tracker with time and number of calls and gist of conversation would be maintained.
 - h) All assistance would 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 shall be maintained.
 - j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls / visits to collect dues.

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7. GRIEVANCE REDRESSAL MECHANISM

Any customer having a grievance/ complaint/ feedback with respect to the product and services offered by **Hero Housing Finance Limited** (hereinafter referred to as 'the Company') may write to the Company's Customer Service Department through any of the following channels:

- **Call** at 1800 212 8800
- **Email-** customer.care@herohfl.com
- **You may write a letter at the address-** 7, Community Centre, Basant Lok, Vasant Vihar, New Delhi- 110057
- **Website-** www.herohousingfinance.com

How a complaint should be made:

In order to resolve queries and complaints/ grievances, the Company laid down the following Grievance Redressal Mechanism.

Level 1:

Modes of Raising Complaint: A customer may raise complaint in writing, orally, electronically or over telephone:

Complaint in Person	A complaint book is available at the branches. A customer can obtain it from the branch and record his /her grievances therein.
Call us	Complaints can also be logged at Call Centre on toll free number 1800-212-8800
Email	customer.care@herohfl.com
Website	www.herohousingfinance.com
Write to us	Grievance Redressal Cell, Hero Housing Finance Ltd, 7, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110057

The customer is requested to necessarily provide Loan Account Number, Reference no. provided by the Company, details of Feedback/ Suggestion/ Complaint and valid phone no. & e-mail ID while communicating with the Company.

If a complaint is received from customer in writing, the Company shall send an acknowledgement/ response within a week. If more time is required, the Company will inform the customer expected timeline. The acknowledgement shall contain the name & designation of the official who will deal with the grievance

If the complaint is relayed over phone at the Company's designated telephone helpdesk or customer service number, the Company shall provide to the customer a complaint reference number and keep him/her informed of the progress within a week's time. If more time is required, the Company will inform the customer expected timeline.

After examining the matter, the Company will send final response or explain why the company needs more time to respond and shall endeavor to do so within 6 weeks of receipt of complaint and shall inform the customer mechanism to take the complaint further if he/ she is still not satisfied.

Level 2:

If the resolution of complaint provided at level 1 does not meet expectation or response is not received within the defined timescales; the customer can escalate complaint to customercarehead@herohfl.com

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At this level, a complaint is expected to be responded within 7 working days of receipt of complaint.

Level 3:

If the resolution of complaint provided at level 2 does not meet expectation or response is not received within the defined timescales, such complaints may be escalated to the Grievance Redressal Officer of the Company whose details are as given below:

Mr. Gautam Munjal
 Hero Housing Finance Ltd.
 7, Community Centre, Basant Lok,
 Vasant Vihar, New Delhi-110057
 Email: gautam.munjal@herohfl.com
 Phone: 011-40819810

At this level, a complaint is expected to be responded within 7 working days of receipt of complaint.

Level 4:

In case, a complaint is not redressed or the customer is dissatisfied with the response received, the customer may approach the Complaint Redressal Cell of the National Housing Bank by lodging its complaint in online mode at the link <https://grids.nhbonline.org.in> OR in offline/ physical mode by post, in prescribed format available at link <http://www.nhb.org.in/%20Grievance-Redressal-System/Lodging-Complaint-Against-HFCs-NHB%E2%80%25%2093Physical-Mode.pdf> to the following address:

The Complaint Redressal Cell,
 Department of Regulation and Supervision,
National Housing Bank,
 4th Floor, Core- 5A, India Habitat Centre,
 Lodhi Road, New Delhi-110003

The above Grievance Redressal Mechanism will be displayed clearly in all of the Company's offices/ branches and on the website. The Board will be provided with periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various level.

8. GENERAL

- 8.1** If the Company considers it necessary, it will verify the details mentioned by the customer in the loan application by contacting the customer at his/ her residence and/or business addressees through agencies appointed for the purpose.
- 8.2** The customer is expected to co-operate if the Company needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if the Company needs to involve them.
- 8.3** The customer will be responsible for all losses if such customer acts fraudulently or without reasonable care.
- 8.4** The Company will give customers information about its products and services in English normally. However, if requested by the customer, such information shall be provided in Hindi or any other appropriate local language.
- 8.5** 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.
- 8.6** This Fair Practice Code will be publicized by:

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- (a) making the customer aware of the Code;
- (b) making this Code available, on request of the customer, either over the counter or by electronic communication or mail;
- (c) making it available at every branch and on the website; *and*
- (d) training the staff to provide relevant information about the Code and to put the Code into practice.

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