



DMI HOUSING

FAIR PRACTICE CODE
OF
DMI HOUSING FINANCE PRIVATE LIMITED

Fair Practices Code

Summary of Policy:

Policy Name	Fair Practice Code
Issue and Effective date	July 17, 2013
Periodicity of Review	Annual
Owner / Contact	Compliance Department
Approver	Board of Directors

Date of Review	Date of Next Review	Comments/Remarks/Changes
March 9, 2022	On or before March 2023	General alignment with regulatory provisions/laws and business of the Company.
March 27, 2023	On or before March 2024	Annual review

1. PREAMBLE:

The Fair Practices Code (“**FPC or Code**”) has been devised by DMI Housing Finance Private Limited (“**DMIHFC**” or “**the Company**”) in accordance with Chapter XIII of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2016 (“**RBI Master Directions**”) (as amended from time to time), Fair Practice Code with an endeavor to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc.

DMIHFC being a registered Housing Finance Company is part of the financial system to contribute to the economic growth by increasing the outreach of the housing credit delivery mechanism. To provide for transparency in transactions between the DMIHFC and the customers and also to provide for well-informed business relationships, some broad guidelines have been considered necessary. In this backdrop, the National Housing Bank, has framed the Guidelines on Fair Practices Code which has been duly accepted and incorporated by DMIHFC to serve as a part of best corporate practices and to provide transparency in business practices to its customers.

This Code shall apply to all the products and services, whether they are provided by the Company, its subsidiaries (if any) or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement¹) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

2. OBJECTIVES:

The essence of the FPC lies in the following aspects that DMIHFC shall strive to follow in spirit and in letter:

- promote good and fair practices by setting minimum standards in dealing with customers;
- increase transparency so that the customer 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 customer and DMIHFC;
- foster confidence in the housing finance system;
- provide professional, efficient, courteous, diligent and speedy services;
- be fair and honest in any advertisement and marketing of loan products;
- provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions; and
- to attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.

3. DEFINITIONS:

- a. “**Board**” means Board of Directors of the Company.
- b. “**Company**” means DMI Housing Finance Private Limited
- c. “**Directors**” means individual Director or Directors on the Board of the Company.
- d. “**FPC**” means Fair Practice Code;
- e. “**RBI**” means Reserve Bank of India.

4. APPLICATION OF THE CODE:

- To all the persons who are offered the Products and Services of DMIHFC in any manner and/or by any mode.

¹ In case of outsourced lending platforms, the Company must meticulously follow regulatory instructions on outsourcing of financial services and IT services.

- 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.
- The products and services of DMIHFC will meet all applicable laws and regulations.

5. LOANS:

(i) Applications for loans and their processing:

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- As part of the loan process, to inter alia ensure utmost transparency, DMIHFC provides all necessary information to the customer 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, penal interest/ penalty for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. In other words, DMIHFC must disclose 'all in cost' inclusive of all charges involved in processing/ sanctioning of loan application in a transparent manner. It should also be ensured that such charges/ fees are non-discriminatory.
- The Loan application forms shall 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 may indicate the list of documents required to be submitted with the application form.
- The Company shall provide acknowledgment for receipt of all loan applications and the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement. Further, all the loan applications need to be disposed off in maximum of 60 days and the same should also be indicated in the acknowledgement.

(ii) Loan appraisal and terms/conditions:

- Normally all particulars required for processing the loan application shall be collected by DMIHFC at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
- DMIHFC will convey in writing to the borrower (*in vernacular language or language as understood by 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.
- DMIHFC shall mention the penal interest charged for late payment in bold in the loan agreement.
- DMIHFC will 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, against acknowledgement.

(iii) Communication of rejection of Loan Application:

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

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

- Disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.

- DMIHFC will give notice to the borrower (*in vernacular language or a language as understood by the borrower*) of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/ charges etc. DMIHFC should 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.
- 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 extra charges or interest.
- Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- DMIHFC should 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 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 DMIHFC is entitled to retain the securities till the relevant claim is settled /paid.

6. LOANS SOURCED OVER DIGITAL LENDING PLATFORMS:

Outsourcing of any activity by the Company does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with them. Wherever the Company engage digital lending platforms as their agents to source borrowers and/ or to recover dues the Company shall abide by this FPC in letter and spirit and in the manner, it may be applicable to its business. Further, they must follow the following instructions:

- i. Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
- ii. Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
- iii. Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company.
- iv. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
- v. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
- vi. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

7. RESPONSIBILITY OF BOARD OF DIRECTORS:

The Board of Directors of DMIHFC should lay down the appropriate Grievance Redressal Mechanism (“GRM”) within the organization to resolve complaints and grievances. Such a mechanism should ensure that all disputes arising out of the decisions of DMIHFC’s functionaries are heard and disposed of at least at the next higher level.

The Board of Directors of DMIHFC should provide for periodical review of the compliance of the FPC and the functioning of the GRM at various levels of management. A consolidated report of such reviews along with the status of all the complaints that are received and resolved to be tabled every quarter to the Board of Directors.

8. COMPLAINTS AND GRIEVANCE REDRESSAL:

DMIHFC shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices, including those received on-line.

The Grievance Redressal Mechanism is attached as ‘*Annexure-A*’.

9. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICE CODE:

- FPC as established by DMIHFC has been in vernacular language or a language as understood by the borrower and is based on the Guidelines and RBI Master Directions as outlined by the RBI.
- This FPC has been drafted in no way sacrificing the spirit underlying the RBI Master Directions.
- The FPC shall be put up on the Company's website, for the information of various stakeholders.

10. REGULATION OF EXCESSIVE INTEREST CHARGED:

- DMIHFC shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.
- The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- DMIHFC shall have clearly laid down policy for penal interest/ charges (if any).
- The rates of interest and the approach for gradation of risks, and penal interest (if any) shall be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- The rate of interest and penal interest (if any) must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.
- Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

11. EXCESSIVE INTEREST CHARGED:

- Though interest rates are not regulated by the Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.
- DMIHFC shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal interest, if any).
- In this regard the directions in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.
- DMIHFC are also advised to put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

12. ADVERTISING, MARKETING AND SALES:

DMIHFC shall;

- Ensure that all advertising and promotional material is clear, and not misleading.
- 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, DMIHFC shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request or on the website.
- DMIHFC should provide information on interest rates, common fees and charges through putting up notices in their branches; through telephone or help-lines; on the company's website; through designated staff / help desk; or providing service guide / tariff schedule.
- If DMIHFC avails of the services of third parties for providing support services, DMIHFC 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 the DMIHFC would.
- DMIHFC 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.
- Prescribe a code of conduct for their Direct Selling Agencies (DSAs) 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.

- DMIHFC has adopted the model code of Conduct for their Direct Selling Agents (DSAs)/Direct Marketing Agents (DMAs) as per *Annexure X* of RBI Master Directions with the approval of the Board.
- In the event of receipt of any complaint from the customer that DMIHFC's representative / courier 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.

13. GUARANTORS:

When a person is considering to be a guarantor to a loan, he/she should be informed about:

- his/her liability as guarantor;
- the amount of liability he/she will be committing him/herself to the Company;
- circumstances in which DMIHFC will call on him/her to pay up his/her liability;
- whether DMIHFC has recourse to his/her other monies in the company if he/she fail to pay up as a guarantor;
- whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which DMIHFC will notify him/her about this
- In case the guarantor refuses to comply with the demand made by the creditor /lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

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DMIHFC 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.

14. PRIVACY AND CONFIDENTIALITY:

All personal information of customers shall be treated as private and confidential [even when the customers are no longer customers of DMIHFC], and shall be guided by the following principles and policies.

- i. DMIHFC 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:
 - If the information is to be given by law.
 - If there is a duty towards the public to reveal the information.
 - If the DMIHFC'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.
 - If the customer asks DMIHFC to reveal the information, or with the customer's permission.
 - If DMIHFC is asked to give a reference about customers, it shall obtain his / her written permission before giving it.
- ii. The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that DMIHFC holds about him /her.
- iii. DMIHFC shall not use customer's personal information for marketing purposes by anyone including other HFC's unless the customer specifically authorizes them to do so.

15. GENERAL:

- i. DMIHFC shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- ii. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the DMIHFC, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

- iii. DMIHFC shall verify 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 the company.
- iv. The customer will be informed to co-operate if DMIHFC needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if the DMIHFC needs to involve them.
- v. DMIHFC will 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.
- vi. DMIHFC shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language English at the all the branches and offices.
- vii. DMIHFC shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, DMIHFC shall 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 DMIHFC from instituting or participating in schemes framed for different sections of the society.
- viii. DMIHFC will process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.
- ix. To publicize the code, DMIHFCs:
 - provide existing and new customers with a copy of the Code (which shall preferably be in the vernacular language or a language as understood by the customer).
 - make this Code available on request either over the counter or by electronic communication or mail;
 - make available this Code at every branch and on their website; and
 - ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.

16. COLLECTION OF DUES:

- i. Whenever loans are given, DMIHFC will 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.
- ii. DMIHFC's collection policy should be built on courtesy, fair treatment and persuasion. DMIHFC believes in fostering customer confidence and long-term relationship. DMIHFC's staff or any person authorized to represent 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 DMIHFC or under authority of the Company. DMIHFC shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.
- iii. All the members of the staff or any person authorized to represent DMIHFC in collection or / and security repossession should follow the guidelines set out below:
 - 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.
 - Identity and authority to represent DMIHFC should be made known to the customer at the first instance.
 - Customer's privacy should be respected.
 - DMIHFC's representatives shall contact the customers between 0700 Hrs and 1900 Hrs, unless the special circumstances of the customer's business or occupation require otherwise.
 - Customer's request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
 - Time and number of calls and contents of conversation would be documented.

- All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - During visits to customer's place for dues collection, decency and decorum should be maintained.
 - Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues.
- iv. In the matter of recovery of loans, DMIHFC shall not resort to harassment viz. borrowers at odd hours, persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, DMIHFC shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
 - v. Interaction with the customer shall be in a civil manner.
 - vi. DMIHFC shall adopt the guidelines for engaging recovery agents as per *Annexure XI* of RBI Master Directions with the approval of the Board.
 - vii. DMIHFC shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - a) Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - b) Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.

The expression "own sources" for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution.

All dual/ special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/ floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. In case of a dual/ special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This applied to all such dual/ special rate housing loans being foreclosed hereafter. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.

- viii. DMIHFC shall not impose foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligate(s).
- ix. To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between HFC and the individual borrower, DMIHFC shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases in the suggestive format as per *Annex XII* of RBI Master Direction. The document will be in addition to the existing loan and security documents being obtained by the DMIHFC. DMIHFC to prepare the said document in duplicate and in the language understandable by the borrower. Duplicate copy duly executed between the DMIHFC and the borrower should be handed over to the borrower under acknowledgement.
- x. DMIHFC shall display various key aspect such as service charges, interest rates, penal interest (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. required to promote transparency in the operations of the Company. DMIHFC shall follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues" as per *Annex XII* of RBI Master Directions.

17. REVIEW OF THE FPC:

The FPC shall be amended or modified with approval of the Board. The FPC shall be reviewed by the Board on an annual basis. Consequent upon any amendments in RBI Master Direction or any change in the position of the Company, necessary changes in this FPC shall be incorporated and approved by the Board.

Notwithstanding anything contained in this FPC, in case of any contradiction of the provision of this FPC with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new

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applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this FPC.

GRIEVANCE REDRESSAL MECHANISM

❖ KEY PARAMETERS:

Following are some of the key parameters of the GRM:

- Resolution of customer complaints/disputes/queries within a prescribed time frame.
- Ensuring that all complaints/disputes/queries of customers are heard and disposed of at least at the next higher level.
- Company to ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within the prescribed time period or is not capable of being resolved, then the customer shall be informed appropriately at the earliest opportunity.

❖ ESCALATION MATRIX AND TIMELINES:

- At DMIHFC, we have established a multi-level complaint/grievance redressal mechanism system duly approved by the Board of Directors. The details of the same are mentioned below:
 - **Level 1-** At the initial level, the complaint is to be reported to the **Branch Manager** who shall make an entry in the complaint/grievance register along with details of the complaint. The said complaint shall be resolved within **15 days** of receipt of the complaint.
 - **Level 2-** If the customer is not satisfied with the response of the Branch Manager to his complaint/grievance, then he can approach the **Grievance Redressal Officer** of the Company. The said complaint/grievance shall be acknowledged/respond within **7 days** of receipt and the said acknowledgement/response should contain the name and designation of the official who will deal with the grievance and best efforts shall be made to dispose off the complaint/grievance within **30 days** of receipt of the complaint/grievance along with sufficient explanation. The complaint/grievance can be forwarded through e-mail or a letter can be sent to the registered office of the company addressed to the below mentioned official of the Company:

Name of Grievance Redressal Officer	Ankit Jain Head-Operations DMI Housing Finance Private Limited Express Building, 3 rd Floor, 9-10, Bahadur Shah Zafar Marg, New Delhi- 110002
Contact No.	011-49834444
Email Address	dmi@dmihousingfinance.in

- If a complaint has been received in writing from a customer, the Company shall endeavor to send him/her an acknowledgement/ response **within a week**.
- If the complaint is relayed over phone at the Company'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.
- After examining the matter, the Company shall send the customer its final response or explain why it needs more time to respond and shall endeavor to do so within **six weeks of receipt of a complaint**.

- **Level 3-** If the customer is not satisfied with the response of the Grievance Redressal Officer then he can approach the **Business Head of the Company**. The said complaint/grievance shall be resolved within **30 days** of receipt of the complaint/grievance along with sufficient explanation if the query cannot be resolved. The complaint/grievance can be forwarded through email at dmi@dmihousingfinance.in or a letter can be sent to the registered office of the company.

- In case the customer is dissatisfied with the response received from the Company or did not receive any response from the Company within the above said time-limit (i.e. 30 days), the customer may approach the **Complaint Redressal Cell of National Housing Bank (NHB) for HFCs**, by lodging the customer complaints in online mode at the link: <https://grids.nhbonline.org.in> OR in offline mode by post, in prescribed format available at NHB website link: [https://grids.nhbonline.org.in/\(S\(n5nz5nlf05ue3vgq0q4qwcyc\)\)/Complainant/Default](https://grids.nhbonline.org.in/(S(n5nz5nlf05ue3vgq0q4qwcyc))/Complainant/Default), send to the following address:-
 - **To Complaint Redressal Cell,**
Department of Regulation and Supervision,
National Housing Bank (NHB),
4th Floor, Core 5-A, India Habitat Centre,
Lodhi Road, New Delhi – 110003.
Website: <https://grids.nhbonline.org.in>

- It is further informed that in accordance with the RBI Master Directions, Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs dated November 9, 2017 and DMI HFC's Model code of Conduct for DSAs (as amended from time to time), the aforesaid grievance redressal machinery of the Company shall also deal with the issues relating to services provided by the outsourced agency.

- The said Grievance Redressal Mechanism System (e-mail id and other contact details at which the complaints can be lodged, turnaround time for resolving the issue, matrix for escalation, etc.) has been duly displayed outside every branch, corporate/regd. office and the website of the Company.

- All the complaints that are received and resolved shall be tabled every quarter to the Board of Directors.
