

## FAIR PRACTICES CODE

### **Intent and Content**

This Code has been formulated by Housing Development Finance Corporation Limited (the Corporation) pursuant to the Master Direction, **Non Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021** issued by the Reserve Bank of India. This Code which has been reviewed and approved by the Board of Directors shall come into effect from **May 1, 2021**.

### **Objectives**

- Follow good, fair and transparent business practices by setting reasonable standards;
- Encourage market forces, through fair competition, to achieve higher operating standards;
- Relate to the customer in such manner so as to promote a fair and cordial relationship;
- Set such standards and practices so as to foster confidence in the housing finance system.

### **Applicability**

- This Code shall apply to all the products and services, whether they are provided by the HDFC, its subsidiaries physically or through Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.
- The Code is applicable under normal operating environment except in the event of any force majeure.
- The Code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the Code.

### **Commitment**

- The Corporation shall at all times do its best to act fairly, reasonably and meet the standard practices prevalent in the housing finance industry.
- The Corporation shall abide by all the relevant laws, regulations and meet the ethical principles of integrity and transparency during its interaction with customers.

### **Non-discrimination**

- The Corporation would not discriminate on grounds of sex, caste, religion or physical / visual disability in the matter of lending. However this does not preclude the Corporation from participating in credit-linked schemes for the weaker sections of society and in respect of schemes formulated by NHB/ other Government Agencies, implemented through the Corporation.

## Information and Disclosure

- While interacting with customers, the Corporation shall take all steps as may be required to provide clear information either in English or Hindi or the appropriate local language regarding:
  - its various products and services;
  - the terms and conditions, the interest rates/service charges;
  - benefits available to customers and the implications, if any;
  - contact persons for addressing the queries, if any;
- The Corporation shall provide a copy of this Code, at request, to the customer. The Code shall also be made available on the website of the Corporation and at every branch/ office of the Corporation.
- The Corporation shall take necessary steps to inform its customers of their right to information regarding their account and the facilities available to them.
- The Corporation shall be clear and not misleading in any of its advertising and promotional materials.
- The Corporation shall inform its customers of all financial information such as rates of interest, charges, method of calculation etc through brochures, posters or during the course of meeting with the customers etc prior to entering into any transaction.
- The Corporation shall endeavor to keep its customers informed of any change in interest rates / charges etc through letters or any other form of general or public announcement or displays, from time to time. In case such change is disadvantageous to the customer he/ she may close his account within 60 days of the intimation of the change.
- The Corporation shall disclose, by such mode and in such manner as deemed fit, to ensure transparency, all information affecting the interest of the borrower including but not limited to:
  - Fees/charges payable for processing the loan application;
  - The amount of fee refundable, if any, if the amount of loan is not sanctioned/ disbursed.
  - Prepayment options and charges, if any;
  - EMI Structure
  - Penalty for delayed payment, if any;
  - Conversion charges (switching loan from fixed to floating rate and vice-versa)
  - Existence of interest re-set clause; if any.
- The disclosures shall be done so as to ensure that the borrower is aware of “all in costs” parameters involved in processing and sanctioning of loan. The Corporation shall not indulge in any act which is discriminatory amongst equals.
- The Corporation in the normal course of its business shall endeavour at all times to guide its customers about the process and procedure to be followed for availing a loan.
- The Corporation may also send information about its other products and services after seeking consent from the customers.

## Privacy and Confidentiality

- The Corporation shall treat the information relating to customers as strictly confidential and shall not share any information, unless required under law or waived or permitted by the customer.
- The customer shall be informed the extent of his/ her rights under the existing legal framework for accessing his / her personal information that the corporation holds, on request.
- The Corporation shall not use customer's personal information for marketing purposes by any entity including self, unless authorized by the customer.
- The Corporation shall further take reasonable steps to ensure that such information, if available to any third parties authorized by the Corporation, the said parties shall treat the information with the same degree of confidentiality as the Corporation would.
- The Corporation shall prescribe a code of conduct for its Direct Selling Agents (DSAs) whose services the Corporation may avail.
- The Corporation shall take appropriate steps in the event of receipt of a complaint against the DSA or the Corporation's representative.
- The Corporation 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 HDFC'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 HDFC to reveal the information, or with the customer's permission.
  - e) If HDFC is asked to give a reference about customers, they shall obtain his/ her written permission before giving it.

## Loans

- The Corporation shall give an acknowledgment for receipt of the loan application. The Corporation shall also state estimated time frame within which the application will be disposed off, subject to necessary diligence.
- The Corporation shall convey, the amount of loan sanctioned along with terms and conditions including Emi Structure & other terms and conditions of the loan and keep the written acceptance of same by the borrower on record.
- Post the sanction of the loan, the Corporation shall make available to the customer, a copy of the loan agreement along with all the annexure thereto, against acknowledgement.
- Each application shall be considered independently on merit, upon scrutiny of all the information, documents required for verifying the title of the property, identity of the person, entity and the security to be offered, including guarantees.

- It shall be the endeavour of the Corporation to inform the customer, in writing along with reasons, whose application has been rejected.
- In case of receipt from the borrower for transfer of his loan account, the consent or otherwise, if any shall be conveyed within 21 days from the date of receipt of the request.
- The Corporation 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 that the Corporation may have against borrower, which will be duly informed to the borrower.

## **Deposits**

The Corporation shall provide the details of the terms of the deposit, the applicable rate of interest, the terms of renewal, premature withdrawals, loans against deposits, nomination facilities, schemes available for the special accounts of senior citizens, physically challenged, illiterate persons etc.

## **Know Your Customer Guidelines**

The Corporation shall assist and cause the customer to comply with the Know Your Customer (KYC) norms and Anti Money Laundering (AML) Policy or any other statutory requirements, by providing all necessary information/documents. In the event the customer fails to do so, the Corporation will be at liberty to reject/close the account.

## **Information to Credit Agencies**

The Corporation in the normal course of its business shall endeavor at all times to guide its customers about the role of credit reference agencies, the circumstances and process of sharing information with such agencies.

## **Guarantors**

If any person is being considered as a guarantor to a loan, the person would be informed about the liability in terms of the Indian Contract Act, 1872 and the documents executed by the Guarantor pursuant to the availing of the loan by the Borrower.

## **Collection of Dues**

- The Corporation shall provide the customers with all the information regarding their dues and provide reasonable time for payment of the same.
- The Corporation shall while protecting its interest, adopt reasonable and lawful measures to recover dues from defaulting customers, including use of persuasive methods for the purpose of collection of its dues, contacting the customer during reasonable hours depending upon the circumstances at a place agreed upon or at the customer's residence/ place of business and disclose the authority and identity of the officer contacting the customer, respecting the privacy of the customer and act in a reasonable manner, document the time, number and content of calls made for the purpose.

- The Corporation shall formulate a Board approved guideline for engaging Recovery Agents before using the same.

### **Complaints and Grievances**

- The Corporation shall ensure that its grievance redressal procedure (including details of where, how and to whom a complaint can be made, next level of escalation etc.) is available at all of its branches as well as on its website.
- The Corporation shall make available facilities at each of its branches and offices for the customers to lodge and/or submit their complaints or grievances, if any.
- The Corporation shall endeavour to address/respond to all complaints and grievances within a time frame of six weeks of receipt of a complaint and keep the customers informed about the status of their complaints. If the Customer is not satisfied with the response, he/she will be informed as to how the complaint can be escalated.
- The Corporation shall, for all complaints received in writing, give an acknowledgment in writing within a time frame of one week of receipt of complaint.

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