



FAIR PRACTICE CODE

OF

PNB HOUSING FINANCE LIMITED

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Summary of Version History

Policy approved by	Board of Directors
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FAIR PRACTICE CODE

PNB Housing Finance Limited (“the Company”) has amended and adopted the Fair Practice Code (FPC) pursuant to the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India vide RBI Circular RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021.

Keeping in view the guidelines stipulated by the RBI in its said directions, the Company has amended the Fair Practice Code in which principles has been carved out for fair practices/standards that the Company shall follow while dealing with its customers to build strong relationship and foster confidence. This Code shall supersede the earlier Fair Practice Code with effect from the approval of the Board of Directors of the Company.

I. APPLICATION OF THE FPC

This Code shall apply to all the products and services, whether they are provided by the Company, its subsidiaries 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.

II. APPLICATION FOR LOANS AND THEIR PROCESSING

- i. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- ii. The Company 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, the Company 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.
- iii. 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. The loan application form may indicate the list of documents required to be submitted with the application form.
- iv. The Company 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.

III. LOAN APPRAISAL, TERMS /CONDITIONS & COMMUNICATION OF REJECTION OF LOAN APPLICATION

- i. Normally all particulars required for processing the loan application shall be collected by the Company at the time of application. In case it needs any additional information, the customer should be told immediately that he would be contacted again.
- ii. The Company 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.

- iii. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
- iv. The Company 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.
- v. If the Company 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

- i. Disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- ii. The Company 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/ charges etc. the Company shall also ensure that changes in interest rates and charges are effected only prospectively and a suitable condition in this regard is also incorporated in the loan agreement.
- iii. 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.
- iv. Decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- v. 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 that 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.

V. RESPONSIBILITY OF BOARD OF DIRECTORS

- i. The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. The mechanism ensures 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.
- ii. The Board of Directors of the Company shall periodical review the compliance of the Fair Practices Code and the functioning of the grievances 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.

VI. COMPLAINTS AND GRIEVANCES

- a. The Company has a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices, including those received on-line. If a complaint has been received in writing from a customer, the Company shall endeavor to send him/ her an acknowledgement/ response within a week. The acknowledgement should contain the name and designation of the official who will deal with the grievance. If the complaint is relayed over phone at the Company 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.

- b. After examining the matter, the Company 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.
- c. The Company has 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.
- d. The Company has clearly displayed 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.
- e. If the customer wants to make a complaint, he / she can do so:

Level 1	Level 2	Level 3	Level 4
<ul style="list-style-type: none"> • The customer may post their complaint to their branch office/ Branch business Head or by visiting company's website www.pnbhousing.com. • The customer shall be responded within 7 working days from the date of complaint. <p>Our Customer Relationship management Cell can be reached out through below modes:</p> <p>Customer care Number: 18001208800</p> <p>Customer care email id: customercare@pnbhousing.com</p> <p>Website: www.pnbhousing.com</p>	<ul style="list-style-type: none"> • If the customer is not satisfied with the resolution provided by the Business Head, the customer may post his/ her complaint to Regional Grievance Redressal Officers or GROs (at their respective email ids) the details of which will be available on the website • The customer shall be responded within 10 working days from the date of complaint. 	<ul style="list-style-type: none"> • In case the resolution is still not upto customers satisfaction, they may be approach the Managing Director and CEO by writing to nodalofficer@pnbhousing.com/ executivedirector@pnbhousing.com • The customer shall be responded within 10 working days from the date of complaint. <p>Alternatively,</p> <p>Customers may write to Grievance Redressal Officer at:</p> <p>PNB Housing Finance Limited 9th Floor, Anriksh Bhawan, 22 Kasturba Gandhi Marg, New Delhi – 110001</p> <p><i>Note: - Please mention 'Grievance Redressal' on the top of the envelope</i></p>	<ul style="list-style-type: none"> • In case of non-addressal of the complaint to the customer's satisfaction, within 30 days from the above quarters, the customer may approach National Housing Bank at the address given below: • National Housing Bank, Department of Regulation and Supervision, (Complaint Redressal Cell), 4th Floor, Core-5A, India Habitat Centre, Lodhi Road, New Delhi - 110003 • The complainant can also approach the Compliant Redressal Cell by lodging complaint at https://grids.nhbonline.org.in www.nhb.org.in

VII. 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 the Company with the approval of the Board. The same shall be put up on the Company's website, for the information of various stakeholders.

VIII. REGULATION OF EXCESSIVE INTEREST CHARGED BY HFCs

- i. 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 clearly laid down policy for penal interest/ charges (if any).
- ii. 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 Company 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.
- iii. 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.
- iv. Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

IX. ADVERTISING, MARKETING AND SALES

The Company shall ensure that;

- i. All advertising and promotional material is clear, and factual.
- ii. 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, the Company 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.
- iii. The Company will provide information on interest rates, common fees and charges (including penal interest, if any) through putting up notices in their branches; through telephone or help-lines; on the company's website; through designated staff/ help desk; or providing service guide/ tariff schedule.
- iv. If the Company avails services of third parties for providing support services, it 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 the Company would.
- v. The Company may, from time to time, communicate to customer's 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 has given his/ her consent to receive such information/ service either by mail or by registering for the same on the website or on customer service number.
- vi. The Company shall apply/prescribe a code of conduct for their Direct Selling Agencies (DSAs) 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.

- vii. The Company shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) as per the approval of the Board.
- viii. The Company will review the conduct of DMAs periodically. In the event of receipt of any complaint from the customer that the Company's 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.

X. Guarantors

When a person is considering being a guarantor to a loan, he/ she should be informed about

- i. His/her liability as guarantor;
- ii. The amount of liability he/she will be committing him/herself to the Company;
- iii. Circumstances in which the Company will call on him/her to pay up his/her liability;
- iv. When the Company has recourse to his/her other monies in the Company if he/she fail to pay up as a guarantor;
- v. Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- vi. Time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which the Company will notify him/her about this.
- vii. 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 willful defaulter.

The Company 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.

XI. Privacy & Confidentiality

All personal information of present and past customers shall be treated as private and confidential and shall be guided by the following principles and policies. The Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, other than in the following exceptional cases:

- i. If the information is to be given by law.
- ii. If there is a duty towards the public to reveal the information.
- iii. If Company's interests require them to give the information to prevent fraud etc. Customer's information shall not be given to anyone for marketing purposes except with his/her permission.
- iv. If the Customer asks Company to reveal the information, or with the Customer's permission.
- v. If Company is asked to give a reference about a Customer, the Company will obtain his / her written permission before giving it.

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

The Company shall not use customer's personal information for marketing purposes by anyone including company, unless the customer specifically authorizes them to do so.

XII. Fixed Deposits

- a. Minimum lock-in period for all types of deposit shall be 3 months. The interest rates for prepayment of deposits are as under:
 - i. After three months but before six months – The maximum interest payable shall be 4% per annum for individual depositors and no interest in case of other category of depositors.

- ii. After six months but before the date of maturity – The interest payable shall be 1% lower than the interest rate applicable to a public deposit for the period for which the deposit has run.
- iii. If no rate has been specified for the period for which the deposit has run – 2 % lower than the minimum rate at which the deposits are accepted.

The brokerage is paid upfront for the entire period of deposits to authorized agent of the Company. In case of premature withdrawal, the brokerage is payable for the period completed and excess brokerage paid will be recovered from the deposit amount.

- b. The deposits are accepted for fixed period by the Company and it is the responsibility of the depositor to renew the deposit from time to time. If the deposits are not renewed for 7 years, the overdue deposit will be transferred to Investor Education & Protection Fund (IEPF) on completion of 7 years from due date of the deposit and thereafter, the depositor may claim for refund of the deposit directly from IEPF.

12. GENERAL

- i. 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 information, not earlier disclosed by the borrower, has been noticed).
- ii. 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, 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.
- iii. Whenever loans are given, Company will 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.
- iv. In the matter of recovery of loans, Company will not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. Company will ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- v. The Company to formulate the Policy for engaging Recovery Agents.
- vi. The Company will not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - o Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - o 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.

- vii. Company will 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).
- viii. To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between the Company and the individual borrower, Company will obtain a document containing the Most Important Terms and Conditions (MITC) of such loan. The document will be in addition to the existing loan and security documents being obtained by the Company. The Company will 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.
- ix. 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 the Company. Hence, Company will follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues".
- x. Company shall display about Products and Services offered by the Company in any of the following Languages: Hindi, English or the appropriate local Language.
- xi. The Company will not discriminate on the basis of Age, Race, Caste, Gender, Marital Status, Religion, or Disability. However, the restrictions on Age, as mentioned in the Loan Products, shall continue to apply.
- xii. The Company will publish FPC/ MITC updated from time to time covering schedule of charges, changes in terms and conditions etc. in the Company's official website www.pnbhousing.com, besides displaying in the notice board of the branch. Company will also provide a copy on request, either over the counter or by electronic communication or email. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society.
- xiii. Upon the specific request of the customer, the Company shall provide the facility of electronic transfer of loan proceeds through NEFT/RTGS to the account of the beneficiary/ builder/ vendor and the Company.
- xiv. The Company is having the customer portal facility in the website and the customer can access the accounts through such facility for obtaining Provisional/Final Interest Paid Certificate for IT purposes, Statement of Accounts etc, by properly registering the passwords.
- xv. Generally, all the data/ documents pertaining to any account of the customer will be purged after 5 years from the closure of the loan/account and the Company will not entertain any request for providing any information/data of such accounts after 5 years.
- xvi. After disbursement of the loan and issue of cheque in the name of the borrower/ vendor, if the purchase transaction could not be completed for whatever reasons and the cheque is recredited to the loan account, the borrower shall pay the interest at applicable rate for the period between date of debit to the loan account and closure of the loan.
- xvii. The customer should comply with the rules of Know Your Customer (KYC), Anti Money Laundering (AML), and Customer Acceptance Policy, as published on our website from time to time.
- xviii. The Company would promptly attend to any "lender-related" genuine difficulty/ies that the borrowers may face. The Company will be concerned with sanction and disbursement of the loan, but will not offer any warranty for the property/ property related issues and the borrower should satisfy himself with the title of the property, quality of the construction, progress of the project etc.
- xix. It is the borrower's responsibility to register the correct postal address, E-mail ID, Telephone

Number and Mobile Number and any other means of communication with the Company.

- xx. Request for reduction of EMI shall be considered if any pro-rata reduction in the amount of EMI at the specific request of the borrower on account of bulk/ lump sum pre-payment of the loan by the borrower to keep the same tenure of the loan. In respect of Prepayment, customer will have the option of reduction in EMI only in cases where such prepayment is equivalent to minimum 5 EMIs.
- xxi. Extension of tenure of loan: Whenever there is any upward revision in ROI, the Company will inform automatically /prospectively, the borrower of the changes in his loan account and balance loan tenure. Borrower shall have the options –
- i) to pay the applicable enhanced EMI prospectively or
 - ii) Pay applicable lump sum prepayments and continue same EMI or
 - iii) Continue same EMI and extend the tenure of the loan.
- It shall be the responsibility of the borrower to visit/ contact the branch for either of the above, post the communication /changes in interest rate.
- xxii. Whenever downward revision is effected in the ROI (card rates) for loans, same is applicable for new loans granted prospectively. In respect of old loans, subject to the applicable terms, borrowers will have the option of availing the benefit of reduced interest rate by switching over to the latest Company's housing finance rate (PNBHFR) and reset of ROI mode by paying a nominal fee and completion of few formalities.
- xxiii. This Code shall be reviewed annually or at earlier intervals by the Board of Directors of the Company.
- xxiv. To publicize the Code, the Company 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.