

# FAIR PRACTICE CODE

**Edelweiss Housing Finance Limited**

CIN: U65922MH2008PLC182906

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*Adopted in the Board Meeting held on January 16, 2012  
Reviewed in the Board Meeting held on June 4, 2021*

## **FAIR PRACTICES CODE**

Edelweiss Housing Finance Limited (EHFL/Company) is a Housing Finance Company registered with National Housing Bank (NHB) and is engaged the business of providing Home Loans and other loans to its customers. Such credit facility is extended to different types of customers, which include Individuals, Partnership Firms, Companies and other Corporate/Legal Entities.

The Company has framed and adopted a Fair Practices Code "Code" which sets the principles for fair practice standards when dealing with customers and shall apply to all the products and services, whether they are provided by the Company through various channels & methods. The Code was adopted based on the Master Circular on Fair Practices Code issued by National Housing Bank on July 1, 2016 and as amended from time to time and reviewed basis the Reserve Bank of India Master Direction Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021.

### **1 OBJECTIVES OF THE CODE**

The Code has been developed to:

- (a) Promote good and fair practices by setting minimum standards in dealing with customers;
- (b) Increase transparency so that the customers can have a better understanding of what they can reasonably expect of the services;
- (c) Encourage market forces, through competition, to achieve higher operating standards;
- (d) Promote a fair and cordial relationship with customers;
- (e) Foster confidence in housing finance system.

### **2 APPLICATION OF CODE**

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

### **3 TO ACT FAIRLY AND REASONABLY IN ALL DEALINGS WITH CUSTOMERS BY:**

- (a) Meeting the commitments and standards in this Code for the products and services we offer and in the procedures and practices our staff follows;
- (b) Making sure that our products and services meet relevant laws and regulations in letter and spirit;
- (c) Ensuring that our dealings with customers rest on ethical principles of integrity and transparency;

### **4 ADVERTISING, MARKETING AND SALES**

- (i) We shall ensure that all advertising and promotional material is clear, factual and not misleading.
- (ii) 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, we shall also indicate whether other fees and charges, if any, will apply and that full details of the relevant terms and conditions are available on request or on the website.

- (iii) We will provide information on interest rates, common fees and charges through putting up notices in our branches; through telephone or help-lines; on our website; through designated staff / help desk; or providing service guide / tariff schedule.

If we avail the services of third parties for providing support services, we will ensure 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 we would.

- (iv) We will, from time to time, communicate to customers various features of our products availed by them. Information about our 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.
- (v) We will prescribe a code of conduct for our 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.
- (vi) In the event of receipt of any complaint from the customer that our 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, if any, to the customer.

## **5 LOANS**

### **(i) Applications for loans & their processing-**

- (a) At the time of sourcing a Loan Product, we will provide Information about the interest rates applicable, as also the fees/charges, if any, payable for processing, pre-payment options & charges, if any, & any other matter which affects the interest of the borrower, so that a meaningful comparison with those of other lenders can be made & informed decision can be taken by the borrower.
- (b) We 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, 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. We would also ensure that such charges/ fees are non-discriminatory.
- (c) Loan application forms includes 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 indicates the list of documents required to be submitted with the application form.
- (d) We shall issue an acknowledgement receipt for all loan applications. Loan applications shall be disposed of within such time as may be mutually agreed between the borrower and the Company from the date of receipt of the application form complete in all respects.

**(ii) Loan appraisal and terms/conditions**

- (a) Normally all particulars required for processing the Loan Application shall be collected by us at the time of Application. In case we need any additional information, the Customer would be told that he would be contacted immediately again.
- (b) The customer would be informed by means of written or electronic mode of the amount of loan sanctioned 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 etc. and customers' acceptance of such terms and conditions will be obtained.
- (c) Penal interest charged for late repayment is captured in bold in the loan agreement.
- (d) We shall provide the Copies of all the Loan Documents executed by the Customer along with a copy each of all enclosures quoted in the Loan Document at the time of sanction / disbursement of loans.

**(iii) Communication of rejection of Loan Application**

If the Company is not in position to provide the loan to the customer, the Company shall communicate the reason (s) in writing through letter or through electronic mode for rejection.

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

- a) We shall disburse the loans in accordance with the disbursement request made by the customer or the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- b) We shall give notice to the Customer of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/charges etc. We shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- c) If such change is to the disadvantage of the customer, then the customer may within 60 days of such change and without notice close their account or switch it without having to pay any extra charges or interest.
- d) Before taking a decision to recall / accelerate payment or performance under the Agreement or seeking additional securities, we shall give notice to borrowers in consonance with the Loan Agreement.
- e) We shall release all securities within reasonable timeline of 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 we may have against the borrower. If such right of set off is to be exercised, the borrower shall be given a prior notice about the same with full particulars about the remaining claims & the conditions under which we are entitled to retain the securities till the relevant claim is settled / paid.
- f) The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

## **6 GUARANTORS**

When a person intends to be Guarantor for a loan, he / she will be informed about:

- (a) his/her Liability as Guarantor;
- (b) the amount of Liability he/she will be committing himself / herself to the Company;
- (c) circumstances in which we will call on him / her to pay up his / her Liability;
- (d) whether we have recourse to his/her other monies/securities in the Company if he/ she fails to pay up as a Guarantor;
- (e) whether his/her liabilities as a Guarantor are limited to a specific quantum or are they unlimited;
- (f) time and circumstances in which his/her liabilities as a Guarantor will be discharged as also the manner in which we will notify him her about this; and
- (g) 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.

We shall keep him / her informed of any material adverse change/s in the financial position of the borrower for whom he / she stands as a Guarantor.

## **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. We shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies / entities in our 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 our interests require them to give the information (for example, to prevent fraud) but the same 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 us to reveal the information, or with the customer's permission;
- (e) If we were asked to give a reference about customers, we shall obtain his / her written permission before giving it;
- (f) The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that we holds about him/her; and
- (g) We shall not use customer's personal information for marketing purposes by anyone including us unless the customer specifically authorizes us to do so.

## **8. REGULATION OF INTEREST CHARGED:**

- (a) The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. The rate of interest and the approach for gradations 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 agreed interest are shall be communicated explicitly in the sanction letter.
- (b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company. The information published in the website or otherwise published will be updated, whenever there is a change in the rates of interest.
- (c) The rate of interest would be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

## **9. COLLECTION OF DUES**

- (i) Whenever loans are given, we shall explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to the 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) Our collection policy shall be built on courtesy, fair treatment and persuasion. We believe in fostering customer confidence and long-term relationship. Our staff or any person authorized to represent us in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by us and upon request, display his / her identity card issued by us or under the authority of the Company. We will provide customers with all the information regarding dues and shall endeavour to give sufficient notice for payment of dues.
- (iii) All the members of the staff or any person authorised to represent us in collection and/or 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 us shall be made known to the customer at the first instance.
  - (c) Customer's privacy would be respected.
  - (d) Interaction with the customer shall be in a civil manner.
  - (e) Our 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) If 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 would be documented.
  - (h) All assistance shall 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 shall be maintained.
- (j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions shall be avoided for making calls/visits to collect dues.

## **10. COMPLAINTS AND GRIEVANCES**

### **Internal Procedures**

- (a) The Company shall have the system and procedures for receiving, registering and disposing of complaints and grievances in each of its offices.
- (b) The Board of Directors of the Company has laid down the Grievance Redressal Mechanism within the organization to resolve complaints and grievances.  
Such mechanism ensures 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) All disputes / complaints arising out of the decisions of the Company's functionaries including issues relating to services provided by the outsourced agency would be heard and disposed of after it is brought to their notice.
- (d) Customer shall be told where to find details of the Company's procedure for handling complaints, fairly and quickly.
- (e) If the customer wants to make a complaint, then the customers should be informed on the following:
  - 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. Our staff shall help the customer with any queries the customer has.
- (f) If a complaint has been received in writing from a customer, we shall endeavour to send him/her an acknowledgement / response within a week. The acknowledgement will contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at our 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.
- (g) After examining the matter, we 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 notsatisfied.

### **Grievance Redressal Procedure**

In case of any complaint/grievance, the customer may contact our Corporate Office through any of the following channels:

**Telephone:** 022 - 4272 2554; **Toll free :** 1-800-1026371

Email/letter to the attention of:

Ms. Shivali Shinde (Grievance Redressal Officer)

**Email:** [homeservice@edelweissfin.com](mailto:homeservice@edelweissfin.com)

**Mail:** Edelweiss Housing Finance Ltd, Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai-400098.

After examining the matter, it would be our endeavor to provide the customer with our response, within a period of six (6) weeks from receipt of such complaint/grievance.

If the customer does not receive response from the Company within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging his complaint in Online mode at the link <http://grids.nhbonline.org.in> or in Offline mode by post in prescribed format available at link [https://grids.nhbonline.org.in/\(S\(hho1xhani01bap4hmybh1sno\)\)/Complainant/Default.aspx](https://grids.nhbonline.org.in/(S(hho1xhani01bap4hmybh1sno))/Complainant/Default.aspx)

the following address: National Housing Bank, Department of Regulation and Supervision (Complaint Redressal Cell), 4th Floor, Core-5A, India Habitat Centre, Lodhi Road, New Delhi - 110 003.

The above mentioned Grievance Redressal Procedure is also available at Company's website at <https://www.edelweishhousingfin.com>

## **11 GENERAL**

- (a) 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).
- (b) In the matter of recovery of loans, the Company shall not resort to harassment viz. 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, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- (c) If we think necessary, we will verify the details mentioned by customer in the loan application by contacting him / her at his / her residence & / or on business telephone numbers & / or physically visiting his / her residence & / or business addresses through staff or through Agencies appointed for this purpose, if deemed necessary by us.
- (d) We shall inform the customer to co-operate if we need to investigate a transaction on the Customer's Account & with the Police / other investigative agencies, if we need to involve them.
- (e) We shall inform the Customer that if the Customer acts fraudulently, he / she will be responsible for all losses on his / her account & that if the Customer acts without reasonable care & this causes losses, the Customer may be held responsible for the same.
- (f) We shall display about our products and services in any one or more of the following languages: Hindi, English or the appropriate local language.



- (g) We shall not discriminate on grounds of sex, caste & religion in the matter of Lending. Further we 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 us from instituting or participating in Schemes framed for different Sections of the Society.
- (h) We shall process requests for transfer of a loan account, either from the borrower or from a bank/ financial institution, in the normal course. 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.
- (i) To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between the Company and the individual borrower, the Company shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases as per the prescribed format. The document will be in addition to the existing loan and security documents being obtained by the Company. Duplicate copy (if required in the language understandable by the borrower) in duly executed between the Company and the borrower should be handed over to the borrower under acknowledgement.
- (j) We shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
- i. Where the housing loan is on floating interest rate basis and pre-closed from any source.
  - ii. Where the housing loan is on fixed interest rate basis and the loan is pre- closed by the borrower out of their own sources.
  - iii. The expression “own sources” for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution.
  - iv. 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.
- (k) To publicize the Code we will:-
- i. Provide existing and new customers with a copy of the Code;
  - ii. Make this Code available on request either over the counter or by electronic communication or mail;
  - iii. Make available this Code at every branch; and on our website. It is available at
  - iv. <https://www.edelweisshousingfin.com> ; and
  - v. Ensure that our staff is trained to provide relevant information about the Code and to put the Code into practice.
- (l) The Code will be reviewed at yearly intervals or as and when there is regulatory development or Board deems fit that there is necessity to review the Code.
- (m) The Code will be reviewed basis the recommendation of Compliance Department and other relevant stakeholders, if any, and will be final once approved by the Board.