



FAIR PRACTICES CODE

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FAIR PRACTICES CODE**1. BACKGROUND**

This Fair Practices Code (“FPC” or “Code”) has been formulated by Aviom India Housing Finance Private Limited (“Company” or “Aviom”) and is based on the values adopted by Aviom. The Code is based on ethical principles of integrity and transparency and sets the principles for fair practice standards when dealing with customers.

The Code has been prepared based on the Guidelines on Fair Practice Code issued by the Reserve Bank of India (“RBI”) vide ‘Non-Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021’ dated February 17, 2021 (“RBI HFC Directions”).

2. OBJECTIVES

The primary objective of the Code are as below:

- (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 complete and a total understanding of the services expected.
- (c) To promote a fair relationship between the company and the customer.
- (d) To encourage market forces, through fair competition, to achieve higher operating standards.
- (e) To foster confidence in the housing finance system overall.

3. APPLICATION OF THE CODE

- (a) The Code would be applicable to all persons engaged in providing/ offering the Products and Services of the Company as an employee or a representative of the Company, whether such products/ services are provided in person or through Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) over the phone, across the counter, by post, through interactive electronic devices, on the internet or by any other means..
- (b) The Code is applicable under normal operating environment except in the event of any force majeure.

4. COMMITMENT TO CUSTOMERS

- (a) The Company, to the best of its ability, shall act fairly and reasonably in all dealings with the customer, meeting ethical principles of integrity and transparency and always following the relevant laws and regulations in letter and in spirit.

- (b) The Company shall ensure that all its products and services are explained to its customers in details and the same are easy to understand for the customer.
- (c) The Company shall communicate with the customer in English/ Hindi or in a recognized vernacular language as understood by the customer.
- (d) The Company's branch nearest to the customer shall be the first point of contact for all the queries of the customer and contact information of the branches will also be published on the Company's website.
- (e) The Company's employees will help customers understand the terms and conditions, applicable interest rate / service charges and also the benefits that can be availed along with their financial implications.
- (f) The Company shall keep the customers informed of the products and services and the changes in interest rates, charges or terms and conditions.
- (g) The Company will treat all customer information as private and confidential in accordance with the regulatory/ statutory requirements unless consent/ waivers have been provided by the customer in writing.
- (h) The Company will provide a copy of this Code, at request, to its customers. The Code will also be displayed and made available on its website and at all its offices and branches.
- (i) The Company will not discriminate on the basis of age, race, caste, gender, marital status, religion or disability. Further, the Company shall also not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, the Company shall be participating in the schemes promoted by the government agencies/ RBI/ National Housing Bank ("NHB") to enable/ assist weaker and other targeted sections of the society.

5. ADVERTISING, MARKETING AND SALES

The Company will:

- (a) Ensure that all advertising and promotional material is clear, and factual.
- (b) 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, the Company will also indicate whether other fees and charges would apply and that full details of the relevant terms and conditions are made available on request.
- (c) The Company will ensure proper communication on interest rates, processing fees and charges to the prospective customers during the sales and onboarding process. Further, information on interest rates, common fees and charges (including penal charges, if any) shall be displayed on its website and its branches as per the applicable regulatory requirements.

- (d) If the Company avails of the services of third parties for providing support services, the Company will inform and require them to handle customer's personal information (if any made available to such third parties) with the same degree of confidentiality and security as the Company would.
- (e) As mandated by the RBI, the Company shall prescribe a code of conduct for the Direct Selling Agencies ("DSAs")/ Direct Marketing Agents ("DMAs"), whose services are availed by the Company to market products/ services, amongst other matters, specifically require the DSAs to identify themselves while approaching the customer for selling products personally or via phone.
- (f) The Company may, from time to time, communicate to its customers on additional products and other features of their products availed by them. Information about its other products or promotional offers in respect of products or services may be conveyed to customers only if he has given his consent to receive such information/ service either by mail or by registering for the same on the website or on customer service number.
- (g) In the event of receipt of any complaint from the customer that the Company's employees or representatives has engaged in any improper conduct or acted in violation of this Code appropriate steps will be initiated to investigate and to handle the complaint and to make good the loss caused due to deficiency in the services, if any.

6. PROCESSING THE APPLICATION FOR LOANS

- (a) All required information would be provided along with the Loan application forms, so that a meaningful comparison with the terms and conditions offered by other Housing Finance Companies ("HFCs") can be made and informed decision can be taken by the borrower.
- (b) The loan application form will give an indicative list of documents, required to be submitted with the form.
- (c) Given the nature of the Company's customer segment who are mainly from the self-employed and informal segment and may not have normal documentation specially to prove incomes, the Company may conduct personal verification and checks in addition to collecting available documentation.
- (d) The Company will have a system of giving an acknowledgement for receipt of all loan applications. The loan applications shall be disposed of within 15 days or such extended time as may be mutually agreed between the borrower and the Company from the date of receipt of the application form with all information and documents complete in all respects.

7. LOAN APPRAISAL AND TERMS/ CONDITIONS

- (a) Normally all particulars required for processing the loan application will be collected by the Company at the time of application or at the time of personal verification conducted by the Company (especially in the case of customers from the informal sector). In case the Company needs any additional information, the customer will be told that he would be contacted immediately again.
- (b) 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 rate of interest, EMI Structure, prepayment charges and keep the written acceptance of these terms and conditions by the borrower on its record.
- (c) The Company shall mention the penal charges which are charged for late repayment in bold in the loan agreement.
- (d) The Company will furnish a copy of the loan agreement along with an acknowledgement of the list of documents provided to every borrower after the disbursement of loans.
- (e) If the Company cannot provide the loan to the customer, it shall communicate in writing the reason(s) for rejection.

8. INTEREST RATES

- (i) The Company, with the approval of its Board, shall adopt a policy for determination of interest rates to be charged for loans and advances which shall consider relevant factors such as cost of funds, margin and risk premium.
- (ii) Information on applicable rate of interest along with approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the customer in the application form and communicated in the sanction letter.
- (iii) The rates of interest and the approach for gradation of risks, and penal charges (if any) shall also be made available on the website of the Company and the same shall be updated from time to time.
- (iv) The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- (v) Instalments collected from borrowers shall indicate the bifurcation between interest and principal.
- (vi) The Company currently provides loans on fixed interest rate basis only. It shall comply with the requirements relating to floating interest rate basis as and when such loans are extended by the Company.

9. FEES AND CHARGES

9.1 General Clauses with respect to Fee and Charges

- (a) The Company, along with an interest rate policy, shall also have a Board approved policy for various fees and charges including penal charges.
- (b) All information about fees/ charges payable for processing the loan application, prepayment charges if any, penalty for delayed payment if any, or any other matter which affects the interest of the borrower will be disclosed to the applicant at time of application and will also be mentioned on the Company's Sanction Letter.
- (c) The Company will also share details of all relevant tariffs, interest rates along with all applicable charges and statutory levies and taxes in the 'Most Important Terms and Conditions' ("**MITC**")/ Key Fact Statement ("**KFS**"). A copy of the MITC/ KFS will be handed over to the customer. However, the Company shall reserve the right to change fees and charges from time to time based on market conditions, customer track record etc. Any changes to the applicable charges will be communicated fully and transparently to all customers.
- (d) The Company requires that all fees are generally to be paid by the Applicant either through a cheque or a demand draft. Only in exceptional cases, the Company may permit the applicant to pay fees in cash.
- (e) The Company's objective is to support its customers in owning a residential property for primary residence purposes, and end-use of the loan is not expected to be for investment or speculative purposes. Thus, the Company shall reserve the right to change the terms and conditions of the loan including but not limited to a 2% increase in the rate of interest if it is found at a later date that property being purchased from the loan sanctioned by the Company is put to use for commercial or rental purposes or any other purposes which is different from that declared while availing the loan.
- (f) The Company 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, pre-payment options and charges, if any, penalty for delayed repayment if any, and any other matter which affects the interest of the borrower. Thus, the Company shall disclose 'all in cost' inclusive of all charges involved in processing/ sanction of loan application in a transparent manner as per the regulatory requirements applicable. However, the Company shall ensure that charges/ fees are non-discriminatory.

9.2 Penal Charges

With respect to levy of penal charges, the Company shall implement the following guidelines:

- (i) The penalty charged by the Company for non-compliance of material terms and conditions of loan contract by the borrower, including delay in the payment, shall be treated as 'penal charges' and it shall not be added to the rate of interest charged on the advances.
- (ii) There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account, if any. Thus, the Company may charge interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation.
- (iii) The Company shall not introduce any additional component to the rate of interest and ensure compliance in both letter and spirit.
- (iv) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/ product category.
- (v) The penal charges in the case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- (vi) In addition to being displayed on the Company's website under Interest rates and Service Charges, the Company shall also disclose quantum and reason for penal charges in the loan agreement and the MITC.
- (vii) As and when, the Company sends reminders to borrowers for non-compliance of material terms and conditions of loan, it shall also communicate the applicable penal charges. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

9.3 Prepayment Charges

- (a) The Company shall comply with the extant regulatory requirements with respect to pre-payment penalty/ foreclosure charges.
- (b) The Company shall not charge pre-payment levy or penalty on pre-closure of a housing loan if the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.

Explanations with respect to the above provision are as under:

- ❖ *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.

10. DISBURSEMENT OF LOANS

- (a)** The Company shall disburse the loan in accordance with the disbursement request made by the customer as per the disbursement schedule in terms with the Loan Agreement subject to verification by the Company. .
- (b)** The Company will give notice to the borrower of any change in the terms and conditions including, interest rates, processing fee, prepayment charges, penal charges, other applicable fee/ charges etc. The Company will also ensure that changes in interest rates and charges are effected only prospectively.
- (c)** If a change in terms and conditions of a loan is to the disadvantage of the customer, he/ she, within 60 days, shall be allowed with or without any notice to close his account without having to pay any extra charges or interest.
- (d)** The Company shall be free to take any decision with respect to recall/ acceleration of loan or seek additional securities to the loan, in accordance with the terms of the loan agreement.

11. RELEASE OF ALL MOVABLE/ IMMOVABLE PROPERTY/ SECURITY DOCUMENTS

11.1. Release of Original Movable/ Immovable Property Documents upon receiving Full Repayment and Closure of Loan Account

The Company shall release all securities/ movable/ immovable property documents upon receiving full repayment and closure of loan account 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 the Company is entitled to retain the securities till the relevant claim is settled /paid.

In this regard, the Company shall adhere with the following:

- (i)** The Company shall release all the original movable/ immovable property documents and remove charges registered with any registry, wherever applicable, within a period of 30 days after full repayment/ settlement of the loan account.
- (ii)** The borrower shall have the option of collecting the original movable/ immovable property documents either from the branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/ his preference.
- (iii)** The timeline and place of return of original movable/ immovable property documents shall be mentioned in the respective loan sanction letters.
- (iv)** In order to address the contingent event of demise of the sole borrower or joint

borrowers, the Company has adopted a well laid-out procedure for return of original movable/ immovable property documents to the legal heirs. The same has been displayed on the website of the Company for customer information.

11.2. Compensation for Delay in Release of Movable/ Immovable Property Documents

- (i) In case of delay in releasing of original movable/ immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.
- (ii) In case of loss/ damage to original movable/ immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/ certified copies of the movable/ immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at sub-paragraph (i) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (*i.e., after a total period of 60 days*).
- (iii) The compensation provided shall be without prejudice to the rights of the borrower to get any other compensation as per any applicable law.

12. DIGITAL LENDING

12.1. Loans Sourced over Digital Lending Platforms

If the Company engages digital lending platforms as its agents to source borrowers and/ or to recover dues, the Company shall adhere with the following:

- (i) Names of digital lending platforms engaged as agents shall be disclosed on the website of 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 if such loan is sanctioned.
- (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 a loan.
- (v) Effective oversight and monitoring shall be ensured by the Company over the digital lending platforms engaged by it.

- (vi) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

12.2. Guidelines on Digital Lending

If the Company engages into Digital Lending, the Company shall also comply with the 'Guidelines on Digital Lending' prescribed by the RBI vide circular dated September 02, 2022, as amended from time to time. Further, if engaged in Digital Lending, the Company shall also comply with the 'Guidelines on Default Loss Guarantee in Digital Lending' prescribed by the RBI vide circular dated June 08, 2023, as amended from time to time.

13. COLLECTION OF DUES

- (a) Whenever a loan is given, the Company will explain the repayment process to the borrower including amount, tenure and periodicity of repayment. However, if the borrower does not adhere to the repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the borrower by sending him notice or by making personal visits and / or repossession of security if any.
- (b) The Company's collection policy will be built on courtesy, fair treatment and persuasion, and will be aimed at fostering customer confidence and a long-term relationship. The Company's staff or any person authorized to represent it in collection of dues and / or security repossession will identify himself 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 will endeavor to give sufficient notice for payment of dues.
- (c) All the members of the staff or any person authorized to represent the Company in collection and / or security repossession will follow the guidelines set out below:
 - (i) A borrower will be contacted ordinarily at the place of her/ his 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.
 - (ii) Identity and authority to represent the Company will be made known to the borrower at the first instance.
 - (iii) Borrower 's privacy will be respected.
 - (iv) Interaction with the borrower will be in a civil manner.
 - (v) The Company's representatives will contact a borrower between 0800 hrs and 1900 hrs, unless the special circumstances of the borrower's business or occupation require otherwise.

- (vi) A borrower's request to avoid calls at a particular time or at a particular place will be honored as far as possible, unless the Company has reason to believe that the borrower is avoiding meeting the Company's representative.
- (vii) All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- (viii) Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
- (ix) During visits to a borrower's place for dues collection, decency and decorum shall be maintained.
- (x) Any written communication sent by the collection agent to a borrower shall require the approval of the Company.
- (xi) The Company shall interact only with the borrower or the guarantor (only if so required) and shall not approach any other relatives/ contacts of the borrower.

14. GUARANTORS

When a person is considering being a guarantor to a loan, he will be informed about-

- (i) his/ her liability as guarantor.
- (ii) the amount of liability he will be committing himself to the company.
- (iii) circumstances in which the company will call on him to pay up her/ his liability.
- (iv) whether the Company has recourse to her/ his other monies in the Company if he fails to pay up as a guarantor.
- (v) whether her/ his liabilities as a guarantor are limited to a specific quantum or whether unlimited.
- (vi) the time and circumstances in which her/ his liabilities as a guarantor will be discharged as also the manner in which the company will notify her/ him about this.
- (vii) in case the guarantor refuses to comply with the demand made by the Company as a lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.
- (viii) the company will keep him informed of any default on the loan by the borrower to whom he stands as a guarantor.

15. PRIVACY AND CONFIDENTIALITY

All personal information of customers will be treated as private and confidential (even when the customers are no longer customers) and will be guided by the

following principles and policies.

- (i) The Company will not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other entities in the company's 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 them to give the information (for example, to prevent fraud but it will 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 the company to reveal the information, or with the customer's permission; and
 - (e) If the Company is asked to give a reference about customers, it will obtain his written permission before giving it.
- (ii) The customer will be informed the extent of his rights under the existing legal framework for accessing the personal records that the Company holds about him.
- (iii) The Company will not use customer's personal information for marketing purposes by anyone including the company unless the customer specifically authorizes the Company to do so.

16. CREDIT REFERENCE AGENCIES ("CICs")

When a customer avails a credit facility, the Company will pass his loan account details along with the repayment track record to CICs as per the statutory/regulatory requirements. Further, the Company may also check will make checks with them and its credit policies.

The Company shall submit the data/ information pertaining to the borrower, his/ with CICs as may be required from time to time. Further The Company shall provide relevant information given to CICs if demanded by the customer.

17. GRIEVANCE REDRESSAL MECHANISM

17.1 Standards to be followed by the Company

- (i) The Company shall make its customers aware of the grievance redressal mechanism including escalation matrix and expected turnaround time for common services by displaying the same on its website and in the branches. The Company shall also make its customers aware of the grievance redressal mechanism including escalation matrix as and when its customers seek such information.

- (ii) The Company shall endeavour to resolve a customer grievance within 30 days of receipt of complaint.
- (iii) If the Company receives a complaint in writing from the customer, it shall send him/her an acknowledgement /response within a week. The acknowledgement shall contain the name and designation of the official who will deal with such grievances. If the Company receives a complaint over phone from a customer, it will provide the customer with a complaint reference number and keep him informed of the progress. After examining the matter, the Company shall send the final response to the customer or explain him reason why it needs more time to respond and shall inform the Complainant how to take the complaint further if is still not satisfied.

17.2 Various Levels of Grievance Redressal Mechanism

(a) Level 1

In case of any query/complaint/grievance with respect to the product and services offered by Aviom India Housing Finance Private Limited (“**Aviom**”), the customer may register the complaint either by letter / email/ telephonic communication or by visiting the branch office. The customer may contact our office through any of the following channels.

- (i) Visiting hours for visiting an office of Aviom- 10:00 AM to 6:00 PM (Monday to Saturday). The office remains closed on Sunday.
- (ii) Details of the official to be contacted for Customer Service- Relationship Officer

Level 2

If the customer is not satisfied with the resolution provided by the Customer Care, he/ she may post their complaint to The Grievance Redressal Officer at **shashi.chandra@aviom.in**.

(b) Level 3

If the customer is not satisfied with the resolution provided by the Grievance Redressal Officer, he/she may post their complaint to the Nodal officer at **Divyani.chand@aviom.in**.

(c) Level 4

If the customer is not satisfied with the resolution provided by the Compliance/nodal officer, he/ she may escalate the complaint to **at Satish.bansal@aviom.in**

Alternatively, the customers may write to the above designated officials at the following address:

- ❖ AVIOM India Housing Finance Private Limited, Worldmark 3, Unit 306A, 3rd floor, Asset Area no. 7, Hospitality District, Delhi Aerocity, Near Indira Gandhi International Airport, New Delhi-110037.

Note: Please mention 'Grievance Redressal' on the top of the envelope.

(d) Level 5- Escalation to the National Housing Bank (“NHB”)

In case the customer does not receive the response from the Company within a period one month or is dissatisfied with the response received, the customer may approach the NHB at the following address:

- (i) **Online mode:** The complainant may click on following link for registering complaint: <https://grids.nhbonline.org.in>
- (ii) **Offline Mode:** In offline/ physical mode by post, the customer may write in the prescribed format available at link <https://nhb.org.in/grievance-redressal-officer/> to the following address:
 - ❖ The Grievance Redressal Department, National Housing Bank, 3rd Floor to 5th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi- 110 003

18. GENERAL

- (a) The Company will publicize this Code by putting it on its website, by making the Code available at branches and, also, by providing existing and new customers with a copy of the Code to its customers on request. The Company will also ensure that its staff is adequately trained to provide information about the code.
- (b) To facilitate quick and good understanding of the major terms and conditions of the loan agreed upon between the Company and the individual borrower, the Company shall get MITC/ KFS of the loan, as per the prescribed format, signed with the borrower and provide a copy of the same to the borrower under acknowledgement.
- (c) The Company shall display the required information in any one or more of the following languages: Hindi, English or the appropriate local language.
- (d) The Company 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).
- (e) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, 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.
- (f) The Company, if it considers necessary, it will verify the details mentioned by the customer in the loan application by contacting the customer at his/her residence and/or business addressees through agencies appointed for the purpose.

- (g)** The Company shall inform the customer to cooperate if it needs to investigate a transaction on the customer's account and if it needs to involve them in case of investigation by the police/other investigative agency or any statutory/regulatory authority.
- (h)** The customer/ borrower shall be responsible for all losses if he acts fraudulently or without reasonable care.

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