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| Subject: Fair Practice Code | Original Issue Date: 08.11.2010 | Version No.: 9.0 |
| | Last revision date: 29.12.2023 | |

HOME FIRST FINANCE COMPANY INDIA LIMITED
(‘Home First’)

FAIR PRACTICE CODE

Fair Practice Code

1. Introduction

The Guidelines on Fair Practices Code for Housing Finance Companies which defines the fair practices standards while dealing/building relationships with prospective/existing customers and has been framed and amended by Reserve Bank of India(RBI) through RBI Circular RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 related to **Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021** dated February 17, 2021 in keeping with the need to follow the best corporate practice within the sector. In accordance with these guidelines, **Home First Finance Company India Limited (“Home First”)** had formulated & implemented a “Fair Practice Code.” The basic essence of Fair Practices Code is to assist both the Home First and the customer(s).

2. Application of the Code

- a. This Code shall apply to all the products and services, whether they are provided by Home First, or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method. In case of outsourced lending platforms, Home First shall meticulously follow regulatory instructions on outsourcing of financial services and IT services.
- b. The code shall be applicable across all aspects of operations including marketing, loan origination processing and servicing and collection activities and various service providers, engaged by Home First. Our commitment to Fair Practice Code would be demonstrated in terms of employee responsibility, efficiency, monitoring and auditing programmes, training and technology.
- c. Through regular training programs, meetings, circulars and other modes of the communication employees would be made aware of the code so that there is a strong commitment for fair and quality lending and efficient and fair services.

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. Home First shall transparently disclose to the borrower(s) all information regarding fee/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed or rejected, prepayment options and charges therein , if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest re-set clause and any other matter which affects the interest of the borrower(s). In other words, the Company shall disclose “all in cost” inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It should also ensure that such charges/fees are non-discriminatory.
- c. Home First shall not discriminate amongst physically challenged, disable/differently able or blind persons in any manner while dealing them. The Company shall treat such person with humanitarian approach and give priority over other visiting clients at the branch in attending

his queries/application of such persons. Also, the Company shall take special efforts to make it easy and convenient for customers like senior citizens, physically challenged, differently abled or blind and illiterate persons while providing service.

- d. 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 Home First can be made and informed decision can be taken by the borrower. The loan application form may indicate the list of documents required to be submitted with the application form. We shall communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both, at the time of loan counselling.
- e. Home First shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed should also be indicated in the acknowledgement.

4. Loan appraisal, terms/ conditions, and communication of rejection of loan application

Loan applications from all the customers are processed fairly. Home First shall not discriminate while appraising loan applications across borrower segments. The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the company's credit policies, norms and procedures in respect thereof.

- a. Normally all particulars required for processing the loan application shall be collected by the Home First at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
- b. Home First shall convey in writing to the customer in the vernacular language or a language as understood by the customer by means of sanctioned letter or otherwise, the amount of loan sanctioned along with the terms and conditions which shall include annualized rate of interest, method of application, EMI structure, pre-payment charges, penal charges and shall obtain written acceptance of these terms and conditions from the customer for record.
- c. Home First shall mention the penal charges charged for late repayment in bold in the loan agreement.
- d. Home First shall invariably 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/ disbursement of loans, against acknowledgement.
- e. If Home First cannot provide the loan to the customer, it shall communicate in writing the reason(s) for rejection by sms/email/letter.

5. Disbursement of loans including changes in terms and conditions

- a. The loan agreement executed by the borrower at the time of availing the loan shall carry all the details with regards to the terms & conditions applicable. It shall also carry details on the interest and other charges as would be applicable.
- b. Home First shall give advance notice to its customers in the vernacular language or a language as understood by the customer in case of change in the terms & conditions including disbursement schedule, interest rate, penal charges, service charges, prepayment charges, other applicable fees/charges etc. Moreover, the Company shall ensure that changes to interest rates and charges are imposed only “prospectively” and necessary clause is incorporated in the loan agreement with respect to this.
- c. If the changes are to the disadvantage of the customers, he/she/they may close or switch the account at any time (without notice) within 60 (sixty) days without having to pay any extra charges or revised interest.
- d. At the time of each reset of interest rate, customer will have an option to switch over to a fixed rate by opting for either enhancement in EMI or elongation of tenor or a combination of both options, provided the following eligibility criteria is met:
 - The request can be placed after 12 months from the date of first disbursement.
 - The conversion fee to be paid upfront before the conversion. The conversion fee will be charged up to 2.0% + applicable taxes on Principal Outstanding.
 - The rate switch request will be reviewed at the sole discretion of the Company, depending upon various factors like - Borrower profile, Loan Repayment Track Record, Regular loan account and Regulatory requirement if any at the time of application of rate conversion.

Fixed Rate of Interest will be charged as 2% higher on the prevailing rate of interest of the customer on the date of the rate change.

The same shall be communicated to the borrower through SMS/ E-mail/Letter or any other electronic mode. The revised interest rate will be effective from the billing cycle, following the month in which all necessary switch formalities and documentation are completed by the customer.

The Company reserves the right to accept or decline the borrowers request for switch based on its assessment of the proposal and other factors affecting the lending business. The decision of the Home First shall be final, conclusive, and binding to the borrowers.

- e. Home First ensure that the decision to recall/accelerate payment or performance under the agreement or seeking additional securities, the Company should be in consonance with the loan agreement.
- f. Home First shall release all securities immediately on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim, Home First 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 are entitled to retain the securities till the relevant claim is settled /paid.

6. Penal Charges in Loan Accounts

Commensurate with RBI Circular No. RBI/2023-24/53, issued on August 18, 2023, titled 'Fair Lending Practice - Penal Charges in Loan Accounts', the Company will adhere to the following principles with respect to imposing penal charges on borrowers for material breach of terms and conditions of the loan agreement.

1. The Company shall provide to the customers information about the penalties which shall be levied on him/her in case of non-observance/violation of any of the terms and conditions governing the product/services chosen by them.
2. The penal charges in case of loans sanctions to individual borrowers, for purposes other than the business, shall not be higher than the penal charges applicable to non-individual borrowers for similar breach of material terms & conditions.
3. The details of penal and other charges will also be disclosed by the Company in the loan agreement and most important terms and conditions in addition to being displayed on the Company's website. The Company shall also communicate the applicable penal charges whenever reminders for non-compliance of material terms and conditions are sent to the borrowers.
4. There shall be no capitalisation of penal charges, i.e., no further interest will be computed on such charges.
5. Notwithstanding to the above, the Company shall also comply with the provisions mentioned in the Fair Lending Practice - Penal Charges in Loan Accounts issued by RBI vide Circular No. RBI/2023-24/53, as may be amended from time to time.

7. Loans sourced over Digital Lending Platforms

The process followed by the Company does not come under the purview of the guidelines of digital lending as mentioned in the circular.

8. Responsibility of Board of Directors

- a. The Board of Directors of Home First has laid down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. The mechanism ensured 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 Home First shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management.

9. Complaints and Grievance Redressal

- a. Home First 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.

Our Customer Grievance Mechanism as below:

Level-1

You can contact the nearest physical branch OR alternatively can call at 180030008425 OR write to us at loanfirst@homefirstindia.com for any queries/complaints. Our Branch Manager or Customer Service Team would resolve it within 7 working days from the date of receipt of the complaint.

Level – 2

In case we have not met your expectations at Level 1, you can escalate it to the Central Customer Service Team at the following email Id and we would ensure your issue/concern is resolved within 15 working days from the date of escalation or your issue.

Email id – query@homefirstindia.com.

c. Level- 3

In unlikely scenario where you are not satisfied with resolution provided to you at Level-2, you can escalate the complaint to our Grievance Redressal Officer who would ensure that your issue is resolved to your satisfaction within 30 working days of receipt of the complaint in the Corporate Office. You can connect us at the below mentioned address and email id,:

Mr. Gaurav Mohta (Grievance Redressal Officer)
Home First Finance Company India Limited
511, Acme Plaza, Andheri Kurla Road, Andheri (East)
Mumbai – 400 059

Phone: 8880549911

Email: complaints@homefirstindia.com

Alternative Remedy:

In case you are still unsatisfied with the resolution provided at Level-3 by our Grievance Redressal Team, please feel free to approach the National Housing Bank (NHB) via the following modes:

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

Offline mode: Alternatively write to the National Housing Bank in a prescribed format available at <https://nhb.org.in/en/complaint-cell-against-hfcs> and post the same to:

Complaint Redressal Cell
National Housing Bank
Department of Regulation and Supervision
4th Floor, Core 5A, India Habitat Centre, Lodhi Road
New Delhi – 110 003

The complaints can also be mailed at crcell@nhb.org.in

- b. If a complaint has been received in writing from a customer, Home First shall endeavor to send him/ her an acknowledgement/ response within a week. The acknowledgement shall contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at Home First'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.
- c. After examining the matter, Home First 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/ she should be informed how to take his/her complaint further if he/ she is still not satisfied.

- d. Home First publicized its 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 and ensure specifically that it is made available on its website.

Home First shall clearly display in all its offices/ branches and on the website that in case the complainant does not receive response from the Company within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints online on the website of NHB or through post to NHB, New Delhi.

10. Language and mode of communicating Fair Practice Code

- a. Fair Practices Code (in vernacular language) based on the directions outlined hereinabove shall be put in place by Home First with the approval of Board.
- b. The same shall be put up on Home First website, for the information of various stakeholders.

11. Regulation of excessive interest charged by Home First

- a. The Board of Home First 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 Home First shall also have clearly laid down policy for penal charges (if any).
- 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 on 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 charges (if any) must be annualized 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.

12. Excessive interest charged by Home First

Home First shall lay out appropriate internal principles and procedures in determining interest rates, processing and other charges (including penal charges, 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. The Company shall put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

13. Advertising, Marketing and Sales

- a. Home First shall take maximum steps to 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, Home First 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. It shall provide information on interest rates, common fees, and charges through putting up notices in their branches, through telephones or help-lines, on the Home First web-site, through designated staff/help desk or providing service guide/tariff schedule.
- d. In case of engagement of third party/ies for the purpose of providing support services, the company shall ensure that the third party/ies do handle the customer's personal information with the same degree of confidentiality and security as when the exercise may have been shouldered by Home First on its own.
- e. Home First shall from time to time, communicate to its 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 only if he/she/they has/have given his/her/their consent to receive such information/service either by mail or by registering for the same on the website or on customer service number.
- f. Home First shall apply/prescribe the code of conduct to their Direct Selling Agents/Direct Marketing Agents, if any, 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. The Company shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) with the approval of the Board.
- h. In the event of receipt of any complaint from the customer, that Home First representative/courier or marketing agents has/have engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint/grievance.

14. Guarantors

The Company must inform the following information to the person considering to be a guarantor to a loan,

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

Home First 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.

15. Privacy and Confidentiality

All personal information of customers (present and past) shall be treated as private and confidential. Home First shall not reveal transaction details of the customers' accounts, to a third party, including entities in the group, other than in the following exceptional cases when the Home First is allowed to do:

- a. If Home First have to give the information by law;
- b. If there is a duty towards the public to reveal the information;
- c. If Home First interests require to give the information (for example, to prevent fraud) but Home First shall not use this as a reason for giving information about its customer or its customers' accounts (including name and address) to anyone else, including other companies in the group, for marketing purposes;
- d. If the customer asks it to reveal the information, or if Home First has the customers' permission to provide such information to group/associate/entities or other companies when they have tie - up arrangements for providing other financial service products;
- e. If written permission has been obtained from the customer to provide reference of the respective customer;
- f. The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that Home First holds about him /her.
- g. Home First shall not use customer's personal information for marketing purposes by anyone including Home First unless the customer specifically authorizes them to do so.

16. General:

- a. Home First 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 Home First, 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, Home First 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, Home First shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- e. Home First shall 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/ HFCs/ NBFC and/or a financial institution.

- f. 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.
- g. Home First 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-obligant(s).
- h. To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between Home First and the individual borrower, Home First shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases. Duplicate copy duly executed between the Home First and the borrower should be handed over to the borrower under acknowledgement.
- i. The statement of account shall be made accessible to the customer 24/7 in an easy and understandable format, through customer mobile portal.
- 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 Home First.
- k. Home First shall display about their products and services in any one or more of the following languages: Hindi, English, or the appropriate local language.
- l. Home First shall not discriminate on grounds of sex, caste, and religion in the matter of lending. Further, Home First 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 Home First from instituting or participating in schemes framed for different.

To publicize the code Home First 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.

17. Review of the Code

The Board of Directors shall conduct annual review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management.

The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner, it may be applicable to its business.