

**Mahindra Rural Housing Finance Limited
(MRHFL)**

Fair Practice Code

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The Fair Practice Code is being formulated following the directive issued by National Housing Bank (NHB)

The objectives of the code are the following:

- Promote good and fair practices by setting minimum standards in customer dealing
- Increase transparency so that the customers can have a better understanding of what he/she can reasonably expect of the services
- Encourage market forces through competition to achieve higher operating standards
- Promote a fair and cordial relationship between the customer and the Organisation, and
- Foster confidence in the housing finance industry

The following aspects form the broad guidelines and policies for the Fair Practice Code to be implemented across all branches of Mahindra Rural Housing Finance Limited (MRHFL).

The Code shall be applicable to all dealings, products, services and other offerings by MRHFL with, or to its customers through any media be it through personal interactions, written or oral communication or by e-mail or any other form of electronic communication.

The Code is applicable under normal operating environment and does not bind MRHFL 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.

Our Commitment to Customers

- All products and services offered by MRHFL shall abide by all relevant laws and regulations of the country in letter and spirit
- MRHFL shall not discriminate between its customers on any basis of race, caste, gender, religion or disability.
- MRHFL shall publicize the code by providing existing and new customers with a copy of the Code, even though it is not demanded by the borrower.
- MRHFL shall make available to its customers a copy of its Fair Practice Code on request either over the counter or by electronic communication or mail and also make available code at every branch and on its website once developed. MRHFL shall treat the information provided by its customers strictly confidential and not share any information with any agency without their prior consent unless in the event wherein the information is required under law. MRHFL shall also inform the customer that the data is being stored with agencies such as CIBIL / credit rating agencies / recovery agencies, Banks etc.
- MRHFL shall inform its customers of their right to information regarding their account, the facilities available to them and also regarding their data being shared with other agencies.

Know Your Customer (KYC) Guidelines

- MRHFL shall assist the customers in meeting the requirements under the KYC / Anti Money Laundering (AML) guidelines by providing forms and other material.
- MRHFL shall ask the customers to submit the documents required to comply with the KYC / AML guidelines at the time of availing home loan/any other new transaction and for existing customers, at the time of select future transactions as laid down in its KYC policy. Customers shall have to provide the details failing which MRHFL may refund / reject the transaction and revert back to the customer.

Our Products and Services

- MRHFL shall provide detailed product brochures explaining the features and services being offered along with the list of documentary requirements to avail / apply for the same.
- MRHFL shall also provide a brochure detailing the services being offered and charges being levied on demand to its customers.
- MRHFL shall include in the Loan application forms / sanction letter the 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 should also indicate the list of documents required to be submitted with the application form.
- The rate of interest on Loans is linked to the Credit score which is calculated by the system based on various credit parameters. MRHFL therefore can only provide an interest rate band. This system is internal to MRHFL and is strictly private and confidential. Hence, no discretion is allowed in this rate of interest on loans. The customer has the right to accept or reject the sanction. The processing fees however shall not be refunded if the customer rejects the sanction / loan or is found ineligible for the loan.

Guarantors

When a person is considering to be 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 MRHFL will call on him/her to pay up his/her liability;
- d. whether MRHFL 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 MRHFL will notify him/her about this

MRHFL 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

Our Loan Disbursement Procedure

- MRHFL shall provide a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to every borrower at the time of sanction / disbursement of loans even though it is not requested by the borrower. MRHFL generally accepts external guarantors for its loans. The guaranty form which is collected from the guarantors explicitly mentions the rights available to MRHFL and the liability of the guarantors towards MRHFL on account of the guarantee being provided
- MRHFL communicate in writing the reason for rejection of loan to applicant. MRHFL endeavours to process the loan application and give an in principle sanction to the customer within a reasonable time frame. However this depends on the completion and authenticity of the documents provided by the customer. Further, disbursement of the loan is made in stages depending on the stage of construction subject to all documents relating to the ownership and mortgage of the property being fulfilled.
- MRHFL shall provide to its customers, a list of documents required to process his/her loan application, along with the stage during which the said document would be required to be submitted.

- All the terms and conditions pertaining to the loan sanction will be contained in the sanction letter which is provided to the customer on sanction of his/her loan.
- MRHFL 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. Further MRHFL also ensure that changes in interest rates and charges are effected only prospectively and suitable condition in this regard will be incorporated in the loan agreement.
- If such change in the terms and conditions is to the disadvantage of the customer, then customer would be allowed within 60 days and without notice to close his/her account or switch it without having to pay any extra charges or interest.
- The documents pertaining to the property shall be released by MRHFL within a reasonable period from the closure of the account and realization of all receipts from the customer provided no other charge a mortgage on lien exists on the said property of MRHFL.
- Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- MRHFL shall process requests for transfer of a Loan Account either from a borrower or from a Bank/Financial Institution in the normal course.

Our Communication with Customers

- MRHFL shall prepare leaflets, brochures, forms and all other literature in either English or the local language.
- Customers are informed of all financial information such as rates, charges, method of calculation etc clearly through brochures, posters etc prior to entering into any transaction.
- MRHFL shall keep its customers informed of any change in interest rates / charges / maturity of deposits or loans etc through reminder letters or any other form of communication / display from time to time.
- MRHFL 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 in not sanctioned/disbursed, pre-payment options and charges, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest re-set clause and any other matter which affects the interest of the borrower. MRHFL shall disclose 'all in cost' inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It should also be ensured that such charges/fees are non-discriminatory.

Advertising, Marketing and Sales

- MRHFL shall ensure that all advertising and promotional material is clear and not misleading.
- MRHFL shall in any advertising in any media/promotional literature that draws attention to a service or product and includes a reference to any interest rate, indicate that the applicable fees, charges and full details of the relevant terms and conditions are available on request.
- In case of availing of services of third parties for providing support services, MRHFL shall require that such third parties handle customers' personal information (if any available to such third parties) with the same degree of confidentiality and security as MRHFL.
- MRHFL 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.
- MRHFL shall prescribe a Code of Conduct for its Direct Selling Agencies (DSAs) whose services may be availed of to market its products/services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through telephone.

- Appropriate steps shall be initiated to investigate and to handle the complaint and make good the loss in the event of receipt of any complaint from the customer regarding improper conduct/violation of the Code by MRHFL's representative /courier / DSA.

Our Recovery Mechanism

- MRHFL will inform its Customers of the collection centres and tie ups which MRHFL has for collections of its payments through its offices. Customers are required to make arrangement for the payments without any reminder and as per the collection arrangements made by MRHFL
- MRHFL shall be sending reminder letters to customers, making tele-calls and make personal visits at the residence / any other place of communication.
- MRHFL shall not resort to any unfair means for recovery of its dues.
- Only an authorized person of MRHFL shall make any visit for recovery and shall present his / her identity when asked. The visit shall ordinarily be made to the place of residence or employment or to any specific place where the customer could be located.
- The visit shall be made during daytime as far as possible and the customer's privacy would be respected at all times.
- Attitude during the recovery visit would be of resolving the dispute, if any, and decency and reasonable decorum would be maintained at all times provided the same is being reciprocated by the customer
- All recovery visit details would be documented for future reference

Our Complaint Redressal

- MRHFL should ensure that it will have grievance redressal mechanism / procedure to resolve complaints and grievances as laid down by the Board of Directors.
- MRHFL shall adequately display for the benefit of its customers the details of contact persons and offices along with contact details
- MRHFL shall endeavour to send for customer as acknowledgement / response within a week for complaint received in writing from a customer. The acknowledgement will have the name & designation of the official who deal with the grievance.
- If the complaint is relayed over phone at MRHFL 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.
- MRHFL shall publicize the grievance redressal procedure and ensure that it will be available on website once developed.
- In case MRHFL decides to take any legal action against the customer, it shall give a written communication to the customer prior to any such action.
- MRHFL should do periodical review of the compliance of the Fair Practice Code and the functioning of the grievances redressal mechanism at various levels of management. Report on exception items & delays should be submitted to the Board at regular intervals.