

**WEST END HOUSING FINANCE LIMITED
(WEHFL)**

FAIR PRACTICE CODE

Summary of Version History

Approving Authority	Board of Directors
Approved on	5 th July, 2016/V1.0
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1. OBJECTIVES and APPLICATION

1.1 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 customer can have a better understanding of what he or she can reasonably expect of the services;
- c) **encourage market forces**, through competition, to achieve higher operating standards;
- d) **promote a fair and cordial relationship** between customer and WEHFL; and
- e) **foster confidence** in the housing finance system.

1.2. Application of the Code

All parts of this Code apply to all the products and services, whether they are provided by WEHFL or subsidiaries or Digital Lending Platforms (self – owned and / or outsourced), across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

2. FAIRNESS AND TRANSPARENCY

WEHFL shall act fairly, reasonably and in a transparent manner in all dealings with Customers by ensuring that –

- a) The commitments and standards prescribed in this Code are met for all products, services, procedures and practices.
- b) Our products and services meet relevant laws and regulations in letter and spirit.
- c) Our dealings with customers rest on the ethical principles of integrity and transparency.
- d) All the communication should be in the vernacular language or a language as understood by the borrower.

3. LOANS

3.1 (i) *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) WEHFL 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, penal interest/ penalty for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. In other words, WEHFL shall disclose 'all in cost' inclusive of all charges involved in processing/ sanctioning of loan application in a transparent manner. It should also be ensured that such charges/ fees are non-discriminatory.
- c) Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other HFCs can be made and informed decision can be taken by the borrower.

- d) WEHFL shall follow the system of giving Acknowledgement for receipt of all Loan Application. Preferably, the time frame within which loan applications will be disposed should also be indicated in the acknowledgement

(ii) Loan Appraisal and terms or conditions:

- a) Normally all particulars required for processing the Loan Application shall be collected by WEHFL at the time of application. In case we need any additional information, the Customer shall be informed accordingly.
- b) WEHFL shall convey in writing to the borrower, in the vernacular language or a language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, prepayment charges, penal interest (if any) and keep the written acceptance of these terms and conditions by the borrower on its record.
- c) WEHFL shall mention the penal interest charged for late repayment in bold in the loan agreement.
- d) WEHFL shall invariably furnish a copy of all the Loan Documents executed by the Customer along with a copy each of all enclosures quoted in the Loan Document to every borrower at the time of sanction/ disbursement of loans, against acknowledgement.

(iii) Communication of rejection of Loan Application:

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

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

- a) Disbursement would be made in accordance with the disbursement schedule given in the Loan Agreement or Sanction Letter.
- b) WEHFL 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, penal interest (if any), service charges, prepayment charges, other applicable fee or charges etc. WEHFL should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard has been incorporated in the loan agreement.
- c) If such change is to the disadvantage of the customer, he or she may within 60 days and without notice close his or her account or switch it without having to pay any extra charges or interest.
- d) Decision to recall or accelerate payment or performance under the agreement or seeking additional securities, shall be in consonance with the loan agreement.
- e) WEHFL 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 WEHFL 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 WEHFL is entitled to retain the securities till the relevant claim is settled or paid.

3.2 Complaints and Grievances

- a) WEHFL shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices, including those received on-line.
- b) The Board of Directors of WEHFL 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 lending institution's functionaries are heard and disposed of at least at the next higher level.
- c) Customer shall be told where to find details of WEHFL procedure for handling complaints fairly and quickly.
- d) If the customer wants to make a complaint, he or she shall be told:
 - a. How to do this
 - b. Where a complaint can be made
 - c. How a complaint should be made
 - d. When to expect a reply
 - e. Whom to approach for redressal
 - f. What to do if the customer is not happy about the outcome.
 - g. WEHFL's staff shall help the customer with any questions the customer has.
- e) If a complaint has been received in writing from a customer, WEHFL shall endeavor to send him or her an acknowledgement or response within a week. The acknowledgement should contain the name and designation of the official who shall deal with the grievance. If the complaint is relayed over phone at WEHFL's designated telephone helpdesk or customer service number, the customer shall be provided with a complaint reference number and be kept informed of the progress within a reasonable period of time.
- f) After examining the matter, WEHFL shall send the customer its final response or explain why it needs more time to respond and shall endeavor to do so within six weeks of receipt of a complaint and he or she should be informed how to take his or her complaint further if he or she is still not satisfied.
- g) WEHFL shall publicize our grievance redressal procedure and ensure that it is specifically made available on our website. WEHFL shall clearly display in all our offices or branches and on the website that in case the complaint does not receive response from the company within reasonable time or is dissatisfied with the response received, the complainant may approach Complaint Redressal Cell of National Housing Bank by lodging its complaints online on the website of NHB or through post to NHB, New Delhi.

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 hereinabove shall be put in place by all WEHFL with the approval of their Boards and shall be made available at each Branch of WEHFL.

Regulation of excessive interest charged by WEHFL

- a) The Board of WEHFL 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 shall also have clearly laid down policy for penal interest/ charges (if any).

- b) The rates of interest and the approach for gradation of risks, and penal interest (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 and penal interest (if any) must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- d) Installments collected from borrowers should clearly indicate the bifurcation between interest and principal.

Excessive interest charged by WEHFL

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

4. ADVERTISING, MARKETING AND SALES

4.1 WEHFL shall;

- a) Ensure that all advertising and promotional material is clear and factual.
- b) In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, WEHFL shall also indicate whether other fees and charges shall apply and that full details of the relevant terms and conditions are available on request or on the website.
- c) WEHFL shall provide information on interest rates, common fees and charges (including penal interest, if any) through putting up notices in our branches; through telephone or help-lines; on the company's website; through designated staff or help desk; or providing service guide or tariff schedule.
- d) If WEHFL avails of the services of third parties for providing support services, WEHFL 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 WEHFL would.
- e) WEHFL 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 or services, may be conveyed to customers only if he or she has given his or her consent to receive such information or service either by mail or by registering for the same on the website or on customer service number.
- f) Prescribe a Code of Conduct for our Direct Selling Agencies or HLAs or CRAs, whose Services are availed to Market Products or services which, amongst other matters, require them to identify

themselves when they approach the Customer for selling our Products personally or through phone.

- g) In the event of receipt of any complaint from the customer that our representative or 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.

4.2 Guarantors

When a person is considering to be a guarantor to a loan, he or she shall be informed about

- a) his or her liability as guarantor;
- b) the amount of liability he or she shall be committing him or herself to the company;
- c) circumstances in which WEHFL shall call on him or her to pay up his or her liability;
- d) whether WEHFL has recourse to his or her other monies in the company if he or she fails to pay up as a guarantor;
- e) whether his or her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- f) time and circumstances in which his or her liabilities as a guarantor shall be discharged as also the manner in which WEHFL shall notify him or her about this
- g) In case the guarantor refuses to comply with the demand made by the creditor or lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a willful defaulter

WEHFL shall keep him or her informed of any material adverse change(s) in the financial position of the borrower to whom he or she stands as a guarantor.

4.3. Privacy and Confidentiality

All personal information of customers both present and past 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. WEHFL shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies or entities in their 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 WEHFL's 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 accounts (including customer name and address) to anyone else, including other companies in the group, for marketing purposes.
- d) If the customer asks WEHFL to reveal the information, or with the customer's permission.
- e) If WEHFL asked to give a reference about customers, we shall obtain his or her written permission before giving it.
- f) The customer shall be informed the extent of his or her rights under the existing legal framework for accessing the personal records that WEHFL holds about him or her.

- g) WEHFL shall not use customer's personal information for marketing purposes by anyone including WEHFL unless the customer specifically authorizes WEHFL to do so.

5. GENERAL

- a) WEHFL 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 case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the WEHFL, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c) Whenever loans are given, WEHFL 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.
- d) In the matter of recovery of loans, an HFC 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, WEHFL shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- e) WEHFL 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.

The expression "own sources" for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution. All dual/ special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/ floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. In case of a dual/ special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This applied to all such dual/ special rate housing loans being foreclosed hereafter. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.

- f) WEHFL shall not impose foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-applicant(s).
- g) To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between HFC and the individual borrower, WEHFL shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases in the suggestive format as prescribed. The document will be in addition to the existing loan and security

documents being obtained by the WEHFL. WEHFL are advised to prepare the said document in duplicate and in the language understandable by the borrower. Duplicate copy duly executed between the HFC and the borrower should be handed over to the borrower under acknowledgement.

- h) Display of various key aspect such as service charges, interest rates, Penal interest (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations of WEHFL. WEHFL shall follow the instructions on “Notice Board”, “Booklets/ Brochures”, “Website”, “Other Modes of Display” and on “Other Issues”.
- i) WEHFL shall display about its products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- j) WEHFL shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, WEHFL 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 WEHFL from instituting or participating in schemes framed for different sections of the society.
- k) To publicize the code, WEHFL 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; and
 - d) ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.

The Board of Directors of WEHFL shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

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