

FAIR PRACTICES CODE (FPC)

1) INTRODUCTION AND APPLICABILITY

The Fair Practice Code (hereafter, “Code”) has been framed by ART Housing Finance (India) Limited (hereinafter, “the Company” or “AHF”) pursuant to the “Guidelines on Fair Practices Code (hereinafter, “Code” or “FPC”) issued by the National Housing Bank (NHB) to promote transparency between the Company and the end users and also to provide for well-informed business relationships. The Code should be published and disseminated on the website of the Company, for the information of the public.

The Code shall be applicable to all the products and services of the Company provided across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method by all the employees of the company and its associates

2) OBJECTIVES OF THE CODE

To serve as a part of best corporate practices and to provide transparency in business practices, the Company has developed and adopted this Code to:

- (a) promote good and fair practices by setting minimum standards in dealings with customers;
- (b) increase transparency so that the customers can have a better understanding of the services that he/she can reasonably expect from the company.
- (c) encourage market forces, through competition, to achieve higher operating standards.
- (d) promote a fair and cordial relationship between the Company and its customers; and
- (e) foster confidence in housing finance system.

3) FAIR DEALINGS AND TRANSPARENCY

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

- (a) the commitments and standards of the Code for the products and services offered and in the procedures and practices are followed by its all employees and associated;
- (b) the products and services offered by the Company meet the requirements of relevant laws and regulations in letter as well as spirit;

- (c) dealings with customers will rest on ethical principles of integrity and transparency.
- (d) 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, penalty for delayed repayment is disclosed to the borrower, i.e. 'all in cost' inclusive of all charges involved in processing/ sanction of loan application and the said charges are non-discriminatory.

4) MOST IMPORTANT TERMS & CONDITIONS (MITC):

In order to promote transparency in the operations of the Company, various key aspect such as service charges, interest rates, services offered, product information, time norms for various transactions and grievance redressal mechanism, etc are covered under MITC. The Company displays its MITC on its notice board and websites and also provides the same to its customers. The same is annexed as Annexure A to this document.

5) ADVERTISING, MARKETING AND SALES

The Company shall ensure that:

- a) all the advertising and promotional material is clear, transparent and not misleading;
- b) in advertising in any media and promotional literature that draws attention to a service provided or product offered by the Company and includes a reference to an interest rate, the Company shall indicate whether other fees and charges will apply and the full details of the relevant terms and conditions will be made available on request;
- c) the information on interest rates, common fees and charges are provided, through putting up notices in branches/offices; through telephone or helplines; on Company's website; through designated staff/ help desk; or providing service guide/ tariff schedule.
- d) if the Company avails the services of third parties for providing support services, such third parties handle the customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as the Company would have handled;
- e) it and its associates communicate to the customers various features of products availed by them. Information about Company's other products / services or promotional offers in respect of its products/ services, are 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;

- f) it formulates a Code of Conduct for Direct Selling Agencies (hereafter, “DSAs”) whose services are availed by the Company to market products/ services of the Company, which amongst other matters requires the DSAs to identify themselves when they approach the customer for selling products personally or through phone;
- g) in an event of receipt of any complaint from the customer that Company’s representative/ courier or DSA has engaged in any improper conduct or acted in violation of the code, appropriate steps are initiated to investigate and handle the complaint and to make good the loss, if any.

6) LOANS

(i) Applications and Processing

- (a) Loan application form of the Company to include necessary information which affects the interests of the borrower, so that a meaningful comparison with the terms and conditions offered by other Housing Finance Companies can be made and informed decision can be taken by the Customer.
- (b) The Loan application form contains an indicative list of documents required to be submitted with the application form.
- (c) The Company shall provide an acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will be indicated in the acknowledgement.

(ii) Appraisal and Terms / Conditions

1. The particulars required for processing the Loan Application will be collected by the Company at the time of application and verifications. The Customer will be informed that he/she will be contacted immediately if any additional information is required to process the application.
2. The Company will convey in writing to 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 and keep the written acceptance of all terms and conditions by the borrower in its record.
3. The Company will invariably furnish a copy of the loan agreement along with a copy of each enclosure quoted in the loan agreement to every borrower at the time of sanction / disbursement of loan.

(iii) **Communication of rejection of Loan Application**

Company will send a communication of rejection of Loan Application to the customer along with the reason(s) for rejection.

(iv) **Disbursement of loans including changes in terms and conditions**

1. The Company shall make the disbursement in accordance with the disbursement schedule given in the loan agreement / sanction letter.
2. The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee / charges etc. Changes in interest rates and charges shall be affected only prospectively and a suitable condition in this regard shall be incorporated in the loan agreement.
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 extracharges or interest.
4. Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, shall be in consonance with the loan agreement.
5. The Company 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 the Company may have against the borrower. If such right of set off is to be exercised, customer would 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.

(v) **Guarantors**

When a person intends to be guarantor to a loan, he/ she will be informed about:

- (a) his/her Liability as guarantor;
- (b) the amount of Liability he/she will be committing to the Company;
- (c) circumstances in which the Company will call on him/ her to pay up his/ her Liability;
- (d) whether the Company have recourse to his/ her other monies in the Company if he/ she fails to pay up as a guarantor;
- (e) whether his/ her liabilities as a guarantor are limited to a specific quantum or they are unlimited;
- (f) 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 discharge;

- (g) the fact that in case the guarantor refuses to comply with the demand made by the Company, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a willful defaulter; and
- (h) any material adverse change/s in the repayment behavior, of the Customer for whom he/ she stands as a Guarantor.

7) PRIVACY AND CONFIDENTIALITY

All the personal information of the customers shall be treated as private and confidential (even when the customers are no longer customers of the Company) and shall be guided by the following principles and policies. The Company will not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies/entities in the 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 Company's interests require it to give the information (for example: to prevent fraud), but this will not be used as a reason for giving information about customer or customer accounts (including customer's name and address) to anyone else, including other companies in the group, for marketing purposes;
- (d) If the customer asks the Company to reveal the information or with the customer's permission.

- (e) If Company is asked to give a reference about customers, it will obtain his / her written permission before giving it.
- (f) The customer should be informed the extent of his / her rights under the existing legal framework for accessing the personal records that the Company holds about him / her.
- (g) The Company will not use customer's personal information for marketing purposes by anyone including the Company itself, unless the customer specifically authorizes the Company to do so.

8) CREDIT REFERENCE AGENCIES

At the time of opening a new account, the Company will pass the customer's account details to credit reference agencies and may undertake other checks, as may be required, in this regard.

The Company may provide information to credit reference agencies about the personal debts the customer owes to the Company if:

- i. The customer has fallen behind with his / her payments;
- ii. The amount owed is not in dispute; and
- iii. The customer has not made satisfactory proposals for repaying his / her debt, following Company's formal demand.

In these cases, the Company shall intimate the customer in writing that it plans to give information about the debts the customer owes to the Company, to credit reference agencies. At the same time, the Company shall explain to the customer the role of credit reference agencies and the effect that the information provided by the Company, can have on customer's ability to get credit.

Other information about the customer's account may be given to the credit reference agencies if the customer has given his / her consent to do so.

A copy of the information given to the credit reference agencies will be provided to the customer, if so, demanded by him / her.

9) COLLECTION OF DUES

- (i) The Company 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 the repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process shall involve reminding the customer by sending him / her notice or by making personal

visits and / or repossession of security, if any.

- (ii) The Company will adopt a Collection Policy which will be built on principles of courtesy, fair treatment and persuasion. The Company believes in fostering customer confidence and long-term relationship. The Company's 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 Company and upon request, display his / her identity card issued by the Company or under authority of the Company. The Company will provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.

- (iii) The Company's staff or any person authorised to represent the Company in collection and/ or security possession should follow the guidelines set out below:
 - a) Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.
 - b) Identity and authority to represent the Company should be made known to the customer at the first instance.
 - c) Customer's privacy should be respected.
 - d) Interaction with the customer should be in a civil manner.
 - e) The Company's representatives should contact the customers between 0700 hours and 1900 hours, unless the special circumstances of the customer's business or occupation require otherwise.
 - f) Customer's request to avoid calls at a particular time or at a particular place should be honoured, as far as possible.
 - g) Time and number of calls and contents of conversation would be documented.
 - h) All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - i) During visits to customer's place for dues collection, decency and decorum should be maintained.
 - j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls / visits to collect dues.

10) COMPLAINTS AND GRIEVANCES

- (a) The Management under the supervision of the Board of Directors has laid down an appropriate **grievance redressal mechanism** within the Company to receive, register, resolve / dispose off complaints and grievances in each of its offices. Such mechanism ensures that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.
- (b) The Grievance Redressal Mechanism contains the procedure for handling customer complaints fairly and quickly.
- (c) The Company will clearly display at all its offices / branches and on the website, the contact details of the NHB office that can be approached in case the complainant does not receive response from the Company within reasonable time or is dissatisfied with the response received.
- (d) The Company shall endeavor to address/ respond to all complaints and grievances within a reasonable time and keep the customers informed about the status of their complaints.
- (e) A Board designated Committee will be provided with periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.
- (f) Company's Grievance Redressal Mechanism may be downloaded or referred from www.arthfc.com.

GENERAL

- a) The Company will verify the details mentioned by the customer in the loan application by contacting him / her at his / her residence and / or on business telephone numbers and / or physically visiting his / her residence and / or business addresses through agencies appointed for this purpose, if deemed necessary by the Company.
- b) The customer shall be informed 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.
- c) The Company shall advise the customer that if he / she acts fraudulently, he / she would 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.

- d) The Company will display at its branches/offices various key aspects relating to the Company's products and services in Hindi, English or the appropriate local language.
- e) The Company will not discriminate on grounds of sex, caste and religion in the matter of lending. Further, 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.
- f) 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. Such transfer will be as per contractual terms entered into with the borrower and in consonance with statutes, rules, regulations and guidelines as may be applicable from time to time.
- g) To publicize the code, the Company shall:-
- Provide existing and new customers with a copy of the code;
 - Make the code available upon request either over the counter or by electronic communication or mail;
 - Make available the Code at every office; and on its website; and
 - train staff to provide information about the code and to put the code into practice.

11) PERIODIC REVIEW

The Board of Directors of the Company shall periodically review compliance with the Code and the functioning of the Grievances Redressal Mechanism. A consolidated report of such reviews shall be submitted to the Board annually.

12) IMPLEMENTATION

This Mechanism shall come in force with immediate effect after approval of the Board.