

ORANGE CITY HOUSING FINANCE LIMITED (OCHFL)

# Fair Practice Code

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Orange City Housing Finance Limited  
(OCHFL)

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This is the Fair Practice Code of the company. Category: Very Important.

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**Revision History**

<u>S. No.</u>	<u>Version</u>	<u>Date</u>	<u>Author</u>	<u>Comments</u>
1	1.0	Apr 29, 2011	Dipti Andhare	Baselined version
2	1.1	Jun 06, 2011	Uday Bhaskarwar	Updated as per NHB circular NHB(ND)/DRS/Pol-No. 38/4680/2010-11 dated Apr 25, 2011

## Introduction

The purpose of this document is to define the Fair Practice Code(FPC) for the company in accordance with the NHB Directions for Housing Finance companies. This is living document and supposed to be updated on a regular basis. Any regulatory change that would impact the FPC aspects of the company would be reflected here.

This document should not be seen in isolation but in conjunction with the other policy documents that define the overall working of the company. For the sake of simplicity and to avoid confusion, any matter covered in other policy documents is not repeated in this document.

## Company Philosophy

OCHFL (“the company”) believes in and complies with the prevalent FPC practices that are in line with the Directions provided by NHB to housing finance companies. Considering the importance of FPC, the top management will be directly involved in the various aspects of accounting related issues.

Orange City Housing Finance Limited believes in transparency and fair trade practices.

## Objectives of FPC

The objective is to provide for transparency in transactions between the institutions and the end users and also to provide for well informed business relationship. The Fair Practices Code has been developed by OCHFL to

- a) Set minimum standards in dealing with customers
- b) Increase transparency
- c) Encourage market forces
- d) Promote a fair and cordial relationship between customer and OCHFL
- e) Foster confidence in the housing finance system

## Application of Code

All parts of this Code apply to all loans and investment products sold through OCHFL.

1. To Act fairly and reasonably in all their dealings with their Customers OCHFL will:

- a) Meet the commitments and standards set in this Code for the products and services offered and in the procedures and practices it's staff follows.
  - b) Make sure that products and services meet relevant laws and regulations in letter and spirit.
  - c) Ensure that dealings with customer rest on ethical principles of integrity and transparency.
2. Advertising, Marketing and Sales OCHFL shall make sure that:
- a) All advertising and promotional material is clear, 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, OCHFL will indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request.
  - c) In case of providing information on interest rates, common fees and charges, OCHFL will put up notices in their branches, or inform through telephone, trained staff, help desk or helpline. And also put up the required information on the company's website.
  - d) In case of availing of the services of third parties for providing support services, OCHFL will ensure 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 OCHFL would
3. With respect of Prospective Customers OCHFL shall
- a) Provide clear information explaining the key features of services and products that customers are interested in
  - b) Provide information on any type of product and service which they offered and that may suit customer's needs
  - c) Tell the customers that they offer products and services in more than one way (for example, on the internet, over the phone, and so on) and tell them how to find out more about them
  - d) Tell the customer what information they need from him/her to prove his/her identity and address, for us to comply with legal, regulatory and internal policy requirements.
4. OCHFL will prescribe a code of conduct for its Direct Selling Agencies (DSAs) whose services are availed to market products/services which amongst other

matters require it to identify itself when it approaches the customer for selling products personally or through phone.

5. In the event of receipt of any complaint from the customer about OCHFL's representative/courier or DSA been 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.

## 6. Loans

### 6.1 Applications for loans and their processing

- a) At the time of sourcing a loan product, OCHFL will provide information about the interest rates applicable, as also fees / charges, if any, payable for processing, pre-payment options and charges if any and any other matter which affects the interest of the borrower, so that a meaningful comparison with those of other HFCs can be made and an informed decision can be taken.
- b) OCHFL would devise a system of giving acknowledgement of receipt of all loan applications. Preferably, the time frame within which loan application will be disposed of should also be indicated in the acknowledgement.
- c) OCHFL would disclose all the charges involved in processing/sanctioning loan in a transparent manner. All the fees/charges would be non-discriminatory in nature. The borrower will be disclosed following information -
  - i. fees/charges payable for processing of the loan application
  - ii. the amount of fees refundable if the loan amount is not sanctioned or disbursed,
  - iii. pre-payment options and charges, if any
  - iv. penalty for delayed repayment, if any
  - v. conversion charges for converting loan from floating rate to fixed rate and vice-versa
  - vi. existence of any interest re-set clause
  - vii. any other matter that affects the interest of the borrower

### 6.2 Loan appraisal and term & conditions

- a) Normally all the particulars required for processing the loan application shall be collected by OCHFL 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) OCHFL will convey in writing to the customer by means of sanction of letter or otherwise, the amount of loan sanctioned along with all terms &

conditions including annualized rate of interest, method of application, EMI terms & conditions by the customer on its record.

- c) OCHFL will supply authenticated copies of all the loan documents executed by the customer at its cost along with a copy each of all enclosures quoted in the loan document on request.

### 6.3 Communication of rejection of Loan Application

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

### 6.4 Disbursement of loans including changes in terms & conditions

- a) OCHFL will make disbursements in accordance with the disbursement schedule given in the Loan Agreement/Sanction letter.
- b) OCHFL will give notice to the borrower of any change in the terms & conditions including disbursement schedule, interest rate, service charges, prepayment charges, other applicable fee/ charges etc. OCHFL would also ensure that changes in interest rates and the charges are effected only prospectively.
- c) OCHFL will bring to the notice of the customer that if such change is to his/her disadvantage, then he/she may within 60 days and without notice close his/her account or switch off without having to apply any extra charges or interest.
- d) OCHFL's decision to recall/ accelerate payment or performance under the agreement or to seek additional security will be in consonance with the loan agreement.
- e) OCHFL would 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, OCHFL will have against the 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 OCHFL is entitled to retain the securities till the relevant claim is settled / paid.

### 6.5 Guarantors

OCHL will inform the person acting as guarantor about

- a) His/her ability as guarantor
- b) The amount of liability he/she is committed to

- c) Circumstances in which he/she may be called upon by OCHFL to pay off the liability
- d) Whether OCHFL has recourse to his/her other monies in the company if he/she fail to pay up as a guarantor.
- e) Whether his/her liabilities are restricted to specific quantum or are unlimited.
- f) Time & circumstances under which his/her liabilities as a guarantor would be discharged and the manner of notification by OCHFL. Further he/she would be kept informed about the financial position of the borrower.

## 7. Privacy and Confidentiality

OCHFL shall treat all the personal information of its customers as private and confidential (even when the customers are no longer customers) and shall be guided by the following principles and policies. OCHFL will not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies/entities in its 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 OCHFL interests require it 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 its group, for marketing purposes.
- d) If customer asks the OCHFL to reveal the information, or with an OCHFL customer's permission.
- e) If OCHFL is asked to give a reference about customers, it shall obtain his/her written permission before giving it.
- f) The customer shall be informed the extent of his/her rights under the existing legal framework for accessing the personal records that OCHFL holds about him/her.
- g) OCHFL will not use customer's personal information for marketing purposes by anyone including HFCs unless the customer specifically authorizes them to do so.

## 8. Credit Reference Agencies



- a) When a customer opens an account, OCHFL will inform him/her when it may pass his/her account details to credit reference agencies and the checks OCHFL may make with them.
- b) OCHFL may give information to credit reference agencies about the personal debts the customer owes it if:
  - i) The customer has fallen behind with his/her payments;
  - ii) The amount owed is not in dispute; and
  - iii) The customer has not made proposals OCHFL is satisfied with for repaying his/her debt, following OCHFL formal demand.
- c) In these cases, OCHFL will intimate the customer in writing that it plans to give information about the debts the customer owes it to credit reference agencies. At the same time, OCHFL will explain to the customer the role of credit reference agencies and the effect the information it provides can have on customer's ability to get credit.
- d) OCHFL will give credit reference agencies other information about the customer's account if the customer has given them his/her permission to do so.
- e) OCHFL will provide the customer with a copy of the information that it has given to the credit reference agencies about the customer, or provide its leaflets that explain how credit referencing works.

## 9. Collection of Dues

- 9.1 Whenever loans are given, OCHFL would 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 will be followed for recovery of dues. The process will involve reminding the customer by sending him/her (1) notice or by making (2) personal visits and or (3) repossession of security if any.
- 9.2 OCHFL collection policy is built on courtesy, fair treatment and persuasion. OCHFL would believe in fostering customer confidence and long-term relationship. OCHFL staff or any person authorized to represent it, in collection of dues or/and security repossession will identify himself/herself and display the authority letter issued by the OCHFL and upon request display to his/her identity card issued by (customer), OCHFL or under authority of the company. OCHFL will provide customers with all the information regarding dues and will endeavour to give sufficient notice for payment of dues.

9.3 All the members of the staff or any person authorized to represent the OCHFL collection or/and 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 OCHFL would be made known to the customer at the first instance.
- c) Customer's privacy would be respected.
- d) OCHFL's representative will interact with the customer in a civil manner.
- e) OCHFL's representative will contact him/her between 0700 hrs and 1900 hrs unless under special circumstances with respect to customer's business/ occupation.
- f) OCHFL will honour customer's request to avoid calls at a particular time/place.
- g) OCHFL would document time/ contents of the call
- h) OCHFL will try & assist in settling the matter amicably.
- i) On home/ office visits OCHFL's representative will maintain decorum & decency.
- j) OCHFL will avoid interaction with customer on inappropriate occasions in his/her family.

#### 10. COMPLAINTS AND GRIEVENCES Procedure

- a) OCHFL would have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- b) OCHFL's Board would lay down a grievance redressal mechanism to resolve complaints. Such a system would try to dispose off and settle disputes at the next higher level.
- c) OCHFL would let customer know where to find the company's procedure of handling complaints fairly and quickly.
- d) If the customer wants to make a complaint he/she would be told:
  - i) How to do this
  - ii) Where a complaint can be made
  - iii) How a complaint should be made
  - iv) When to expect a reply

- v) Whom to approach for redressal
  - vi) What to do if the customer is not happy about the outcome.
  - vii) OCHFL staff shall help the customer with any question the customer has.
- e) If a complaint has been received in writing from a customer, OCHFL will endeavour to send him/her an acknowledgement / a response within a week. If the complaint is relayed over phone at OCHFL designated telephone helpdesk or customer service number will be provided with a complaint reference number and keep him/ her informed of the progress within a reasonable period of time.
- f) After examining the matter, OCHFL will 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 would be informed how to take his/her complaint further if he/she is still not satisfied.
- g) OCHFL will publicize its grievance redressal procedure and ensure that it's is made available on the website.

## 11. GENERAL

OCHFL shall give the customer information:

- a) Verify details in the loan application by contacting him/her at his/her residence, through telephone, in office or through agencies appointed by OCHFL.
- b) The customer needs to cooperate in investigation(s) made either by company/ police/ investigative agencies.
- c) The customer would be responsible for all the losses incurred on his/her account if he/her acts fraudulently/carelessly.
- d) OCHFL would provide information about products & services of OCHFL in English, Hindi or local language.
- e) OCHFL shall not discriminate on the basis of age, race, caste, gender, marital status, religion or disability.
- f) OCHFL shall process request for transfer of a loan account, either from the borrower or from a bank / financial institution, in the normal course.

## 12. To Publicize the code OCHFL shall

- a) Provide an existing customer with a copy of the Code.
- b) Provide a new customer with a copy of the Code when he/she opens his/her account.

- c) Make this code available on request either over the counter or by electronic communication or mail.
  - d) Ensure that staff is trained to provide relevant information about the Code and to put the Code into practice.
13. The Board of Directors of OCHFL would provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

\*\*\*End of Document\*\*\*