

# FAIR PRACTICES CODE



**VIABLE HOUSING AND FINANCE PRIVATE LIMITED**

V 1.01 .26

## **INDEX/CONTENTS**

- 1. Introduction and Objectives..... Pg.3,4**
- 2. Key Commitments.....Pg. 5**
- 3. Loan Applications and Processing.....Pg. 6**
- 4. Loan Appraisal Terms and Conditions.....Pg.7**
- 5. Disbursement of Loans and changes in Terms and Conditions.....Pg.8**
- 6. Regulation of Interest Rate.....Pg.9**
- 7. Policy on KYC and Confidentiality.....Pg10**
- 8. Repossession of Financed Vehicles.....Pg11**
- 9. Gradation of Risks.....Pg12**
- 10. Grievance Redressal Mechanism.....Pg. 13**
- 11. General provisions.....Pg.14,15**

## 1. Introduction and Objectives

**The Reserve Bank of India (RBI) had issued the guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) in Master Direction DNBR. PD. 008/03.10.119/2016-17 (as and when amended) which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice. Based on this, Viable finance and Housing Pvt. Ltd. (“the Company”) has formulated this Policy known as Fair Practices Code (“FPC”).**

The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse.

It is, and shall be, the policy of the Company to make loan products available to all qualified applicants without discrimination on the basis of race, caste, colour, religion, sex, marital status or handicap. All the customers will be treated consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner. The Company shall also communicate the FPC to its customers by placing it on the Company's website at (website address & link after completion ). The Company shall ensure that charges/fees are appropriately informed to the customer. Terms and conditions pertaining to the facility will be conveyed to the prospective customers. The Company commits that disputes arising out of the lending decisions will be appropriately and promptly addressed and resolved by the Company's Grievance Redressal Mechanism. Grievances coming from any Lending Partner Platforms shall also be addressed by the company. The Company's Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities. The Company's commitment to FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

### **Objective of the Code :**

- This Code has been developed to:
- Adopt the best practices followed by entities in the financial and similar service sector while dealing with customers.
- Promote good, fair and trustworthy practices by setting minimum standards in dealing with the customers;
- Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.

- Show intent of the Board of Directors and Senior Management towards fair and transparent dealings in business.
- Foster fair and cordial relationship between the customers and the Company.
- Reckon with market forces, through competition and strive to achieve higher operating standards.

## 2.Key Commitments

We shall act efficiently, fairly and diligently in our dealings with all our customers by:

- Meeting the commitments and standards in this Fair Practices Code for the financial products and services, we offer, and the procedures and practices our staff follow;
- Ensuring that all the financial services meet relevant laws and regulations;
- Providing professional, courteous and speedy services;
- Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transactions.
- We shall help the customer understand how our financial products and services work by:
- Giving verbal information about the financial schemes in Hindi and/or English and/or local vernacular language as understood by the borrower;
  
- Ensuring that our advertising & promotional literature is clear and is not misleading;
  
- Explaining financial implications of the transactions;
  
- Helping the customer to choose the financial scheme suitable for him as per creditworthiness.
  
- We shall deal quickly and proactively with things that go wrong by investigating internally and correcting any mistakes on our part, revising policies if found lacking, attending to customer complaints, reversing any charges applied due to our mistake, promptly.

### 3.) Applications for loans and their processing

a.) All communication to the borrower, including the loan application will be in the vernacular language or a language the borrower can understand.

(b) Loan application forms will include necessary information, which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower.

(c) The loan application form will indicate the documents required to be submitted with the application form. The loan application form and the sanction letter issued to the customer shall disclose the approach for gradation of risks and rationale for charging different rates of interest to different categories of borrowers and the same shall also be made available on the web-site of the Company or published in the relevant newspapers. The information shall be updated whenever there is a change in the rates of interest.

(d) The Company will devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of, will also be indicated in the acknowledgement.

(e) Loan Application form will clearly state the information that the Company requires to collect from the customer to fulfill the KYC norms including CKYC requirement and to comply with legal and regulatory requirements. The Company may request for additional information about the customer and his / her family to build a database; but this information is to be furnished by the customer only if she / he wishes to do so.

(f) Application forms for each of the product offered by the Company would be different depending on the requirement for information for each product.

(g) The loan agreement shall also disclose details regarding auction procedure.

#### 4.) Loan appraisal and terms/conditions

(a) Subject to receipt of all the requisite information and completion of documentation and creation of charge over the security, loan applications shall be disposed of in reasonable amount of time customer shall be given an acknowledgement for receipt of the application indicating the time frame within which the loan application will be disposed of. The customer shall be kept informed of the status of his application.

(b) All communications to the borrower will be in vernacular language or a language as understood by the borrower.

(c) The Company will convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The annualized rate of interest is communicated to the borrower so that the borrower is aware of the exact rates that would be charged to the account.

(d) The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.

(e) The Company shall furnish copy of the loan agreement signed by the borrower at the time of sanction or disbursement of loan. The loan agreement shall include a copy each of all enclosures quoted in the loan agreement, which form part of such contracts/loan agreements.

(f) The Company would ensure that there is proper assessment of credit application made by borrowers. The assessment would be in line with the Company's credit policies and procedures.

## **5) Disbursement of loans including changes in terms and conditions**

(a) The loan shall be disbursed on executing the necessary documents and completion of the formalities regarding creating a charge over the security offered by the borrower. The Company would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.

(b) The Company will 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 etc. The Company will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.

(c) Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.

(d) The Company 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.

## (6) Regulation of Interest Rate

(a)The Company shall frame appropriate internal policies and procedures for determining the interest rates and processing and other charges, if any and also ensure that they are not excessive. Loans and advances sanctioned should be in strict adherence to these policies.

(b)The information published in the website shall be updated whenever there is change in the rates.

(c )The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower.

(d)Rebate on interest rates meant to encourage timely periodical payment of interest under each scheme, levying of additional interest for discouraging loans from crossing the sanctioned period etc., shall be mentioned clearly in the loan agreement.

(e)To ensure that there the Customers are not charged excessive interest rate and charges on loans and advances by the Company, the Board of the Company will adopt a Policy for Determining Interest Rates, Processing and Other Charges (“Interest Rate Policy”) and the same will be put up on the Company’s website The changes in the interest rates will also be displayed on the website on a regular basis. Further the Board of the Company will undertake a periodical review of the Interest Rate Policy.

## 7) Policy on KYC and Confidentiality

The Company shall put in place a policy duly approved by the Board covering the following aspects:

- a.) Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- b). Proper appraisal procedure for assessing the value of the security accepted as collateral security.
- c. Declaration shall be obtained from the borrower confirming ownership of the security offered.
- d). All branches shall have proper storage facility of either Strong Rooms or Safes conforming to BIS Standards of reputed make to store the original security documents in safe custody. The company might ensure such security also by hiring a bank locker for such purpose.
- e) The staff shall be imparted training on a continuous basis to ensure that the guidelines covering security issues are strictly adhered to.

### Confidentiality:

(a) Unless authorized by the borrower, the Company will treat all personal information as private and confidential.

(b) Unless authorized by the borrower, the Company will not reveal transaction details to any other entity including other than the following exceptional cases:

- If the Company has to provide the information by legal, statutory or regulatory laws
- If there is a duty to the public to reveal this information
- If the Company's interest requires to provide this information (e.g., fraud prevention) to Banks / Financial institutions / Group / Associate Companies
- The Company will not use this reason for giving information about borrowers to anyone else for marketing purpose.

## 8) Repossession of Financed Vehicles

a) The loan agreement of the Company shall contain necessary repossession clauses as prescribed by RBI from time to time.

The Company shall have a built-in repossession clause in the contract/loan agreement so as to have legal enforceability.

b) The terms and conditions of the loan agreement of the Company shall also contain the following provisions:

- Notice period before taking possession
- Circumstances under which the notice period can be waived
- Procedure for taking possession of the security
- Provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property
- Procedure for giving repossession to the borrower and
- Procedure for sale/ auction of the property

c) The company will have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding: (a) notice period before taking possession; (b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property; (e) the procedure for giving repossession to the borrower; and (f) the procedure for sale / auction of the property.

A copy of such terms and conditions will be made available to the borrower and the company may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

## 9) Gradation of Risks

a) The Company shall frame appropriate internal policies and procedures for determining the interest rates and processing and other charges, if any and also ensure that they are not excessive. These will be adhered to even in case of new loans/products introduced.

b) The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged on the loan.

c) The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower.

d) Rebate on interest rates meant to encourage timely periodical payment of interest under each scheme, levying of additional interest for discouraging loans from crossing the sanctioned period etc., shall be mentioned clearly in the loan agreement.

## 10) Grievance Redressal Mechanism

It will be our constant endeavour to put customers interest first and to provide with financial solutions that are right for the customers. In keeping with our promise of “Doing what’s Right”, we look forward to receiving both, positive and negative feedback from the customers on our products and services. The grievances of the customers will be redressed in the following manner:

The company shall, in keeping with the norms of the RBI, appoint a Grievance Redressal Officer (GRO). He/she will be the first point of contact in case of a customer complaint.

This GROs contact details, i.e. an email id and a phone number will be published on the website of the company and displayed prominently at the office premises.

A “Customer Grievance Committee” hereinafter referred to as “Committee” with Managing

Director, Departmental Heads, Company Secretary, Head - Operations as its members will be formed . A report on customer complaints shall be circulated to the Committee on a periodical basis. The Committee shall meet at least once in six months and take suitable note of the complaints filed.

The company will make its best attempt to resolve the complaint within 30 days, failing which, the complaint will be referred to the Committee who will ensure timely and prompt resolution.

The company will commit to a TAT of 90 days for resolution of customer complaint. If the customer is not satisfied with the resolution within 90 days of issue raised, they may take it to:

The Officer in Charge,  
Department of Non-Banking Supervision  
Reserve Bank of India  
No 15, Near B B D Bagh, Netaji Subhas Road, Dalhousie,  
Kolkata-700001, West Bengal

## 11) General Provisions

The Company would not discriminate on grounds of sex, caste, marital status and religion in the matter of lending. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society.

(a) The Company will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).

(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, will 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) In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff are adequately trained to deal with the borrowers in an appropriate manner.

(d) The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co- obligates(s)

(a) The company will take adequate steps to ensure that the KYC guidelines are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,

Internal systems to satisfy ownership of the security offered as collateral,  
Adequate systems for storing the original documents in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the original documents of the collateral,

Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,

The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper, The Company shall not participate in the auctions held,

(ii) The loan agreement shall also disclose details regarding auction procedure

(iii) Other conditions:

(a) A copy of the PAN Card of the borrower for all transaction above ₹5 lakh is mandatory.

(b) Documentation across all branches must be standardized.

(c) The Company shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

The customers will be requested to provide feedback and suggestions on the services of the Company to help in improving the services offered.

The Company shall place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day- end process with a view to increasing awareness among the borrowers. The Company shall also display such consumer education literature in its branches by means of posters and/or other appropriate media. Further, the Company shall also ensure that its front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans.