

FAIR PRACTICE CODE

1. Muthoot Housing Finance Company Limited MHFL is a Housing Finance Company registered with National Housing Bank for carrying on the business of housing finance. With a view to providing transparency in transactions between MHFL and the customers and also to provide customers all requisite information which enable customers to arrive at well informed decisions, it has been felt necessary to form broad guidelines. The following guidelines of Fair Practices Code, hereinafter referred to as the 'Code' has been framed in this backdrop.

2. Objective

- a. To promote good and fair practices by setting minimum standards in dealing with customers;
- b. To increase transparency so that the customer can have a better understanding of the services they can expect, and for providing the requisite information to customers to help them arrive at well informed decisions;
- c. To encourage market forces, through competition, to achieve higher operating standards;
- d. To promote a fair and cordial relationship between customer and the Company;
- e. To foster overall confidence in the housing finance system.

3. Application of the Code

- a) To be applicable to all persons offering the Products and Services of the Company as an employee or otherwise in any manner and/or by any mode.
- b) The Code is applicable under normal operating environment except in the event of any force majeure.
- c) The Code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the Code.

4. Commitment

- a) MHFL shall at all times do its best to act fairly and reasonably in all its dealings with the customer.
- b) MHFL shall make sure that its products and services meet relevant laws and regulations and it meets the commitment and standards in this code for the products and services that it offers.
- c) MHFL shall ensure that its dealings with customers rest on ethical principles of integrity and transparency.
- d) MHFL will guide its customers as best as it can to take the right decision and for this purpose make available all necessary information relating to the products and services, changes in interest rates and other terms and conditions, and in a language, including vernacular language, so that it is easy for the customer to understand.
- e) MHFL shall treat all information pertaining to the customer as confidential and not share this unless required by law or waived off by the customer.
- f) MHFL shall not discriminate among customers on the basis of caste, age, gender, religion or disability, which does not preclude MHFL from participating in various schemes promoted by NHB to assist the weaker section of society.
- g) MHFL shall make a copy of this code available to the customer on request. A copy of the code shall also be made available to the customers at the company's head office and branch offices.

5. Loans:

5.1 Applications for loans and their processing

- a. Loan application forms should include 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 shall include the list of documents required to be submitted with the application form. However, in the absence of any documentation, which would be the case for a majority of (MHFL)'s target customer base, the company reserves the right to conduct detailed income checks in lieu of documentation.
- b. MHFL should devise a system of giving acknowledgement for receipt of all loan applications, mentioning therein, the time frame within which loan application will be decided

5.2 Fees and charges

- a. MHFL 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 is not sanctioned / disbursed, prepayment 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. In other words, MHFL 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.

5.3 Loan appraisal and terms and conditions:

- a. Normally all particulars required for processing the loan application shall be collected by MHFL at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
- b. MHFL shall 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 these terms and conditions by the borrower on its record.
- c. MHFL shall invariably furnish 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.

5.4 Communication of rejection of Loan Application:

- a. If MHFL cannot provide the loan to the customer, it shall communicate in writing the reason(s) for rejection.

5.5 Disbursement of loans, including changes in terms and conditions:

- a. Disbursement should be made in accordance with the disbursement schedule as per terms mentioned in the Loan Agreement/ Sanction Letter.
- b. MHFL should 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. MHFL shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- c. If any 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 extra charges or interest.
- d. Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- e. MHFL 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 MHFL may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which MHFL is entitled to retain the securities till the relevant claim is settled /paid.

5.6 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 (MHFL);
- c. circumstances in which MHFL will call on him/her to pay up his/her liability;
- d. whether MHFL has recourse to his/her other monies in (MHFL), if applicable, 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 MHFL will notify him/her about this. MHFL 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.

5.7 Privacy and Confidentiality:

All personal information of customers shall be treated as private and confidential, even when the customers are no longer customers, and shall be guided by the following principles and policies. MHFL shall 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 (MHFL)'s interests require them to give the information (for example, to prevent fraud) but 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 MHFL to reveal the information, or with the customer's permission
- e. If MHFL has been asked to give a reference about customers, it shall obtain his / her written permission before giving it.

In any case, the customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that MHFL holds about him/her. Further, MHFL shall not use customer's personal information for marketing purposes by anyone unless the customer specifically authorizes it to do so.

5.8 Credit reference agencies:

- a. When a customer opens an account, MHFL shall inform him / her when they may pass his / her account details to credit reference agencies and the checks MHFL may make with them.
- b. MHFL may give information to credit reference agencies about the personal debts the customer owes them 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 proposals that MHFL is satisfied with, for repaying his / her debt, following its formal demand.
- c. In these cases, MHFL shall intimate the customer in writing that it plans to give information about the debts the customer owes them to credit reference agencies. At the same time, MHFL shall explain to the customer the role of credit reference agencies and the effect the information they provide can have on customer's ability to get credit.
- d. MHFL may give credit reference agencies other information about the customer's account if the customer has given them his / her permission to do so.
- e. A copy of the information given to the credit reference agencies shall be provided by MHFL to a customer, if so demanded.

5.9 Collection of Dues:

- a. Whenever loans are given, MHFL should 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

- b. (MHFL)'s collection policy shall be built on courtesy, fair treatment and persuasion. MHFL shall believe in fostering customer confidence and long-term relationship. (MHFL)'s staff or any person authorized to represent them in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by MHFL and upon request, display his / her identity card issued by MHFL or under authority of the company. MHFL shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.

5.10 Mode of collection of Dues:

All the members of the staff or any person authorised to represent MHFL in collection or / and security repossession 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 MHFL should be made known to the customer at the first instance.
- c. Customer's privacy shall be respected.
- d. Interaction with the customer shall be in a civil manner
- e. MHFL representatives shall contact the customers between 0700 hrs and 1900 hrs, 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 shall be honored as far as possible.
- g. Time and number of calls and contents of conversation shall 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.

6. Complaints and grievances:

6.1 Internal Procedures

- a. MHFL shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- b. The Board of Directors of MHFL should lay down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.
- c. Customer should be told where to find details of (MHFL)'s procedure for handling complaints fairly and quickly.
- d. If the customer wants to make a complaint, he/she should be told:
 - i. How to do this
 - ii. Where a complaint can be made
 - iii. How a complaint should be made
 - iv. When to expect a reply
 - v. Whom to approach for redressal
 - vi. What to do if the customer is not happy about the outcome.
 - vii. MHFL's staff shall help the customer with any questions the customer has.

- e. If a complaint has been received in writing from a customer, MHFL shall endeavour to send him/her an acknowledgement / response within a week. The acknowledgement should contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at (MHFL)'s 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.
- f. After examining the matter, MHFL shall send the customer its final response or explain why it needs more time to respond and shall endeavour to do so within six weeks of receipt of a complaint and he/she should be informed how to take his/her complaint further if he/she is still not satisfied.
- g. MHFL shall publicize its grievance Redressal procedure and ensure that it is specifically made available on its website.

7. Advertising, Marketing and Sales:

- a. MHFL shall ensure that all its advertising and promotional material is clear, and not misleading.
- b. MHFL shall ensure that in any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, MHFL shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request.
- c. MHFL shall provide information on interest rates, common fees and charges through putting up notices in its branches / through telephone or help-lines / on its website / through designated staff / help desk / or providing service guide / tariff schedule.
- d. Wherever MHFL avails services of third parties for providing support services, MHFL shall require that such third parties handle customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as MHFL would.
- e. MHFL may, from time to time, communicate to customers various features of its products availed by them. Information about its 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 e-mail / letter or by registering for the same on the website or on customer service number.
- f. If applicable, MHFL shall prescribe a code of conduct for their Direct Selling Agencies (DSAs) and DSTs (Direct Sales Team), whose services are availed to market products / services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through phone.
- g. In the event of receipt of any complaint from the customer that (MHFL)'s representative 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.

8. General:

- a. MHFL shall get customer information by verifying 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 (MHFL).
- b. MHFL should 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

- c. MHFL shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.