

# TATA CAPITAL HOUSING FINANCE LIMITED

## FAIR PRACTICES CODE

### Version 2.0

<b>Approved by</b>	Board of Directors
<b>Last date of Renewal/Version No.</b>	February 5, 2024 (Version 1.0)
<b>Current Revision Date/Version No.</b>	February 3, 2025 (Version 2.0)
<b>Frequency of review</b>	Annually or whenever there is any change in the regulations.
<b>Revision &amp; Modification</b>	Any revision or modification in this Code in line with the revision in regulatory guidelines to be approved by Chief Compliance Officer and should be placed to the Board of Directors in the ensuing Board Meeting. Any other changes to be approved by the Board of Directors.

## 1. OBJECTIVES AND APPLICATION

Tata Capital Housing Finance Limited (“**TCHFL**” or “**the Company**”) has adopted the Fair Practices Code (**the Code**) to provide for transparency in its transactions with the customers, present as well the prospective. TCHFL, through this Code, intends to extend protection to its customers by explaining how the Company and its representatives are expected to deal with them during day-to-day operations. The Code has been prepared based on the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time.

1.1. Objectives of the Fair Practices Code – The Code has been adopted to:

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

1.2. Application of the Code – This Code applies to all the products and services offered by TCHFL or Digital Lending Platforms (self-owned and / or under an outsourcing arrangement) across the counter, over the phone, on the internet or by any other means. It shall also apply to all the employees of TCHFL.

## 2. TCHFL'S COMMITMENT TO CUSTOMERS

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2.1 We shall act fairly, efficiently and reasonably in our dealings with all our customers by ensuring that –

- a) The commitments and standards prescribed in this Code are met for all products, services we offer and the procedures and practices our staff follow.
- b) Our products and services meet relevant laws and regulations.
- c) Our dealings with customers rest on the ethical principles of integrity and transparency.

## 3. **ADVERTISING, MARKETING AND SALES**

3.1. We shall –

- a) Ensure that all advertising and promotional material is clear, factual and not misleading.
- 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, we 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 of the Company.
- c) We shall provide information on interest rates, common fees, and charges (including penal charges, if any) through any one or more of the following mode:
  - i) Putting up notices in all our branches;
  - ii) Through telephone or help-lines;
  - iii) On the Company's website;
  - iv) Through designated staff / helpdesk; or
  - v) Providing tariff schedule / service guide
- d) If we avail of the services of third parties for providing support services, we 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 we would.
- e) We may, 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 the 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 the Customer Service Number.
- f) Prescribe a Board approved Model Code of Conduct for our Direct Selling Agents (**DSAs**)/Direct Marketing Agents ("**DMAs**") as per the format prescribed by the RBI, whose services are availed to market products/services which, amongst other matters, require them to identify themselves when they approach the customer for selling our products physically or through phone.
- g) 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.

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## 4. LOANS

### 4.1. 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) We shall transparently disclose to the borrower(s) all information about the interest rates applicable, as also the fees / charges, if any, 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 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, if any and any other matter which affects the interest of the borrower, 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. Thus, we shall disclose 'all in cost' inclusive of all charges involved in processing/ sanction of loan application in a transparent manner. It shall also be ensured that such charges/fees are non-discriminatory.
- c) Loan application forms shall include necessary information which affects the interest of the borrower and a list of documents required to be submitted along with the application form shall be mentioned in the loan application form and / or hosted on the website of the Company i.e. [www.tatacapital.com](http://www.tatacapital.com).
- d) The Company shall issue an acknowledgement receipt for all loan applications. Loan applications shall be disposed of within 15 (fifteen) 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 complete in all respects.

### 4.2 For loans sourced over Digital Lending Platforms:

Wherever the Company engages digital lending platforms as its agent to source borrowers and/ or to recover dues, it shall ensure that:

- a) Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
- b) Digital lending platforms engaged by the Company as an agent shall be directed to disclose upfront to the customer, the name of the company on whose behalf they are interacting with the customer.
- c) 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.
- d) 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.
- e) The Company shall have effective oversight and monitoring over the digital lending platforms engaged by it.

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

## 4.2(A) **Digital Lending:**

- a) The Company shall ensure that all loan servicing, repayment, etc., shall be executed by the borrower directly in the Company's bank account without any pass-through account/ pool account of any third party. The disbursements shall always be made into the bank account of the borrower except for disbursements covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator), flow of money between the Company & the regulated entities for co-lending transactions and disbursements for specific end use, provided the loan is disbursed directly into the bank account of the end-beneficiary. The Company shall ensure that in no case, disbursement is made to a third-party account, including the accounts of LSPs and their DLAs, except as provided for in the Digital Lending guidelines of the RBI dated September 02, 2022, as amended from time to time.
- b) The Company shall ensure that any fees, charges, etc., payable to Lending Service Providers (LSPs) are paid directly by the Company and are not charged by LSP to the borrower directly. The penal charges levied, if any, on the borrowers shall be based on the outstanding amount \* of the loan. Further, rate of such penal charges shall be disclosed upfront on an annualized basis to the borrower in the Key Fact Statement (KFS).

***\* [The amount under default shall act as the ceiling on which the penal charges shall be levied.]***

- c) The Company shall ensure that digitally signed documents (on the letter head of the Company) viz., KFS, summary of loan product, sanction letter, terms and conditions, account statements, privacy policies of the LSPs/DLAs with respect to borrowers' data, etc. shall automatically flow to the borrowers on their registered and verified email/ SMS upon execution of the loan contract/ transactions.

***Note: [Digitally signed means a document signed using digital signature]***

- d) The Company shall prominently publish the list of their Digital Lending Apps/Platforms (DLAs), LSPs engaged by the Company and DLAs of such LSPs with the details of the activities for which they have been engaged, on its website.
- e) The Company shall ensure that their DLAs or DLAs of their LSPs at on-boarding/sign-up stage, prominently display information relating to the product features, loan limit and cost, etc., so as to make the borrowers aware of these aspects.
- f) The Company shall communicate to the borrower, at the time of sanctioning of the loan and also at the time of passing on the recovery responsibilities to an LSP or change in the LSP responsible for recovery, the details of the LSP acting as recovery agent who is authorised to approach the borrower for recovery.
- g) The Company shall ensure that DLAs of the Company and LSPs have links to Company's website where further/ detailed information about the loan products, the

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lender, the LSP, particulars of customer care, link to Sachet Portal, privacy policies, etc. can be accessed by the borrowers. It shall be ensured that all such details are available at a prominent single place on the website for ease of accessibility.

- h) The Company shall ensure that they and the LSPs engaged by it shall have a suitable nodal grievance redressal officer to deal with FinTech/ digital lending related complaints/ issues raised by the borrowers. Such grievance redressal officer shall also deal with complaints against their respective DLAs. Contact details of grievance redressal officers shall be prominently displayed on the websites of the Company, its LSPs and on DLAs and also in the KFS provided to the borrower. Further, the facility of lodging complaint shall also be made available on the DLA and on the website as stated above. The responsibility of grievance redressal shall continue to remain with the Company.
- i) Complaint lodged by the borrower against the Company or the LSP engaged by the Company, shall be resolved by the Company within the stipulated period of 30 days or within such period as prescribed by the regulator from time to time. If the complaint is not resolved within the said stipulated period then the borrower can lodge a complaint as per the grievance redressal mechanism prescribed by the RBI.
- j) The Company shall capture the economic profile of the borrowers covering (age, occupation, income, etc.), before extending any loan over its own DLAs and/or through LSPs engaged by them, with a view to assessing the borrower's creditworthiness in an auditable way.
- k) The Company shall ensure that there is no automatic increase in credit limit unless explicit consent of borrower is taken on record for each such increase.
- l) A borrower shall be given an explicit option to exit digital loan by paying the principal and the proportionate APR without any penalty during this period. The cooling off period/look-up period shall be determined by the Board of the Company, subject to the period so determined not being less than one (01) day. For borrowers continuing with the loan even after look-up period, pre-payment shall continue to be allowed as per extant RBI guidelines.
- m) The Company shall ensure that any collection of data by their DLAs and DLAs of the LSPs engaged by the Company is need-based and with prior and explicit consent of the borrower having audit trail. In any case, the Company shall also ensure that DLAs desist from accessing mobile phone resources like file and media, contact list, call logs, telephony functions, etc. A one-time access can be taken for camera, microphone, location or any other facility necessary for the purpose of on-boarding/ KYC requirements only, with the explicit consent of the borrower.
- n) The borrower shall be provided with an option to give or deny consent for use of specific data, restrict disclosure to third parties, data retention, revoke consent already granted to collect personal data and if required, make the app delete/ forget the data. The purpose of obtaining borrowers' consent needs to be disclosed at each stage of interface with the borrowers. Explicit consent of the borrower shall be taken before sharing personal information with any third party, except for cases where such sharing is required as per statutory or regulatory requirement.
- o) The Company shall ensure that LSPs/DLAs engaged by them do not store personal information of borrowers except some basic minimal data (viz., name, address,

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contact details of the customer, etc.) that may be required to carry out their operations. Responsibility regarding data privacy and security of the customer's personal information will be that of the Company.

- p) The Company shall ensure that clear policy guidelines regarding the storage of customer data including the type of data that can be stored, the length of time for which data can be stored, restrictions on the use of data, data destruction protocol, standards for handling security breach, etc., are put in place and also disclosed by its own DLAs and of the LSP engaged by the Company prominently on their website and the apps at all times.
- q) The Company shall ensure that no biometric data is stored/ collected in the systems associated with the DLA of REs/ their LSPs, unless allowed under extant statutory guidelines.
- r) The Company shall ensure that all data is stored only in servers located within India, while ensuring compliance with statutory obligations/ regulatory instructions.
- s) The Company shall ensure that its DLAs and LSPs engaged by the Company have a comprehensive privacy policy compliant with applicable laws, associated regulations and RBI guidelines. For access and collection of personal information of borrowers, DLAs of the Company/LSPs should make the comprehensive privacy policy available publicly. Details of third parties (where applicable) allowed to collect personal information through the DLA shall also be disclosed in the privacy policy.
- t) The Company shall ensure that they and the LSPs engaged by the Company comply with various technology standards/ requirements on cybersecurity stipulated by RBI and other agencies, or as may be specified from time to time, for undertaking digital lending.
- u) The Company shall ensure that any lending done through its DLAs and/or LSPs is reported to CICs irrespective of its nature/ tenor. Extension of structured digital lending products (if any) by the Company and/or LSPs engaged by the Company over a merchant platform involving short term, unsecured/ secured credits or deferred payments, need to be reported to CICs by the Company. The Company shall ensure that LSPs, if any, associated with such deferred payment credit products shall abide by the extant outsourcing guidelines issued by the RBI.

## 4.2(B) **Default Loss Guarantee (DLG) in digital lending:**

- a) The Company may enter into DLG arrangements only with a LSP/other regulated entities with which it has entered into an outsourcing (LSP) arrangement. The Company shall ensure that LSP providing DLG must be incorporated as a company under the Companies Act, 2013. The Company shall accept DLG only in one or more of the following forms: i) Fixed Deposits maintained with a Scheduled Commercial Bank with a lien marked in favour of the Company, and (ii) Bank Guarantee in favour of the Company.
- b) The Company shall ensure that total amount of DLG cover on any outstanding loan portfolio which is specified upfront shall not exceed 5% of the amount of that loan portfolio. In case of implicit guarantee arrangements, the DLG Provider shall not bear performance risk of more than the equivalent amount of 5% of the underlying loan portfolio.

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**Note:** [i) *The portfolio over which DLG can be offered shall consist of identifiable and measurable loan assets which have been sanctioned (the 'DLG set'). This portfolio will remain fixed for the purpose of DLG cover and is not meant to be dynamic.*

ii) *The cap of 5% is applicable on the total amount disbursed out of the DLG set at any given time.]*

- c) The Company shall ensure that the DLG arrangements must be backed by an explicit legally enforceable contract between the Company and the DLG provider. Such contract, among other things, must contain the following details:
  - i) Extent of DLG cover
  - ii) Form in which DLG cover is to be maintained with the Company
  - iii) Timeline for DLG invocation
  - iv) Disclosure requirements as prescribed by the RBI.
- d) Recognition of individual loan assets in the portfolio as NPA and consequent provisioning shall be the responsibility of the Company as per the extant asset classification and provisioning norms irrespective of any DLG cover available at the portfolio level. The amount of DLG invoked shall not be set off against the underlying individual loans. Recovery by the Company, if any, from the loans on which DLG has been invoked and realised, can be shared with the DLG provider in terms of the contractual arrangement.
- e) The Company shall invoke DLG within a maximum overdue period of 120 days, unless made good by the borrower before that. The period for which the DLG agreement will remain in force shall not be less than the longest tenor of the loan in the underlying loan portfolio.
- f) The Company shall put in place a mechanism to ensure that LSPs with whom it has a DLG arrangement shall publish on their website the total number of portfolios and the respective amount of each portfolio on which DLG has been offered.
- g) The Company shall put in place a Board approved policy before entering into any DLG arrangement. Such policy shall include, at the minimum, the eligibility criteria for DLG provider, nature and extent of DLG cover, process of monitoring and reviewing the DLG arrangement, and the details of the fees, if any, payable to the DLG provider. Every time the Company enters into or renews a DLG arrangement, it shall obtain adequate information to satisfy itself that the entity extending DLG would be able to honour it. Such information shall, at a minimum, include a declaration from the DLG provider, certified by the statutory auditor, on the aggregate DLG amount outstanding, the number of regulated entities and the respective number of portfolios against which DLG has been provided. The declaration shall also contain past default rates on similar portfolios.

## 4.3 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. We shall keep the customer informed that he would be contacted immediately again, in case we need any additional information;

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The customer would be informed in the vernacular language or in a language as understood by the borrower by means of a written 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, penal charges (if any) and prepayment charges, etc., and we shall keep the written acceptance of these terms and conditions by the borrower on our record;

- b) We shall furnish a copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement to every borrower at the time of sanction or after disbursement of loans against acknowledgement. The penal charges for late repayment shall be mentioned in bold in the loan agreement.
- c) Key fact statement (KFS) in a standardized format which is a part of the MITC is provided to the borrower for acceptance before the execution of the contract for all digital lending products.

## 4.4 Communication of rejection of Loan Application

If we are not in position to provide the loan to the customer, we shall communicate in writing the reason(s) for rejection.

## 4.5 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 borrower in the 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, penal charges (if any), 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, he/she may within 60 days and without notice close his / her account or switch it without having to pay any extra charges or interest.
- d) Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, shall be in consonance with the loan agreement.

## 4.6 Release of Securities/ Title Documents [Movable / Immovable property documents]

- (a) We shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim 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.
- (b) We shall release all original movable/immovable property documents submitted



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by a borrower/ security provider to the Company for creation of security interest and shall remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

- (c) The borrower shall be given the option of collecting the original movable/immovable property documents either from the Company's branch where the loan account was serviced or any other office of the Company where the documents are available, as per the borrower's preference.
- (d) The timeline and place of return of original movable/ immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.
- (e) 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, as amended from time to time.

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 mentioned above in point no. (e). However, in such instances, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty would be calculated thereafter (i.e., after a total period of 60 days).

- (f) In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs which shall be displayed on the website of the Company for customer information.

## **5. KEY FACT STATEMENT (KFS):**

- (a) The Company shall provide a KFS to all prospective borrowers (i.e. for all retail and MSME term loan products) to help them to take an informed view before executing the loan contract, as per the standardized format as laid down in the RBI circular on "Key Facts Statement (KFS) for Loans & Advances" dated April 15, 2024 and amended from time to time. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same.
- (b) The KFS shall be provided with a unique proposal number and shall have a validity period of at least three (03) working days for loans having tenor of seven days or more, and a validity period of one (01) working day for loans having tenor of less than seven days. The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the Company.

**Note:** [Validity period refers to the period available to the borrower, after being provided with the KFS by the Company, to agree to the terms of the loan. The

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*Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.]*

- (c) Charges recovered from the borrowers by the Company on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the Company is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.
- (d) Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the Company to the borrower at any stage during the term of the loan, without explicit consent of the borrower.
- (e) The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

## **6. EXCESSIVE INTEREST CHARGED BY THE COMPANY:**

- (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 have clearly laid down policy for penal charges.
- (b) 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 companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- (c) 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.
- (d) Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.
- (e) The rate of interest shall not be usurious and the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal charges, if any). In this regard the directions in this Code about transparency in respect of terms and conditions of the loans are to be kept in view. The Company shall also put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

## **7. PENAL CHARGES IN LOAN ACCOUNTS:**

- a) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalization of penal charges i.e., no further interest computed on such penal charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

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- b) The Company shall not introduce any additional component to the rate of interest on account of penal charges and ensure compliance to the RBI guidelines in both letter and spirit.
- c) The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- d) The quantum of penal charges shall be reasonable and commensurate with the noncompliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- e) The penal charges in 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.
- f) The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the company's website under Interest rates and Service Charges.
- g) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

### **8. Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans (including housing loans)**

- I. At the time of sanction of EMI based floating rate personal loans, the Company shall take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate/ interest rates during the tenor of the loan. The Company shall put in place an appropriate policy framework meeting the following requirements for implementation and compliance:
  - a. At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels (i.e., through E-mail, SMS, letters, etc.).
  - b. At the time of reset of interest rates, the Company shall provide the option to the borrowers to switch over to a fixed rate as per the Board approved policy of the Company. The policy, inter alia, shall also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
  - c. The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
  - d. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above

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options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.

- e. The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- f. The Company shall share/make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.

II. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities.

III. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

## 9. GUARANTORS

- a) When a person intends to be Guarantor for a loan, he / she shall be informed about his / her liability as guarantor;
- b) the amount of liability he / she will be committing himself / herself to the Company;
- c) circumstances in which the Company will call on him / her to pay up his / her liability;
- d) whether his / her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- e) 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. 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.
- f) In case of Letter of Comfort and / or the guarantees furnished by the companies, within the Group companies on behalf of the wilfully defaulting units, are not honoured when invoked by the Company, such guarantor companies will also be reckoned as wilful defaulter(s).
- g) We shall keep he/she informed of any material adverse change/s in the financial position of the borrower to whom he/ she stands as a guarantor.

## 10. PRIVACY AND CONFIDENTIALITY

10.1 We shall treat all personal information of customers as private and confidential [even when the customers are no longer our customers], and we 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

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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 us 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's 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 are asked to give a reference about a customer, we shall obtain his / her written permission before giving it.

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

10.3 We shall not use customer's personal information for marketing purposes by anyone including ourselves unless the customer specifically authorizes us to do so.

## 10.4 Credit Reference Agencies

- a) When a customer opens a loan account with us, we shall inform him/her when we may pass his / her account details to Credit Reference Agencies and the checks we may make with them.
- b) We may give information to Credit Reference Agencies about the personal debts the customer owes us if:
  - the customer has fallen behind with his/her payments;
  - the amount owed is not in dispute; and
  - the customer has not made proposals that we are satisfied with for repaying his / her debt, following our formal demand.
- c) In these cases, we may intimate the customer in writing that we plan to give information about the debts the customer owes us to Credit Reference Agencies. At that time, we will explain to the customer the role of Credit Reference Agencies and the effect the information they provide can have on customer's ability to get credit.
- d) We may give Credit Reference Agencies other information about the customer's account if the customer has given us his / her permission to do so.
- e) A copy of the information given to the Credit Reference Agencies shall be provided by us to the customer, if so demanded.

## 11. COLLECTION OF DUES

11.1 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 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.

11.2 Our collection policy is built on courtesy, fair treatment and persuasion. We believe in

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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 the Company or under authority of the Company. We shall provide customers with all the information regarding dues and shall endeavour to give sufficient notice for payment of dues.

- 11.3 In the matter of recovery of loans, we shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. We shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- 11.4 The Company shall formulate the guidelines as prescribed by the RBI from time to time for engaging Recovery Agents, for adoption by the Company with the approval of the Board.
- 11.5 All the members of the staff or any person authorized to represent us in collection and / or security repossession shall 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 the Company shall be made known to the customer at the first instance.
  - c) Customer's privacy should be respected.
  - d) Interaction with the customer shall be in a civil manner.
  - e) Our representatives shall contact the customers between 0800 hrs and 1900 hrs, unless the special circumstances of the customer's business or occupation require otherwise.
  - f) Customer's request to avoid calls at a particular time or at a particular place shall be honoured, as far as possible.
  - g) Time and number of calls and contents of conversation would be documented.
  - h) All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
  - i) During visits to customer's place for dues collection, decency and decorum shall be maintained.
  - j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls / visits to collect Dues.

## **12 RESPONSIBILITY OF BOARD OF DIRECTORS**

- a) The Board of Directors of the Company shall laid 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 lending institution's functionaries are heard and disposed of at least at the next higher level.
- b) The Board of directors of the Company should provide for periodical review of the compliance of the Fair Practice Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews

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shall be submitted to the Board of Directors of the Company at regular intervals, as may be prescribed by the Board.

## 13 COMPLAINTS AND GRIEVANCES

Internal Procedures –

- a) If the customer wants to make a complaint, he / she will be told:
  - How and where to make a complaint?
  - When to expect a Reply?
  - Whom to approach for redressal?
  - What to do if the customer is not happy about the outcome?
- b) Our staff shall help the customer with any relevant questions the customer has. If a complaint has been received in writing from a customer, we will endeavour to send him / her acknowledgement / response containing the name and designation of the official who will deal with the complaint within a week. 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.
- c) After examining the matter, we shall send the customer our final response or explain why it needs more time to respond and shall endeavour to do so within six weeks of receipt of a complaint and he / she should be informed how to take his / her complaint further if he / she is still not satisfied.
- d) The grievance redressal procedure (e-mail id and other contact details at which the complaints can be lodged, turnaround time for resolving the issue, matrix for escalation, etc.) for lodging the complaints by the aggrieved borrower shall be made available on the Company's website. Further, at all the branches / Head Office of the Company and on the website of the Company, notice will be put up informing the customers that in case the complainant does not receive response from the company within a period of **01 month** or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of the National Housing Bank through the following modes of communication:

Online Mode: The complainant may click on following link for registering complaint:

<https://grids.nhbonline.org.in>

Offline Mode: In offline/ physical mode by lodging complaint through post at the below mentioned address in the prescribed format available at the following weblink of NHB:

<https://www.nhb.org.in/grievance-redressal-officer/>

Address:

The Officer-in Charge,  
National Housing Bank

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The Complaint Redressal Cell  
Department of Regulation & Supervision  
National Housing Bank,  
4<sup>th</sup> Floor, Core 5-A, India Habitat Centre,  
Lodhi Road,  
New Delhi - 110 003

The aforesaid modes / address of NHB are also applicable for lodging insurance related grievances and the Company shall take appropriate measures to ensure that all insurance related grievances are resolved **within 14 days**.

- e) Details of escalation mechanism for Customer Grievances as mentioned above are available on the website i.e. [www.tatacapital.com](http://www.tatacapital.com) under Customer Grievances tab.
- f) The Nodal officer/Grievance Redressal Officer as also the escalation mechanism as mentioned above in clause (e) to deal with FinTech/ digital lending related complaints/ issues raised by the borrowers. Such grievance redressal officer shall also deal with complaints against their respective DLAs. Contact details of grievance redressal officers shall be prominently displayed on the websites of the RE, its LSPs and on DLAs and also in the KFS provided to the borrower.

## 14. PRE-PAYMENT AND PRE-CLOSURE/FORECLOSURE OF LOANS

- (a) 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 a fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.

**Note:** *[The expression "own sources" for the purpose means any source other than by borrowing from a Bank/HFC/NBFC and/or a financial institution.]*

- (b) 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. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.
- (c) The Company shall not impose pre-closure 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).

## 15. GENERAL



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- a) We shall verify the details mentioned by the customer 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;
- b) We shall refrain from interference in the affairs of the borrower except for the purpose provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- c) The customer is expected to co-operate if the Company needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if the Company needs to involve them.
- d) If the customer acts fraudulently, he/she will be responsible for all losses on his/her account and if the customer acts without reasonable care and this causes losses, the customer may be responsible for the same.
- e) We shall give customers information about our products and services in Hindi, English or the appropriate local language, if requested for.
- f) We shall not discriminate between our customers on the basis of age, race, caste, gender, marital status, religion, or disability in the matter of lending. 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 and age groups of the society.
- g) The Company shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course. In case of receipt of a request from the borrower for transfer of the 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 such request. Such transfer shall be as per transparent contractual terms in consonance with law.
- h) Further, to facilitate quick and good understanding of the other major terms and conditions of housing loan agreed upon between the Company and the individual borrower, the Company shall additionally obtain a document containing the other most important terms and conditions (MITC) of such loan (i.e., other than the details included in KFS) in all cases in the format prescribed by the RBI. The document will be in addition to the existing loan and security documents being obtained by the Company. We shall 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.
- i) 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. The Company shall follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues" as per the format prescribed by the RBI from time to time.
- i) The Fair Practices Code, (which shall preferably be in the vernacular language or a language as understood by the borrower) shall be put in place by the Company with the approval of the Board and the same shall be disclosed on the Company's website

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i.e. [www.tatacapital.com](http://www.tatacapital.com) for the information of various stakeholders.

To publicise the Code, the Company shall:

- a) provide existing and new customers with a copy of the Code;
- b) make this Code available on request either over the counter or by electronic communication or mail;
- c) make available this Code at every branch and on its website;
- d) ensure that its staffs are trained to provide relevant information about the Code and to put the Code into practice.

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