

FAIR PRACTICE CODE

Introduction

Pursuant to the notification issued by the National Housing Bank on Fair Practices Code guidelines vide its notification/Circular advising Housing Finance Companies to formulate a suitable Fair Practice Code, the Board of Directors has reviewed and readopted the ***“Fair Practice Code”*** to provide transparency in business dealing with the customers of the Company, which came into force with immediate effect

The Code has the following key elements.

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 MRHMFL and
- ❖ To foster confidence in the housing finance system.

Application of the Code

- ❖ The Code shall be applicable to all employees of MRHMFL and other persons to authorized to represent it in the course of its business.

Commitments

MRHMFL 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.

- ❖ MRHMFL 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

- ❖ MRHMFL will deal quickly and sympathetically in correcting mistakes if any, and attend to customer's complaints in light of the objectives of this code.
- ❖ MRHMFL 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.
- ❖ MRHMFL would provide, on request, copy of the Code to the existing borrowers and new customer prior to commencement of business transaction.
- ❖ MRHMFL 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 and subject to the Credit Policy of the Company, shall continue to apply.

Disclosure and Transparency

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

- ❖ Putting up notice in branches;
- ❖ Providing tariff schedule.

MRHMFL shall disclose to the borrower all the information about the following:

- Fees/charges payable for processing the loan application
- The amount of fees refundable, if loan amount is not sanctioned/disbursed.
- Prepayment option and charges, if any
- Penalty for delayed repayments, if any.
- Whether there is existence of option for switching loan from fixed to floating rates and vice versa and charges thereon.
- Whether there is existence of any interest re-set clause and any other matter which affects the interest of the borrower.

Advertising, Marketing and Sales :

MRHMFL shall

- ❖ ensures that all advertising and promotional material is clear, and not misleading.

- ❖ 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.
- ❖ if 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.
- ❖ 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.
- ❖ 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.

Loans

Applications for loans and their processing.

- ❖ Standard schedule of fee/ charges relating to the loan application depending on the segment to which the accounts belong will be made available to all the prospective borrowers in a transparent manner.
- ❖ All the necessary information which affects the interest of the borrowers shall be included in the application forms.
- ❖ The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed off shall also be indicated in the acknowledgement.
- ❖ 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, in case asked by the customer.

Loan appraisal and terms/conditions

- ❖ In accordance with MRHMFL's prescribed risk based assessment procedures and Credit Policy, each loan application will be assessed and suitable margin/securities will be stipulated based on such risk assessment.

- ❖ The sanction of credit limit along with the terms and conditions thereof is to be conveyed to the loan applicant in writing and applicant's acceptance of such terms and conditions will be obtained in writing. Such terms and conditions as have been mutually agreed upon between the bank and borrower prior to the sanction will only be stipulated.
- ❖ Copy of loan documents, along with a copy of all relevant enclosures will be made available to the loan applicant on specific request. Standard sanction letter would include instances of approval, disallowance, etc. The Company is under no legal obligation to consider increase/additional limits/facilities without proper review/assessment.

Disbursement of loans including changes in terms and conditions

- ❖ 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 to the borrowers in case of account specific changes and in case of others by Public Notice/display on Notice Board at the branches 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.

Post disbursement supervision

- ❖ Post disbursement supervision would be constructive with a view to taking care of any genuine difficulties that the borrower may face.
- ❖ Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities the Company would give reasonable notice to the borrower.
- ❖ All securities pertaining to the loan would be released on receipt of full and final payment of the loans subject to any legitimate right or lien and set off for any other claim that the Bank may have against the borrowers. If such right is to be exercised, borrowers would be given due and proper notice with requisite details.

Other general provisions.

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

MRHMFL will not discriminate on the grounds of gender, caste or religion in its lending policy and activity.

- ❖ In the case of recovery, MRHMFL would resort to the usual measures as per laid down guidelines and extant provisions and would operate within the legal framework.
- ❖ In case of request for transfer of borrowal accounts, either from the borrower or from a Bank/Financial Institution, the MRHMFL's consent or otherwise shall be obtained in writing.

Guarantors:

When a person is considering to be a guarantor to a loan, he/she shall 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 MRHMFL will call on him/her to pay up his/her liability;
- d) whether MRHMFL 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 MRHMFL will notify him/her about this

MRHMFL 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.

Privacy And Confidentiality

All the borrower's personal information 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 your accounts to anyone, including other companies in the group, other than in the following exceptional cases :

- ❖ If the information is to be given by law;
- ❖ If there is a duty towards the public to reveal the information;
- ❖ If the Company's interests require to give the information (for example, to prevent fraud) but the same will not be used by the Company as a reason for giving to anyone else, including other entities in the group, for marketing purposes without customers' permission;
- ❖ If the customer ask the Company to reveal the information, or with his / her permission by acceptance of the terms and conditions of the loan agreement,

to provide such information to our associates companies when we have tie-up arrangements for providing other financial service products;

- ❖ If the Court / authorities so direct or required by any regulatory authority(ies) including reference agencies or CIBIL etc.
- ❖ If the third party acquires on its on without the Company's involvement;
- ❖ If provided by someone else inadvertently.

Credit reference agencies

Customer are hereby informed that at the time of opening a new account, the Company will pass his / her account details to credit reference agencies and the checks the Company may undertake in this regard.

The Company will provide information to credit reference agencies about the personal debts, the customer owe to it if :

- ❖ He/she have fallen behind with the payments
- ❖ The amount owed is not in dispute; and
- ❖ He /she have not made satisfactory proposal for repaying the debt, following the Company's formal demand.

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 your ability to get credit.

The Company may give credit reference agencies other information about the customer's account if he/she has given permission to do so.

The Company shall provide the customer with a copy of the information which the Company has given to the credit reference agencies about the customer, if so demanded by him/ her.

Collection of Dues

Whenever loans are given, MRHMFL 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.

MRHMFL staff or any person authorized to represent the company in collection of dues or/and security repossession shall identify himself / herself and display the authority letter issued by the MRHMFL and upon request, display his/her identity card issued by the MRHMFL or under authority of the MRHMFL. The company shall provide the customers with all the information regarding overdue.

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

During visits to customer's place for dues collection, decency and decorum shall be maintained.

Complaints and Grievances

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 Branch Manager clearly stating the nature of your grievance along with necessary documents, if any and the complaint shall be worked upon to solve and the customer be informed of the progress within a reasonable period of time.

In case the response is unsatisfactory or no response is received, the complaint should be escalated to the following :

By letter:

To

Manager Operation

MAS Rural Housing & Mortgage Finance Limited

4th Floor, Narayan Chambers,

B/h Patang Hotel,

Ashram Road, Ahmedabad

GENERAL – Providing Information

MRHMFL shall

1. 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 MRHMFL.
2. inform the customer 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 MRHMFL needs to involve them.
3. shall advise the customer that if the customer acts fraudulently, he/she will be responsible for all losses on his/her account and that if the customer acts without reasonable care and this causes losses, the customer may be responsible for the same.

4. Inform the customers about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
5. To publicise the code MRHMFL shall:
 - a) provide new customers with a copy of the Code on request
 - 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
 - d) Ensure that their staffs are trained to provide relevant information about the Code and to put the Code into practice.
6. The Board of Directors of MRHMFL shall 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.