

Family Home Finance Private Limited

Fair Practices Code ("FPC")

Adopted/ Amendment	Date
Adoption of the Policy	April 25, 2018
Amendment of the Policy	August 27, 2018
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CONTENTS

1. Background.....	4
2. Applicability	4
4. Loan appraisal, Terms/ Conditions and Communication of rejection of Loan Application	5
5. Disbursement of Loans including changes in Terms and Conditions	5
6. Responsibility of Board of Directors	6
7. Complaints and Grievance Redressal	6
8. Language and mode of communicating Fair Practice Code	6
9. Regulation of Excessive interest charged by HFCs	6
10. Advertising, Marketing and Sales	7
11. Guarantors	8
12. Privacy & Confidentiality	8
13. Release of Movable / Immovable Property Documents on Repayment/ Settlement of Loans .	9
14. Procedure for return of documents in case of demise of Borrower:	9
15. General	10
16. Review and amend the Code.....	12

1. Background

Family Home Finance Private Limited ("**Company**" or "**FHFPL**"), as a Housing Finance Company ("**HFC**"), is required to comply with the 'Fair Practices Code' prescribed by the Reserve Bank of India ("**RBI**") under the "Master Direction Non-Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021" ("**RBI HFC Directions**").

In accordance with the **RBI HFC Directions**, the Company has formulated this Fair Practices Code ("**FPC**" or "**Code**") to provide transparency in business dealing with the customers of the Company, which is approved and adopted by the Board of Directors of the Company. The Code shall be published on the website of the Company viz., <https://www.fhfpl.co.in/>.

2. Applicability

This Code is applicable to all products and services, whether they are provided by FHFPL or under an outsourcing arrangement across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other mode, except in the event of any force majeure. The Code is based on ethical principles of integrity and transparency and all actions and dealings of the Company shall follow the spirit of the Code.

3. Applications for Loans and their Processing

- a. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b. The Company shall transparently disclose to the customer all information about fees/ charges payable for processing the loan application, the amount of fees refundable if sanction of the loan amount is not approved, pre-payment options and charges, if any, penal charges 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 customer. , The Company shall disclose '**all in cost**' inclusive of all charges involved in processing of loan application in a fair and transparent manner. Further, the Company would also ensure that such charges/ fees are non-discriminatory in nature across different customers.
- c. In the application form, the Company shall include all 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 an informed decision can be taken by the borrower. The Loan application form may also indicate the list of documents required to be submitted along with the application form.
- d. The Company will provide acknowledgement for receipt of all loan applications, wherein the time frame, within which the loan application would be disposed off, shall be indicated.

4. Loan appraisal, Terms/ Conditions and Communication of rejection of Loan Application

- a. The Company, at the time of application, will collect all particulars required for processing the loan application. In case it needs any additional information, the customer shall be told immediately that he would be contacted again.
- b. The Company shall acknowledge the receipt of completed application forms.
- c. The Company will communicate, to the borrower in the vernacular language or a language as understood by the borrower, the sanction of loan through a document containing various terms & conditions including amount of loan sanctioned, annualized rate of interest applicable, method of application, EMI amount with structure, prepayment charges, penal charges etc. A duly accepted copy of such sanctioned terms by the borrower shall be kept by the Company on its record.
- d. The Company shall mention the penal charges to be levied for late repayment in bold in the loan agreement.
- e. The Company shall invariably furnish a copy of the loan agreement along with the copy of other enclosures as mentioned in the loan agreement to the borrower at the time of sanction/ disbursement of loan, against acknowledgement.
- f. In case of rejection of a loan application, the Company will communicate the reasons for rejection of the loan proposal to the borrower in writing.
- g. FHFPL shall not discriminate amongst physically challenged, disabled/ differently abled or blind persons in any manner while dealing with them. FHFPL shall treat such persons with humanitarian approach and give priority over other visiting clients at the branch in attending their queries/ application of such persons. Also, FHFPL shall take special efforts to make it easy and convenient for customers like senior citizens, physically challenged, differently abled or blind and illiterate persons to avail its services.
- h. The Company shall not deny any services to visually impaired customers, who use their thumb impression. If necessary, the Company may take a declaration of thumb impression as an additional document from visually impaired customers.

5. Disbursement of Loans including changes in Terms and Conditions

- a. The Company shall disburse the sanctioned amount in accordance with the disbursement schedule and other terms & conditions mentioned in the loan agreement/ sanction letter.
- b. The Company will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, penal charges (if any), service charges, prepayment charges, other applicable fee/ charges, etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively and a suitable condition in this regard is also incorporated in the loan agreement. The aforesaid notice shall be issued in the vernacular language or a language as understood by the borrower.

- c. If change in terms and conditions is to the disadvantage of the customer, he/she may within 60 days and without notice close his/ her account without having to pay any extra charges or interest.
- d. Decision to recall/ accelerate payment or performance under the loan agreement or seeking additional securities, will be in consonance with the loan agreement.
- e. The Company shall release all securities on repayment of all dues or on realization of the outstanding amount subject to any legitimate right or lien for any other claim the Company may have against the borrower. If such right of set off is to be exercised, the Company will give notice to the borrower 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 full.

6. Responsibility of Board of Directors

- a. The Company, with the approval of its Board of Directors, shall lay down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism shall ensure that all disputes arising out of the decisions of the Company and its officials involved in lending decisions are heard and disposed of at least at the next higher level.
- b. The Board of Directors of the Company shall ensure periodical review of the compliance of this FPC and functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board of Directors at quarterly intervals.

7. Complaints and Grievance Redressal

The Company is having Grievance Redressal Mechanism in place and the details regarding the point of contact, modes of filing a complaint, turnaround time for resolving the complaint, escalation matrix, etc. is forming part of the said mechanism and the same is available at the website of the Company at <https://www.fhfpl.co.in/>.

8. Language and mode of communicating Fair Practice Code

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the directions outlined in the HFC Master Directions shall be put in place by FHFPL with the approval of the Board. The same shall be put up on the Company's website, for the information of various stakeholders.

9. Regulation of Excessive interest charged by HFCs

- a. The Board of the Company 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. The Board of the Company shall also clearly laid down policy for penal charges (if any). 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 FHFPL or published in the relevant newspapers. The information made available in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

- b. The rate of interest and penal charges (if any) must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- c. Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

10. Advertising, Marketing and Sales

- a. The Company will ensure that all advertising and promotional material is clear and factual.
- b. The Company, in any advertising in any media and promotional literature that draws attention to a service or product offered by the Company and includes a reference to an interest rate, shall also indicate whether other fees and charges, if any, will apply and that full details of all the relevant terms and conditions are available on request or on its website.
- c. The Company shall endeavor to provide information on interest rates, common fees and charges through putting up notices in their offices/ branches and also through telephone or help-lines; on its website; through designated staff / help desk or by providing service guides and tariff schedules.
- d. If the Company avails services of third parties for providing support services, the Company shall require that such third parties to handle customer's personal information (if any available to / accessed by such third parties) with the same degree of confidentiality and security as the Company would.
- e. The Company 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 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.
- f. As and when required, the Company shall apply/ 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.
- g. As and when required, the Company shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) as per Annex X of the HFC Master Directions as per the approval of the Board.

- h. As and when applicable, the Company will review the conduct of DSAs/ DMAs periodically. In the event of receipt of any complaint from the customer that the Company's representative/ courier or DSAs/ DMAs 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.

11. Guarantors

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

- i. His/her liability as a guarantor;
- ii. The amount of liability he/she will be committing him/herself to the Company;
- iii. Circumstances in which the Company will call upon him/her to pay up his/her liability by way of discharging his guarantee;
- iv. Whether the Company has recourse to his/her other monies in the Company if he/she fail to pay up as a guarantor;
- v. Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited;
- vi. Time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which the Company will notify him/her about this; and
- vii. In case the guarantor refuses to comply with the demand made by the Company, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a willful defaulter.
- viii. FHFPL 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.

12. Privacy & Confidentiality

All personal information of customers both present and past shall be treated as private and confidential and shall be guided by the following principles and policies. FHFPL shall not reveal information or data relating to its customer accounts, whether provided by the customers or otherwise, to anyone, other than in the following exceptional cases:

- i. If the information is to be given by law.
- ii. If there is a duty towards the public to reveal the information.
- iii. If Company's interests require them to give the information to prevent fraud etc.
- iv. If the Customer asks Company to reveal the information, or with the Customer's permission.
- v. If Company is asked to give a reference about a Customer, the Company will obtain his / her written permission before giving it.

The customer shall be informed the extent of his/ her rights under the existing legal framework for accessing the personal records that the Company holds about him/ her.

FHFPL shall not use customer's personal information for marketing purposes by anyone including the Company, other companies in the group unless the customer specifically authorizes them to do so.

13. Release of Movable / Immovable Property Documents on Repayment/ Settlement of Loans

In case the Company has received closure of loan account request and has also received full repayment, the Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days from the date of receiving full repayment/ settlement of the loan account. The customer can collect the original movable / immovable property documents either from the registered office of the Company or any other office where the documents of the customers are available.

The Company shall also endeavour to release all charges registered with the various registries within a period of 30 days from the date of issuance of a "No Dues" letter to the borrower. In situations where delays in the release of such charges are caused on account of technical issues on external portals or challenges faced in the offices of regulatory authorities, , the Company shall not be held responsible for any resulting delay beyond the stipulated 30-day period. The Company will make every effort to resolve such issues promptly and will communicate transparently with the customer(s), providing details regarding the nature of the delay and the feasible measures, being taken to expedite the process.

The Company shall compensate the customer in following cases –

- a. Where the delay is beyond 30 days after full repayment/ settlement of loan in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry the Company and the delay is attributable to the Company, it is required to pay delay fees of ₹5,000/- for each day of delay beyond 30 days.
- b. In case of loss/damage to original movable / immovable property documents, either in part or in full, the Company shall assist the customer in obtaining duplicate/certified copies of the movable/ immovable property documents and the delay is beyond 60 days after full repayment/ settlement of loan. The Company shall bear the associated costs, in addition to delay fees of ₹5,000/- for each day of delay beyond 60 days.

The Company shall communicate to the customer the reason for delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry the Company.

14. Procedure for return of documents in case of demise of Borrower:

Upon receiving a formal request from the legal heirs of the deceased borrower, the Company shall request for submission of a valid death certificate and all other necessary testamentary legal documentation to establish the legitimacy of the claim.

Following the verification of the submitted documents and confirmation of the legal heirs' entitlement to the property documents (which may entail taking an opinion to this effect from external legal counsels), the Company will facilitate the orderly transfer of the movable and immovable property documents to the designated legal heirs, ensuring compliance with all relevant legal and regulatory requirements.

In case of any dispute among the legal heirs, any claim made by legal heir / heirs, any notice received objecting release the original documents, then the documents will be handed over only after clear court order or all the legal heirs have jointly decided among themselves with respect to the property document custody and such understanding is signed by all legal heirs and delivered to the Company.

15. General

- a. The Company will refrain from interfering in the personal 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 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 and in consonance with law.
- c. Whenever loans are given, FHFPL 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.
- d. In the matter of recovery of loans, FHFPL will not resort to harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. Company will ensure that the staff is adequately trained to deal with the customers in an appropriate manner and they do not indulge in rude behavior.
- e. If required, the Company shall formulate the Policy for engaging Recovery Agents as per Annex XI of the HFC Master Directions.
- f. The Company will not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - 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 as 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.

- g. FHFPL will 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-obligant(s).
- h. The Company shall provide the customer with a Key Facts Statement ("KFS") in the prescribed format.
- 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, FHFPL will obtain a document containing the Most Important Terms and Conditions (MITC) of such loan. The document will be in addition to the existing loan and security documents being obtained by the Company. FHFPL will prepare the said document in duplicate and in the language understandable by the borrower. Duplicate copy duly executed between the Company and the borrower should be handed over to the borrower under acknowledgement.
- j. Display of various key aspect such as service charges, interest rates, Penal charges (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations of the Company. Hence, Company will follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues".
- k. FHFPL shall display about Products and Services offered by FHFPL in any of the following Languages: Hindi, English or the appropriate local Language.
- l. FHFPL will not discriminate on the basis of Age, Race, Caste, Gender, Marital Status, Religion, or Disability. However, the restrictions on Age, as mentioned in the Loan Products, shall continue to apply.
- m. FHFPL will not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude FHFPL from instituting or participating in schemes framed for different sections of the society.
- n. The Company will publish FPC updated from time to time on the Company's official website www.fhfpl.co.in, besides displaying in the notice board of its offices. FHFPL will also provide a copy on request, either over the counter or by electronic communication or email.
- o. It is the borrower's responsibility to register the correct postal address, E-mail ID, Telephone Number and Mobile Number and any other means of communication with FHFPL.
- p. Reset of interest rate: Whenever there is any upward revision in ROI, FHFPL will inform, the borrower immediately of the changes in his loan account and balance loan tenure. Borrower shall have the options –
 - i. To pay the applicable enhanced EMI prospectively or elongation of tenor at the current EMI or opt for a combination of both the options; or
 - ii. Switch over to fixed interest rate as per the Board approved policy subject to payment of applicable charges and other incidental costs; or

- iii. Prepayment of the facility in full or part. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions

It shall be the responsibility of the borrower to visit/ contact the Company office/ branch for either of the above, post the communication /changes in interest rate.

- q. Whenever downward revision is effected in the ROI (card rates) for loans, same is applicable for new loans granted prospectively. In respect of old loans, subject to the applicable terms, borrowers will have the option of availing the benefit of reduced interest rate by switching over to the latest Company's housing finance rate and reset of ROI mode by paying a nominal fee and completion of few formalities.
- r. To publicize the Code, the Company shall:
 - Provide existing and new customers with a copy of the Code;
 - 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 staffs are trained to provide relevant information about the Code and to put the Code into practice.

16. Review and amend the Code

The Company reserves the right to review and make amendment to this Code from time to time as it deems fit in accordance with the applicable laws, rules and regulations for the time being in force with the approval of the Board.

In the event of any conflict between the provisions of this Code and the Act or any other statutory enactments, the provisions of such Act or statutory enactments shall prevail over this Code. An interim review and amendment can also be carried out to accommodate minor changes, if any, on regulatory and operating front by the Company Secretary of the Company.