

DHFL Vysya Housing Finance Ltd., Bangalore – Fair Practices Code

Why fair practices code?

We are into housing finance, which is a service industry. We too adore our customer as a king. In this context, we assume twin responsibility of providing detailed information about our products and services, and measuring up to his expectations by being fair, transparent, harmonious and caring in all our dealings with him. These call for written down minimum standards, which may be called Fair Practices Code. It is our endeavour always to surpass these standards.

Applicability/Scope of the Code:

All parts of this Code apply to all the products and services of the Company whether they are provided directly or through subsidiaries, Agents, across the counter, over phone, by post, through interactive electronic devices, on the internet or by any other method.

By this Code we:

- ensure that all dealings with customers are fair and reasonable, rest on ethical principles of integrity and transparency
- ensure to meet the commitments and standards spelt out in the Code for the products and services and procedures and practices
- ensure the products and services meet relevant laws and regulations in letter and spirit

CODE DETAILS

1. Before acquiring a prospective borrower:

Stage – I : Dissemination of information & issuance of loan application

- Information about the housing loan / other loan products is made available in the brochure / in person / over telephone in a clear and non-misleading manner
- The applicant selects the product with appropriate interest schemes
- Loan application is made available upon eligibility and on request along with list of other documents required
- Interest rates chart is provided and mode of calculating interest is explained.
- Details of fees and charges are also furnished and explained
- A copy of the Fair Practices Code is also given

A. Fixed Interest Rate Scheme:

Interest is calculated on monthly rests or annual rests as per the scheme chosen by the customer. It is generally fixed during tenure of the loan. However, company has reserved its right to revise the interest rate if the market conditions so warrant..

B. Variable Interest Rate Scheme:

Interest is calculated on monthly rests or annual rests as per the scheme chosen by the customer. It is linked to Prime Lending Rate (PLR) of the company. It is revised periodically based on market conditions. Any change in ROI is intimated to the borrowers before effective date.

Generally, on upward revision of ROI, EMI will not be changed. It is the repayment period that gets extended. However, in extreme circumstances such as EMI amount is not sufficient to cover interest component and the borrower's balance service is less than the extended loan period, EMI will be increased.

Switch-over from Fixed interest Rate scheme to Variable Interest Rate scheme and vice versa is permitted once a year on request upon payment of conversion fee / charge. At present, the fee is as follows:

For conversion from fixed rate to variable rate – 1% of the amount outstanding
For conversion from variable rate to fixed rate – 1.5% of the amount outstanding.

Rate of interest applicable to the scheme chosen by the borrower is charged.

- Information regarding various fees/charges levied at present -

Processing fee (presently @ 1% of the loan amount applied) paid through cheque while submitting loan application. It is non-refundable. Processing fee @ 1.5% on the loan amount applied (non-refundable) to be paid by way of cheque for loan files to be considered under the Special Schemes of NHB viz., Rural Housing Fund and Urban Housing Fund where loans are offered at concessional rates.

Administrative fee (presently @ 0.5% of the loan sanctioned) paid through cheque once loan is sanctioned and ready for disbursement.

Documentation charges – actual as per the provisions of the Stamp & Registration Acts of the respective State are to be paid in cash

Legal Scrutiny charges- (at present Rs.1000/- to Rs. 1500/- depending on branch location) paid through cheque directly in the name of the Company's panel advocate

Property Valuation charges- (at present Rs.1000/- to Rs. 1500/- depending on branch location) paid through cheque directly in the name of the Company's panel Engineer

Penal charges- on defaulted EMI / PEMI (presently @ 2% p.m.)

Pre-payment / pre-closure charges-

No pre-payment and pre-closure charges are levied on Housing Loans under variable interest rates scheme. Also, no pre-payment / pre-closure charges are levied on Housing Loans under Fixed Interest Rates scheme, if pre-payment or pre-closure is sought out of their own sources (other than borrowings from a Bank / HFC / NBFC or any Financial Institution).

Pre-payment / pre-closure charges @ 2% of the prepayment amount or pre-closed amount as the case may be is charged in respect of Housing Loans on Fixed Interest Rates scheme if the payment is not from own source and in respect of all non-housing loans such as Plot Loan / Composite Loan, Mortgage Loan, Commercial Loan etc.

Cheque return charges - (presently Rs.200 for every instance of cheque return)

Mortgage Registration Charges:

Mortgage Registration fees is payable by all the borrowers as follows for paying to CERSAI (Central Registry under the SARFAESI Act 2002 and SARFAESI (Central Registry) Rules 2011) as prescribed by the Central Government.

- a. For loans up to Rs. 5 lakhs, the fee would be Rs.250 and for loans above Rs.5 lakhs it would be Rs.500 for both creation and modification of mortgage charge in the Central Registry. This fee shall be collected when a loan is disbursed and or modified. No fee for cancellation of charges.

Group Property Insurance & Group Personal Accident Insurance:

Charges (at present @ Rs.45 per annum per one lakh of the loan amount) towards Personal Accident Cover of the borrower. Towards Fire & Special Perils Insurance Cover, the amount of insurance will be on the sanctioned loan. The insurance cover would be for the mortgaged building of the borrower on pro-rata basis up to March 31st during the first year of disbursement and payable every year on April 1st thereafter. (These charges are subject to revision every year based on quotes given by General Insurance Companies.)

Miscellaneous charges:

1. A lump sum of Rs.1000 (being Rs.200 per annum) is payable towards data and records maintenance at the time of closure (applicable for both normal closure as well as pre-closure) of a loan account since we are required to maintain data and records for a period of 5 years from the date of closure of the loan account (which obviously involves some cost) in order to comply with Rule 3 of "Prevention of Money Laundering Act" of the Central Government.
2. Charges of Rs.500 to Rs.1000 are payable depending upon the volume of documents, whenever a borrower requests for photo copies of title deeds and or for a "NOC" and list of documents held by us for submitting to another institution for switching over the loan account or for any other purpose.

Guarantors:

- Guarantee is irrevocable.
- The amount of guarantor's liability will be the loan amount plus interest and other charges that are recoverable from the borrower.
- Whenever any notice is issued to the borrower after the account becomes non-performing asset, copy of the same will be endorsed to the guarantor also.
- When there is default in payment of monthly installments (EMI) or when the company is unable to trace the borrower either on telephone or at the address given, the company may also approach the guarantor to help tracing the address and also recover from the borrower.
- The Company will inform any material adverse changes in the financial position of the borrower e.g. not paying the installments, shifting the residence without any information or absconding.

List of Documents to be submitted along with the loan application form

Salaried Class	Self employed professionals	Self employed businessmen
2 Photographs each of the applicants	2 Photographs each of the applicants	2 Photographs each of the applicants
Identity and residence proof of the applicants (pass port / PAN card /voter's identity card / driving license Telephone bill / Bank account statement / ration card)	Identity and residence proof of the applicants (pass port / PAN card /voter's identity card / driving license Telephone bill / Bank account statement / ration card)	Identity and residence proof of the applicants (pass port / PAN card /voter's identity card / driving license Telephone bill / Bank account statement / ration card)

Latest 3 months salary slip / salary certificate	Education qualification certificate and proof of existence of business	Education qualification certificate and proof of existence of business, sales tax returns
Form No.16 for last 2 years of the applicants	Last 3 years IT Returns [self and business]	Last 3 years IT Returns [self and business] Business Profile
Last 12 months bank statements	Last 12 months bank statements Last 3 years Profit & Loss and Balance Sheet	Last 12 months bank statements Last 3 years Profit & Loss and Balance Sheet Last 3 years IT Returns [self and business]
Last 3 months credit card statements	Last 3 months credit card statements	Last 3 months credit card statements
Title deeds of the property being purchased / constructed	Title deeds of the property being purchased / constructed	Title deeds of the property being purchased / constructed
Processing fee cheque	Processing fee cheque	Processing fee cheque

Stage – II : Submission of loan application

- Loan application is accepted by the Credit Officer / Branch Manager at the branch along with a cheque for processing fee and all other documents required for processing.
- The loan application will also be accompanied by a) a cheque in favour of the Company's panel advocate towards Legal Scrutiny Report (LSR) charges b) a cheque in favour of Company's panel valuer towards property valuation fee
- The Officer / Branch Manager after scrutiny, issues an acknowledgement to the applicant duly mentioning therein the probable date of sanction or otherwise which is not more than 15 days from the date of submission of application complete in all respects.

Stage – III : Issuance of sanction / rejection letter

- The Branch will convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with terms and conditions including interest rate schemes and method of application of interest whether with monthly rest or annual rest.
- Signature of the applicant/s is obtained on the second copy of the sanction letter with the words "accepted", signifying acceptance and kept in the file.
- The loan sanctioned will have a validity period of one month within which if it is not availed, the sanction gets lapsed.
- In case the applicants are not eligible for the loan, a written communication of rejection is given mentioning the reason. Processing fee paid is not refundable.

Stage – IV : Documentation & disbursement

- Loan agreement and other documents are executed by the applicants
- Acknowledgement in the form of list of documents submitted by the borrowers is given by the company.
- One cheque towards administrative fee and 37 post dated cheques (PDCs) towards 36 equated monthly installments (EMIs) and one blank cheque towards liability outstanding at any point of time for recalling the loan outstanding in the event of default, are obtained from the borrower/s.
- ECS mandate to be given by the borrower towards loan repayment.
- Borrowers shall pay incidental expenses such as stamp duty, registration charges etc. as applicable as per respective State Stamp Act actually incurred, in cash.
- If the loan is for construction / repairs, disbursement is made in stages depending upon progress of work. Interest on partly disbursed amount is collected on first day of every month by way of PDCs.
- EMI is payable on first day of every month; delayed payment attracts penal charges at 2% p.m.
- A copy each of the loan agreement and other documents is provided to the borrowers at company's cost.

2. After acquiring a borrower:

Stage - V: While the loan account is in force

- The borrowers shall replenish PDCs from time to time on their own or when called upon to do so. Failure to give further PDCs will be treated as violation of terms & conditions of agreement and the company will have right to recall the loan.
- Inspection of the property financed as and when required is done by the company's personnel sporting their identity card without causing any inconvenience to the borrowers / tenants.
- Any change in sanction terms & conditions is conveyed to the borrowers in writing.
- Any change in interest rate shall be prospective and implemented after giving one month's advance notice to the borrower.
- If such change is to the disadvantage of the customer in a fixed interest rate scheme, he may within 60 days close his account or switch it without having to pay the increased interest rate. If the account is not closed within 60 days, the increased interest rate will be applicable from the effective date as per the notice.
- In respect of loans under variable interest scheme, the changed interest rate will be effective from the date as per notice.
- In case of receipt of request from the borrower for transfer of the loan account in writing, the consent or otherwise, i.e. objection of the company if any is conveyed within 21 days from the date of receipt of the request.

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- Loan account statement and interest paid certificate are issued on request, free of cost, after closing of every financial year, but before May 31. Annual outstanding balance statement shall mandatorily be given to all the home loan borrowers who have availed housing loan of above Rs. 15 lacs, immediately after the closure of financial year end.

Stage – VI: Recovery / Collection:

- Recovery / collection of dues from the borrowers shall be smooth and cordial.
- Customer's privacy will be respected
- Customer's request to avoid calls at a particular time or place shall be honoured as far as possible
- A copy each of the loan agreement and other documents is provided to the borrowers at company's cost.
- In case the borrowers and / or guarantors are to be contacted for recovery, it is done during convenient hours [between 7.00 a.m and 7.00 p.m] unless the special circumstances of the customer's business or occupation require otherwise or if the customer opts to avoid the call during these hours.
- The borrowers / guarantors will be met personally at their residence / business place / office without causing any hindrance to them.
- If there is default in payment of EMIs for more than 90 days, the account will be classified as Non Performing Asset (NPA) as per guidelines of NHB and the company will initiate recovery proceedings to take possession of the property and sell as per provisions under Securitisation and
- Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

3. After cessation of the loan account:

Stage - VII: Collection of Title Deeds

- At the time of pre-closure, interest is calculated for the entire month irrespective of date of closure.
- After receipt of payment in full and final settlement of the loan account [realization of cheque / DD], the company shall handover all the title deeds deposited by the borrowers smoothly against acknowledgement.
- However, the company has right or lien for any other claim against the borrower; such right of set off will be exercised only after giving notice about the same to the borrower/s.
- Unused PDCs if any shall be returned to the borrowers.

4. Deposit Account:

- Complete information regarding various products including rate of interest, method of applying interest, frequency of payment of interest etc., is furnished to the intending depositors.
- Application form along with details of directors and latest financials is given.
- Application is accepted along with identity and residence proof of all the depositors as required under KYC [Know Your Customer] guidelines.
- Options of payment terms such as either or survivor, jointly, nomination facility etc., are clearly explained.
- A temporary receipt is issued towards cheque issued by the depositor.
- Regular fixed deposit receipt is issued after realisation of the cheque and effective date of deposit shall be date of realization of the cheque
- Premature withdrawal and renewal of overdue deposits are permitted subject to terms & conditions as mentioned in the deposit application.

5. Complaints & grievances:

- If a customer wants to make a complaint, he can do so in writing to the concerned Branch Manager or President of the company at the following address:

No. 3, J.V.T.Towers, 8th A Main Road, Sampangiram Nagar, Bangalore - 560027

- The Branch Manager shall enter the complaint in the Complaint Register maintained at the branch and send his reply to the satisfaction of the customer within a week. Should he require additional time to reply, interim acknowledgement of the complaint should be sent immediately indicating there in approximate time required for final reply. The Acknowledgement should contain B.M's name also. In any case, the complaint should be disposed of within 6 weeks. The reply should also indicate name and address of the next superior authority to whom the complaint could be taken further, if the customer is not satisfied with the reply. The B.M. shall invariably send a copy of the reply along with a copy of the complaint to the President for his perusal.
- The President will call for the file / comments from the concerned Branch and dispose of the complaint within two weeks if complaint is received directly. A communication will be sent to the customer in this regard.

If the customer is not satisfied with the outcome, he may send second complaint to the Managing Director of the company at the above mentioned address. The M.D. will look into and send reply within a week of receipt.

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- If the customer is still not satisfied, he can send a communication to the National Housing Bank (NHB) at the following address, along with a copy each of his original complaint and the reply received using the online mode at the link - <https://grids.nhbonline.org.in> OR in offline mode by post, the prescribed format available at link http://www.nhb.org.in/Grievance_Redressal-System/Lodging-Complaint-Against-HFCs-NHB%2%80%93Physical-Mode.pdf to

Complaint Redressal Cell
Department of Regulation and Supervision
National Housing Bank
4th Floor, Core 5A, India Habitat Centre
Lodhi Road, New Delhi – 110 003

6. Privacy & Confidentiality:

All personal information of customers shall be treated as private and confidential (even after customers are no longer customers). The Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to any one, including other group companies or entities, 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 it is required in the interest of the Company (for example to prevent fraud)
- d. If the customer asks to reveal or with his permission
- e. Reference is made to Credit Reference Agencies (e.g CIBIL) for checks
- f. Information to Credit Reference Agencies of the debts in case of default, after duly intimating and explaining to the customer the role of Credit Reference Agencies and the effect of the information on the customer's ability to get further Credit (a copy of the information given to the Credit Reference Agencies shall be provided to the customer on demand)

Updated as on 14 July 2015.

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