



**EASY HOME FINANCE LIMITED**

**DEPARTMENT NAME: COMPLIANCE**

**FAIR PRACTICE CODE**

**Version: EHFL/FY-2024-25/JUNE/FAIR PRACTICE CODE / VERSION: 6**

**Effective Date: 08/JUNE/2024**

*\*Policy shall be valid until next review*

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Description	Signature
Prepared by: Secretarial Department	
Reviewed by: Enterprise Risk Management Committee	
Approved by: Board of Directors	

#### VERSION HISTORY:

Version	Date of applicability	Description of Changes	Next Review Date
1	Inception	First Draft	
2	June 22, 2019	Second Draft	
3	September 25, 2020	Third Draft	
4	September 17, 2021	Fourth Draft	
5	October 10, 2022	Fifth Draft	
6	August 18, 2023	Sixth Draft	
7	February 16, 2024	Seventh Draft	
8	June 08, 2024	Eighth Draft	

## **EASY HOME FINANCE LIMITED (EHFL)**

### **FAIR PRACTICE CODE**

#### **I - PREAMBLE**

The policy adopted is in line with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India vide its notification no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 to be implemented by all the Housing Finance Companies (HFC'S).

The Fair Practice Code ("Code") has been formulated by the Company to promote transparency in its business practices.

The Code has been originally approved and adopted by the Board of Directors of the Company on 20<sup>th</sup> September, 2018 i.e. 7<sup>th</sup> Board Meeting held in Financial Year 18-19, and is placed before the Board for its review from time to time.

#### **II - OBJECTIVE OF THE CODE**

Housing Finance Companies (HFCs) which are a part of the financial system contribute to the economic growth by increasing the outreach of the housing credit delivery mechanism. To provide for transparency in transactions between the institutions and the end users and also to provide for well-informed business relationships, some broad guidelines have been considered necessary. In this backdrop, the Reserve Bank of India, has framed the Guidelines on Fair Practices Code for HFCs to serve as a part of best corporate practices and to provide transparency in business practices. This Code has been formulated by the EHFL to achieve the following 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 the services that can be expected from the Company;
- To encourage market forces, through competition, to achieve higher operating standards;
- To promote a fair and cordial relationship between the Company and its customers; and
- To foster confidence in the housing finance system.

#### **III - APPLICABILITY**

This Code shall apply to all the products and services, whether they are provided by EHFL, 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.

#### **IV - THE CODE**

##### **1. Transparency**

**The Company shall at all times abide to act in fair, reasonable and transparent manner in all its dealings with the customer by safeguarding that:**

- a. The Company fulfils the commitments and standards of this Code for the products and services offered by it and in the procedures and practices that its staff follows
- b. The products and services of the Company meet all the relevant laws and regulations in letter and spirit
- c. The dealings with its customers are based on the ethical principles of integrity and transparency.

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

- 3.1. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- 3.2. EHFL shall 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 reset clause and any other matter which affects the interest of the borrower. In other words, EHFL 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 non-discriminatory.
- 3.3. 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 informed decision can be taken by the borrower. The loan application form may indicate the list of documents required to be submitted with the application form.
- 3.4. EHFL 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.

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

- 4.1. Normally all particulars required for processing the loan application shall be collected by the EHFL at the time of application. In case it needs any additional information, the customer should be told immediately that he would be contacted again.
- 4.2. EHFL shall 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 (if any) and keep the written acceptance of these terms and conditions by the borrower on its record.
- 4.3. EHFL shall mention the penal charges which are charged for late repayment in bold in the loan agreement.
- 4.4. EHFL 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.
- 4.5. If EHFL cannot provide the loan to the customer, it shall communicate in writing the reason(s) for rejection.

### **5. 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)**

- 5.1. Disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- 5.2. EHFL 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 charges (if any), service charges, prepayment charges, other applicable fee/ charges etc. EHFL 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.
- 5.3. 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.

- 5.4. Decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- 5.5. EHFL shall 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 EHFL 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 EHFL are entitled to retain the securities till the relevant claim is settled/ paid.
- 5.6. EHFL is required to release all movable/ immovable property documents upon receiving full repayment and closure of loan account. The following directions shall be followed by EHFL:

**5.6.1 Release of Movable/ Immovable Property Documents:**

- a. EHFL 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 EHFL 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 EHFL 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 EHFL along with other similar policies and procedures for customer information.

**5.6.2 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 EHFL shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the EHFL, 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 EHFL 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 (a) above. However, in such cases, an additional time of 30 days will be available to the HFCs 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.

**5.6.3** The Directions under para 5.6 shall be applicable to all cases where release of original movable/ immovable property documents falls due on or after December 01, 2023.

**6. Loans sourced over Digital Lending Platforms**

Outsourcing of any activity by EHFL does not diminish its obligations, as the onus of compliance with regulatory instructions rests solely with EHFL. Wherever EHFL engage digital lending platforms as its agents to source borrowers and/ or to recover dues, it shall follow the following instructions:

- 6.1. Names of digital lending platforms engaged as agents shall be disclosed on the website of EHFL
- 6.2. Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, that they are interacting with him/her on behalf of EHFL.
- 6.3. Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of EHFL.
- 6.4. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
- 6.5. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the EHFL.
- 6.6. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

#### **6B. Guidelines on Digital Lending**

Company shall also comply with the instructions contained in circular on 'Guidelines on Digital Lending' dated September 02, 2022, as amended from time to time, in case Company decides to opt for Digital Lending.

#### **6C. Guidelines on Default Loss Guarantee (DLG) in Digital Lending**

HFCs shall also comply with the instructions contained in circular on 'Guidelines on Default Loss Guarantee (DLG) in Digital Lending' dated June 08, 2023, as amended from time to time, in case Company decides to opt for Digital Lending.

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

- 7.1. The Board of Directors of EHFL 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 EHFL's functionaries are heard and disposed of at least at the next higher level.
- 7.2. The Board of Directors of EHFL 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**

- 8.1. EHFL 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.
- 8.2. If a complaint has been received in writing from a customer, EHFL shall endeavor 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 EHFL's designated telephone helpdesk 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.
- 8.3. After examining the matter, EHFL shall send the customer its final response or explain why it needs more time to respond and shall endeavor 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.

- 8.4. EHFL 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 specifically that it is made available on its website. EHFL 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 online on the website of NHB or through post to NHB, New Delhi.

**8A Framework for compensation to customers for delayed updation/ rectification of credit information and strengthening of customer service:**

(a) Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a Credit Institutions (CI) (i.e. EHFL)/ Credit Information Companies (CIC). An overall limit of thirty (30) days has been provided to CIs and CICs to resolve/ dispose of the complaint. In effect, this would mean that a CI would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint. The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant. The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

(b) EHFL shall pay compensation to the complainant if it has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within 21 calendar days of being informed by the complainant or a CIC;

(c) EHFL shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a EHFL, despite EHFL having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC;

(d) The complainant shall be advised by the EHFL/ CICs of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by EHFL and CIC.

(e) Compensation to be provided by the CICs/ EHFL to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among EHFL/ CICs concerned proportionately. Illustrative examples of the same are given in Annexure to the RBI Notification RBI/2023-24/72DoR.FIN.REC.48/20.16.003/2023-24 dated October 26, 2023.

(f) Where the grievance/ complaint involves inaccurate credit information provided by more than one CI, the complaint shall be registered by the complainant with the concerned CIC. The CIC shall coordinate with all the CIs concerned and furnish the complainant with a comprehensive resolution of the grievance.

(g) Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.

(h) Where the complaint has been received and registered by EHFL and there has been a delay in the resolution of the complaint, EHFL shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by EHFL and/ or CIC(s).

(i) The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or EHFL to the postal address or email ID provided by the complainant.

(j) The CICs/ EHFL shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and EHFL/ CICs will not be held responsible for any incorrect information provided by the complainant.

(k) The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

(l) The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by EHFL or CICs.

(m) In case of wrongful denial of compensation by EHFL which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India.

**Non-Maintainability:** The compensation framework shall not be applicable in the following cases:

- (I) Disputes for which remedy has been provided under Section 18 of CICRA, 2005. The Section 18 of CICRA, 2005 provides that for disputes arising amongst, CICs, CIs, borrowers, and clients on matters relating to the business of credit information and for which no remedy has been provided under CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996;
- (II) Complaints/ references relating to (a) internal administration, (b) human resources, (c) pay and emoluments of staff, and (d) references in the nature of suggestions and commercial decisions of the CIC/CI;
- (III) Complaints pertaining to disputes/ grievances regarding the computation of the credit score/ credit score model; and
- (IV) Complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

EHFL shall send alerts through SMS/ email to customers while submitting information to CICs regarding default/ Days Past Due (DPD) in existing credit facilities, wherever the mobile number/email ID details are available.

EHFL shall have a dedicated nodal point/ official of contact for CICs for redress of customer grievances. Details of the nodal point/ official along with email ID and telephone/ mobile number shall be furnished by EHFL to CICs and inform CICs of any changes in the nodal points/ official within five (5) calendar days of such a change.

EHFL shall undertake Root Cause Analysis (RCA) of the customer grievances at least on a half yearly basis. CIs shall also use, among others, information on data rejected by the CICs and Data Quality Index (DQI) provided by CICs as sources of information for carrying out RCA. Analysis of the RCA shall be reviewed by the Top Management of EHFL, at least, on an annual basis.

EHFL is advised to undertake half yearly review of the Data Quality Index (DQI)\* for all segments to improve the quality of the data being submitted to CICs. Corrective steps taken on the above issues along with a report on the same shall be placed before its top management by EHFL for review within two months from the end of that half-year.



***\*Data Quality Index** - A common Data Quality Index would assist banks/FIs in determining the gaps in their data and also move towards improving their performance over a period of time. In addition, they would also be able to rank their own performance against that of their peers and identify their relative position.*

#### **9. Language and mode of communicating Fair Practice Code**

- 9.1. 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 EHFL with the approval of its Boards. EHFL will have 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 its website, for the information of various stakeholders.

#### **10. Regulation of excessive interest charged**

- 10.1. The Board of each HFC 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 of EHFL shall also have clearly laid down policy for penal charges (if any).
- 10.2. The rates of interest and the approach for gradation of risks, and penal charges (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.
- 10.3. The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- 10.4. Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

#### **11. Excessive interest charged**

11.1 Though interest rates are not regulated by RBI, 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. EHFL 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 the Fair Practices Code about transparency in respect of terms and Conditions of the loans are to be kept in view. EHFL shall put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

11.2 EHFL shall Charge interest from the date of actual disbursement of the funds to the customer. Similarly, in the case of loans being disbursed by cheque, interest shall be charged from the date of the handover of cheque.

In the case of disbursal or repayment of loans during the course of the month, EHFL shall charge interest only for the period for which the loan was outstanding.

EHFL shall not resort to unfair practice such as collecting one or more instalments in advance but reckoning the full loan amount for charging interest.

#### **11A. Penal Charges in Loan Accounts**

11A.1. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrowers 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.

11A.3. EHFL shall formulate a Board approved policy/amend its existing policy (including its Collection & Recovery Policy) on penal charges or similar charges on loans, by whatever name called.

11A.4. 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.

11A.5. 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.

11A.6. The quantum and reason for penal charges shall be clearly disclosed by HFCs to the customers in the loan agreement and most important terms & conditions/ Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company's website under Interest rates and Service Charges.

11A.7. 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 therefore shall also be communicated.

11A.8. EHFL shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the Annexure I(c). The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same.

The KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.

#### *Explanation*

*(i) Validity period refers to the period available to the borrower, after being provided the KFS by the EHFL, to agree to the terms of the loan. EHFL shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.*

*(ii) The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the EHFL.*

11A.9 Charges recovered from the borrowers by EHFL on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever EHFL is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the EHFL to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

### **11B. Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans (including housing loans)**

11B.1. At the time of sanction of EMI based floating rate personal loans, EHFL 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 HFCs are advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

11B.1.1. At the time of sanction, EHFL 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.

11B.1.3. 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.

11B.1.5. EHFL shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.

11B.1.6. EHFL 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. EHFL shall ensure that the statements are simple and easily understood by the borrower.

11B.2. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities.

## **12. Advertising, Marketing and Sales**

EHFL shall;

- 12.1. Ensure that all advertising and promotional material is clear, and factual.
- 12.2. 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, EHFL 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.
- 12.3. EHFL 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.
- 12.4. If EHFL avails of the 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 the EHFL would.
- 12.5. EHFL 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 the website or on customer service number.
- 12.6. Prescribe a code of conduct for their 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.
- 12.7. EHFL shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) as per Master Directions issued by RBI in this regard from time

to time with the approval of its Board.

- 12.8. In the event of receipt of any complaint from the customer that EHFL'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.

### **13. Guarantors**

- 13.1. When a person is considering being a guarantor to a loan, he/ she should be informed about
- a. his/ her liability as guarantor;
  - b. the amount of liability he/ she will be committing him/herself to the company;
  - c. circumstances in which EHFL will call on him/her to pay up his/ her liability;
  - d. whether EHFL has recourse to his/her other monies in the company 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 are they unlimited; and
  - f. time and circumstances in which his/ her liabilities as a guarantor will be discharged as also the manner in which EHFL will notify him/ her about this.
  - 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.

EHFL 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.

### **14. Privacy and Confidentiality**

- 14.1. All personal information of customers, both present and past, shall be treated as private and confidential and shall be guided by the following principles and policies.
- 14.1.1. EHFL 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 to be given by law.
  - b. If there is a duty towards the public to reveal the information.
  - c. If the HFC's interests require them to give the information (for example, If the EHFL's interests require them to give the information (for example, to prevent fraud). However, 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.
  - d. If the customer asks the EHFL to reveal the information, or with the customer's permission.
  - e. If EHFL is asked to give a reference about customers, it will obtain his/ her written permission before giving it.
- 14.1.2. The customer shall be informed the extent of his/ her rights under the existing legal framework for accessing the personal records that EHFL holds about him/ her.
- 14.1.3. EHFL shall not use customer's personal information for marketing purposes by anyone including EHFLs, unless the customer specifically authorizes them to do so.

### **15. General**

- 15.1. EHFL 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).
- 15.2. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the EHFL, 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.
- 15.3. Whenever loans are given, EHFL shall 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.

- 15.4. In the matter of recovery of loans, EHFL 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, EHFL shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- 15.5. Recovery Agents (if any) shall be appointed by EHFL in accordance with a Board approved policy which is in line with the Master Directions issued by RBI for HFC dated February 17, 2021 and subsequent modifications issued by it from time to time.
- 15.6. EHFL 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 preclosed 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.

- 15.7. EHFL 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).
- 15.8. To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between EHFL and the individual borrower, EHFL shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases in the suggestive format as per **Annexure-I**. The document will be in addition to the existing loan and security documents being obtained by the EHFL. EHFL will prepare the said document in duplicate and in the language understandable by the borrower. Duplicate copy duly executed between the EHFL and the borrower should be handed over to the borrower under acknowledgement.
- 15.9. Display of various key aspect such as service charges, interest rates, Penal charges (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 EHFL. EHFL shall follow the instructions on “Notice Board”, “Booklets/ Brochures”, “Website”, “Other Modes of Display” and on “Other Issues” as per **Annexure- I**.
- 15.10. EHFL shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- 15.11. EHFL shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, EHFL 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 EHFL from instituting or participating in schemes framed for different sections of the society.
- 15.12. To publicise the Code, EHFL shall:
  - a. provide existing and new customers with a copy of the Code;

b. make this Code available on request either over the counter or by electronic communication or mail;

c. make available this Code at every branch and on their website; and

d. ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.

.....

**Annexure I**  
**Display of Information by EHFL & Most Important Terms and Conditions**

In order to promote transparency in the operations of EHFL, the following instructions are issued by RBI shall be followed

**1. Notice Boards**

1.1. The minimum size of the board may be 2 feet by 2 feet as the board of such a size would facilitate comfortable viewing from a distance of 3 to 5 meters. It is desirable to display the information in the notice boards of branches/offices as per the format given in the **Appendix I (a)** for the comprehensive notice board.

1.2. While displaying the information in the notice board, the following principles may be adhered to:

1.2.1. The notice board may be updated on a periodical basis and the board should indicate the date up to which the board was updated (incorporated in the display board);

1.2.2. Though the pattern, colour and design of the board display must be simple and readable;

1.2.3. The language requirements (i.e., bilingual in Hindi speaking states and trilingual in other states) may be taken into account;

1.2.4. The notice board shall specifically indicate wherever recent changes have been done. For instance, if there is a recent change in the home loan products offered by EHFL, the information on the home loan products may be displayed as 'We offer home loans/ products (changed on.....)'; and

1.2.5. The notice board may also indicate a list of items on which detailed information is available in booklet form.

1.3. Further, in addition to the above board, the EHFL should also display details such as 'Name of the EHFL/ branch/ office, Working Days, Working Hours and Weekly Off-days' outside the branch/ office premises.

**2. Booklets/ Brochures**

2.1. The detailed information as indicated in Paragraph 1.2.5 above may be made available in various booklets/ brochures. These booklets/ brochures may be kept in a separate file/ folder in the form of 'replaceable pages so as to facilitate copying and updation. In this connection, following broad guidelines may be adhered to:

2.1.1. The file/ folder may be kept at the customer lobby in the branch or at the 'May I Help You' counter or at a place that is frequented by most of the customers;

2.1.2. The language requirements (i.e. bilingual in Hindi speaking states and trilingual in other states) may be taken into account;

2.1.3. While printing the booklets it may be ensured that the font size is minimum Arial 10 so that the customers are able to easily read the same; and

2.1.4. Copies of booklets may be made available to the customers on request.

**3. Website**

3.1. The detailed information as indicated in Paragraph 1.2.5 above may also be made available on the EHFL's website. EHFL should adhere to the broad guidelines relating to dating of material, legibility etc., while placing the same on its websites.

3.2. EHFL should display on its website the interest rate range of contracted loans for the past quarter for different categories of advances granted to individual borrowers along with mean interest rates for such loans.

3.3. The total fees and charges applicable on various types of loans to individual borrower should be disclosed at the time of processing of loan as well as displayed on the websites of EHFL for transparency and comparability and to facilitate informed decision making by customers.

3.4. EHFL should publish Annual Percentage Rate (APR) or such similar other arrangement of representing the total cost of credit on a loan to an individual borrower on its websites so as to allow customers to compare the costs associated with borrowing across products and/or lenders.

3.5. In this context, EHFL shall ensure that the customers are able to easily access the relevant information from its Home Page. Further, there are certain information relating to service charges, fees and grievance redressal, for which latest updated information are to be posted compulsorily on the website. A format for display of information relating to interest rates and service charges which would enable the customer to obtain the desired information at a quick glance is given in the Appendix I (b). However, the format may be modified to suit to requirements, without impairing the basic structure or curtailing the scope of disclosures.

#### **4. Other Modes of Display**

Display of all the information that have to be given in the booklet form in the touch screen by placing them in the Information Kiosks, Scroll Bars, Tag Boards and/or other options available may also be considered. The above broad guidelines may be adhered to, while displaying information using these modes.

#### **5. Other Issues**

5.1. Promotional and product information may be displayed without obstructing the view of the mandatory displays in anyway. As customer interest and financial education are sought to be achieved by the mandatory display requirements, they should also be given priority over the other display boards. Information relating to Government sponsored schemes as applicable location-wise may be displayed according to their applicability.

5.2. EHFL should provide a clear, concise, MITC, as per prescribed format in Appendix I (b), to all borrowers at every stage of the loan processing as well as in case of any change in any terms and conditions. The same may also be included as a summary box to be displayed in the credit agreement.



**Appendix I (a)**  
**Format of Comprehensive Notice Board**  
**(Updated up to\_\_\_\_\_)**

**A. Customer Service Information:**

- i) We have separately displayed the key interest rates on loans, deposits (if applicable) & in the branches/ offices.
- ii) We have also displayed all types of charges/ fees.
- iii) Nomination facility is available on all deposit accounts

**B. Service Charges:**

**C. Grievance Redressal:**

- i) If you have any grievances/ complaints, please approach:
- ii) If your complaint is unresolved at the branch level, you may approach our Branch Manager/ Manager etc. (authorized officer's designation) at: (Address)
- iii) If you are not satisfied with our grievance redressal, you may approach the National Housing Bank at: Complaint Redressal Cell, National Housing Bank, New Delhi.

**D. Other Services Provided:**

**E. Information available in Booklet Form (Please approach 'MAY I HELP YOU' Counter)**

- i) All the items mentioned in (A) to (D) above.
- ii) Time norms for common transactions.
- iii) KYC/ Fair Practice Code/ The Code of EHFL's Commitment to Customers.

**F. Display of Certificate of Registration (CoR) issued under Section 29 A of the NHB Act, 1987. Information to be provided outside the premises:**

- i) Name of the HFC/ Branch:
- ii) Weekly Holiday on:
- iii) Branch Working Hour

## Appendix I (b)

### **MOST IMPORTANT TERMS AND CONDITIONS (MITC)**

**Loan..... (Name of the specific Loan Product)**

Major terms and conditions of the housing loan agreed to between..... (the borrower) and the ..... (Name of the housing finance company) are as under:

1. Loan Sanctioned Amount:

2. Interest

i) Type (Fixed or Floating or Dual/ Special Rate) :

ii) Interest chargeable (..... i.e. .... % (reference rate +/- ..... ) for floating rate loans; and .....% for fixed rate loans)

iii) Moratorium or subsidy:

iv) Date of reset of interest:

v) Modes of communication of changes in interest rate:

3. Installment Types

4. Loan Tenure

5. Purpose of Loan (mention the purpose for which the loan is sanctioned)

6. Fee and Other Charges

i) On application (all type of fee/ charges, to be specified individually)

ii) During the term of loan (all type of fee/ charges, to be specified individually)

iii) On foreclosure (all type of fee/ charges, to be specified individually)

iv) Fee refundable if loan not sanctioned/disbursed (all type of fee, to be specified individually)

v) Conversion charges for switching from floating to fixed interest and vice-versa (type of charges, to be specified individually)

vi) Penalty for delayed payments (all type of penalty, to be specified individually)

7. Security/ Collateral for the Loan

i) Mortgage (mention details of the property to be mortgaged as security for the loan)

ii) Guarantee (mention the name of the Guarantors)

iii) Other Security (mention the details of other securities, if any)

8. Insurance of the Property/ Borrowers Detail of the requirements and features of the insurance policy to be obtained for the property/ borrowers to be mentioned.

9. Conditions for Disbursement of the Loan Conditions for disbursements of the loan or any installment thereof viz., creation of security, submission of approved plans, stages of construction, statutory approvals etc. to be indicated.

10. Repayment of the Loan & Interest The amount of EMI and the total number of installments where the loan is repayable in equated monthly installments or other details for payment of principal amount of loan and interest including due date/s to be indicated. Also mention the procedure for advance intimation of the changes in the rate of interest/ EMI.

11. Brief procedure to be followed for Recovery of overdues The notice etc. to be given to the borrower for recovery of overdues before proceeding under the applicable law to be mentioned.

12. Date on which annual outstanding balance statement will be issued

13. Customer Services

Mention in brief about the followings:

- i) Visiting hours at the office.
- ii) Details of the person to be contacted for customer service.
- iii) Procedure to obtain the following including time line therefore:
  - a. loan account statement.
  - b. photocopy of the title documents.
  - c. return of original documents on closure/ transfer of the loan.

#### 14. Grievance Redressal

Mention the 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. Further, it should also be mentioned that in case the complainant is dissatisfied with the response received or where no response is received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints online on the website of NHB or through post to NHB, New Delhi.

It is hereby agreed that for detail terms and conditions of the loan, the parties hereto shall refer to and rely upon the loan and other security documents executed/ to be executed by them.

The above terms and conditions have been read by the borrower/s / read over to the borrower by Shri/Smt./Kum. \_\_\_\_\_ of the company and have been understood by the borrower/s.

(Signature or thumb impression  
Borrower/s)

(Signature of the authorized of the  
person of Lender)

Note: Duplicate copy of the MITC should be handed-over to the borrower/s.

**Annexure I(c)**  
**Key Facts Statement**  
**Part 1 (Interest rate and fees/charges)**

<b>1</b>	<b>Loan proposal/ account No.</b>		<b>Type of Loan</b>				
<b>2</b>	<b>Sanctioned Loan amount (in Rupees)</b>						
<b>3</b>	<b>Disbursal schedule</b> (i) Disbursement in stages or 100% upfront. (ii) If it is stage wise, mention the clause of loan agreement having relevant details						
<b>4</b>	<b>Loan term (year/months/days)</b>						
<b>5</b>	<b>Instalment details</b>						
	Type of instalments	Number of EPIs	EPI (₹)	Commencement of repayment, post sanction			
<b>6</b>	<b>Interest rate (%) and type (fixed or floating or hybrid)</b>						
<b>7</b>	<b>Additional Information in case of Floating rate of interest</b>						
Reference Benchmark	Benchmark rate (%) (B)	Spread (%) (S)	Final rate (%) $R = (B) + (S)$	Reset periodicity <sup>2</sup> (Months)	Impact of change in the reference benchmark (for 25 bps change in 'R', change in: <sup>3</sup> )		
				B	S	EPI (₹)	No. of EPIs
<b>8</b>	<b>Fee/ Charges<sup>4</sup></b>						
		Payable to the RE (A)		Payable to a third party through RE (B)			
		One-time/Recurring	Amount (in ₹) or Percentage (%) as applicable <sup>5</sup>	One-time/Recurring	Amount (in ₹) or Percentage (%) as applicable <sup>5</sup>		
(i)	Processing fees						
(ii)	Insurance charges						
(iii)	Valuation fees						
(iv)	Any other (please specify)						
<b>9</b>	<b>Annual Percentage Rate (APR) (%)<sup>6</sup></b>						
<b>10</b>	<b>Details of Contingent Charges (in ₹ or %, as applicable)</b>						
(i)	Penal charges, if any, in case of delayed payment						
(ii)	Other penal charges, if any						
(iii)	Foreclosure charges, if applicable						
(iv)	Charges for switching of loans from floating to fixed rate and vice versa						
(v)	Any other charges (please specify)						

<sup>2</sup> Fixed reset, other than on account of changes in credit profile

<sup>3</sup> Please refer [circular 'Reset of Floating Interest Rate on Equated Monthly Instalments \(EMI\) based Personal Loans' dated August 18, 2023](#).

<sup>4</sup> REs may disclose the amount net of any taxes such as GST

<sup>5</sup> Mention frequency, where recurring

<sup>6</sup> Please refer to the illustration in Annex B

**Part 2 (Other qualitative information)**

1	Clause of Loan agreement relating to engagement of recovery agents	
2	Clause of Loan agreement which details grievance redressal mechanism	
3	Phone number and email id of the nodal grievance redressal officer <sup>7</sup>	
4	Whether the loan is, or in future maybe, subject to transfer to other REs or securitisation (Yes/ No)	
5	In case of lending under collaborative lending arrangements (e.g., co-lending/ outsourcing), following additional details may be furnished:	
	Name of the originating RE, along with its funding proportion	Name of the partner RE along with its proportion of funding
		Blended rate of interest
6	In case of digital loans, following specific disclosures may be furnished:	
	(i) Cooling off/look-up period, in terms of RE's board approved policy, during which borrower shall not be charged any penalty on prepayment of loan	
	(ii) Details of LSP acting as recovery agent and authorized to approach the borrower	

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<sup>7</sup> RE may furnish generic email id, provided a response is made within 1 working day.