



Fair Practice Code

(Reviewed and amended by the Board at their meeting held on 09th September, 2024)

1. Introduction & Objective:

The guidelines on fair practice code has reference to the Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 through RBI circular no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dt. 17-Feb-2021, wherein the Reserve Bank of India has revised the guidelines on Fair Practices Code for Housing Finance Companies to follow the best corporate practice within the sector. Nivara Home Finance Limited has formulated the “Fair Practice Code” in accordance with these guidelines.

At Nivara Home Finance Limited, it is our endeavor to provide the best service to our customers. All our services and products are built around the core value of Customer and to enhance the level of customer satisfaction. In view of this, the Company has formulated and implemented the “Fair Practice Code” in accordance with the RBI guidelines.

2. Application of the Code:

This code shall apply to all products and services of Nivara, whether such products and services are provided across the counter, over the phone, by post, through interactive electronic device, on the internet or by any other method.

3. Applications for Loans and their Processing:

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Nivara 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 charges 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, Nivara must 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.
- 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 Nivara 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.
- The Nivara 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. Loans Appraisal, Terms/Conditions and Communication of Rejection of Loan Application:

- Normally all particulars required for processing the loan application shall be collected by Nivara at the time of application. In case it needs any additional information, the customer should be told immediately that he would be contacted again.
- Nivara 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 charges (if any) and keep the written acceptance of these terms and conditions by the borrower on its record.

- Nivara shall mention the penal charges charged for late repayment in bold in the loan agreement.
- Nivara 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.
- In case Nivara cannot provide the loan to the customer, it shall communicate in writing the reason(s) for rejection.

5. Disbursement of Loans Including Change in Terms and Conditions:

- Nivara shall ensure that disbursement is made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- Nivara 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 charges (if any), service charges, prepayment charges, other applicable fee/ charges etc. Nivara should also ensure that changes in interest rates and charges are imposed only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- Pursuant to RBI circular DoS.CO.PPG.SEC.1/11.01.005/2024-25 on 29th April 2024, the Company shall charge interest from the date of actual disbursement of funds or the day cheque was actually handed over to the customer. Further, interest shall be charged only for the period for which the loan is outstanding and not for the entire month.
- If such change is to the disadvantage of the customer, he/she close or switch his/ her account at any time (without notice) within 60 (sixty) days without having to pay any extra charges or revised interest.
- Decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- Nivara 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, Nivara 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 Nivara are entitled to retain the securities till the relevant claim is settled/ paid.

6. Responsibility of Board of Directors:

- The Board of Directors of Nivara 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.
- The Board of Directors of Nivara shall 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.

7. Release of Movable/Immovable Property Documents on Repayment/Settlement of Personal Loan

- The Company shall release all the original movable/immovable property documents within a period of 30 days after full repayment/ settlement of the loan outstanding loan(s), overdue interest, overdue charges.

- After examination of application/legal representation to release the property, Nivara shall intimate the claimants /legal heirs to collect the property documents from Nivara within 30 days from the date of said communication.
- Property documents shall be given to the Applicant(s)/ Guarantor(s)/ Property Owner(s)/ legal representative of the borrower of the Loan, and he must carry the valid and original identity proof (KYC documents) and make those available at the branch where the loan account was serviced or any other office of the Company where the property documents are available.
- On receipt of the property documents, all Applicant(s)/ Guarantor(s)/ Property Owner(s)/ legal representative must sign a letter, acknowledging the receipt of the property documents.

In case of any disability or old age or unfortunate demise of borrower or any other reason (s):

- Demise of Sole Borrower: In case of demise of sole borrower, his/her legal representative may collect the original property documents by producing Probated Will or Succession Certificate or Letter of Administration to the estate of the deceased or Death Certificate including their KYC documents.
- Demise of Joint Borrower: In case of demise of the joint borrowers, other co-applicants may collect the original property documents by producing the death certificate of the borrower and KYC documents of all the co-applicants.
- In case of any disability or old age of borrower or any other reason:
- Property Owner(s) are required to execute power of attorney authorizing the attorney to complete the closure formalities and collect the property documents from the Company, on their behalf.

Note:

1. Nivara shall reserves the right in sole discretion and without liability to take final decision on delivery of property documents. The laws, rules of the respective states / jurisdiction will be applicable in case of any dispute.

2. Compensation for delay in release of Movable/ Immovable Property Documents shall be as per the applicable laws.

8. Penal Charges

- Penal Charges shall be levied to the borrowers on breach or non-compliance of any of the material terms and conditions of loan contract or on occurrence of any event of default under the loan documents in line with the Board approved policy on penal charges.
- The quantum of the penal charges will be applicable as specified in the loan agreement, Sanction letter/ Key Fact Statement (KFS)/ MITC (Most Important Terms & Conditions) or as may be specified as per the policy of company from time to time. The quantum of such charges shall be disclosed to the customers in the loan agreement, sanction letter, Most Important Terms & Conditions (MITC), and on the website of the company.
- The penal charges shall be reasonable and without being discriminatory within a particular loan/ product category

9. Reset of Floating Rate of Interest

NIVARA offers all its existing borrowers the option to change the applicable rate of interest of the loan (by changing the spread or switching between schemes) through our Conversion Facility. The Company shall consider changes in interest rate or conversion of interest rate type or change in EMI

or tenor or both for those Borrowers who services loans with good track records of repayment history, improvement in monthly household income, appreciation property value, reduction in borrowed outstanding amount. The Borrowers can avail of this facility by paying a nominal fee and opt for either changes in monthly instalment (EMI) or loan tenure or switching facility. This shall be based on income, obligation and age of borrowers.

Nivara floating rate of interest shall be applicable as per the Conversion/Switch Policy published at website and updated time to time.

Link to Conversion/Switch policy:

https://www.nivarahousing.com/download/Conversion%20Policy%20v2_27th%20Dec%202023.pdf

10. Complaints and Grievance Redressal:

Nivara shall follow the below systems and procedures for receiving, registering and disposing of complaints and grievances through any of the following modes.

Mode:1

Physical Visiting the Branch:

By way of physical visiting the branch and post a complaint in the complaint register maintained at the branches. Customer can visit the branch during visiting hours between 10 a.m. and 5 p.m. from Monday to Friday & from 10 a.m. to 1 p.m. on Saturday (except on public holidays)

Mode:2

Over phone

Customers can contact at +91-80-2655 2822 between 10 a.m. and 5 p.m. from Monday to Friday & from 10 a.m. to 1 p.m. on Saturday (except on public holidays)

Mode:3

Via e-mail

Customers can also reach out vide [E-mail: contact@nivarahousing.com](mailto:contact@nivarahousing.com)

Mode:4

Written Letter to Registered Office

Customer can also make complaint by way of written letter addressed to registered office of the company as follows:

To:

Chief of Quality Control and Customer Retention

Mr. Rajesh C A

Nivara Home Finance Ltd., 22, 23, 24, 25/101/3, 3rd Floor,
BNR Complex, Sri Rama Layout, Opp. RBI Layout, 7th Phase,
JP Nagar, Bangalore – 560078.

Mode:5

Direct approach to MD

In case of delay or unsatisfactory response or non-response through the above modes, the borrower(s) may escalate the pending complaint, grievances or any other service request to:

The Managing Director,

Nivara Home Finance Limited, 22,23,24,25/101/3, 3rd Floor,

Nivara Home Finance Limited

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BNR Complex, Sri Rama Layout, Opp. RBI Layout, 7th Phase,
JP Nagar, Bangalore-560078
E-mail: md@nivarahousing.com

Mode:6

Direct approach to complaint redressal cell of National Housing Bank

In case complainant does not receive response from the Company within a period of one month or is dissatisfied with the response received, complainant may approach Complaint Redressal Cell of National Housing Bank by lodging “online complaint” through Grievance Registration & Information Database System (GRIDS) using the link at NHB website: <https://grids.nhbonline.org.in>

OR

you may submit your “complaint in writing” to the NHB in prescribed format available at the link: <http://nhb.org.in/citizencharter/NHB%20Grievance%20Redressal%20Policy.pdf> And send it to the below mentioned address:

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

- If a complaint has been received in writing from a customer, Nivara shall endeavor to send him/ her an acknowledgement/ response within a week. The acknowledgement should contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at Nivara’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.
- After examining the matter, Nivara 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.
- Nivara shall publicize 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. Nivara shall 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.

11. Language and Mode of Communicating Fair Practice Code:

- Fair Practices Code (preferably in the vernacular language or a language as understood by the borrower) based on the directions outlined hereinabove shall be put in place by Nivara with the approval of their Boards.
- The same shall be put up on Nivara’s website, for the information of various stakeholders.

12 . Regulation of Excessive Interest Charged By Nivara:

- The Board of Nivara 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 Nivara shall also have clearly laid down policy for penal charges (if any).
- 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 in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

13. Excessive Interest Charged by Nivara:

- Nivara shall lay out appropriate internal principles and procedures in determining interest rates and processing and other 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. Nivara 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.

14. Advertising, Marketing and Sales:

Nivara shall ensure that:

- All advertising and promotional material is clear, and factual.
- 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, Nivara 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.
- Nivara shall provide information on interest rates, common fees and charges (including penal charges, if any) through putting up notices in their branches; through telephone or help-lines; on the Nivara's website; through designated staff/ help desk; or providing service guide/ tariff schedule.
- If Nivara avail of the services of third parties for providing support services, Nivara 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 Nivara would.
- Nivara 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/ 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.
- Prescribe a code of conduct for their Direct Selling Agencies (DSAs), 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.
- Nivara shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs), if any, with the approval of their Board.
- In the event of receipt of any complaint from the customer, that Nivara'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.

15. Guarantors:

Nivara must inform the following information to the person considering to be guarantor to a loan:

- a. his/ her liability as guarantor;
- b. the amount of liability he/ she will be committing him/herself to the company;
- c. circumstances in which Nivara will call on him/her to pay up his/ her liability;
- d. whether Nivara 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 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 will be discharged as also the manner in which HFC 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.

Nivara 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.

16. Privacy and Confidentiality:

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

- If the information is to be given by law.
- If there is a duty towards the public to reveal the information.
- If the Nivara's interests require them to give the information (for example, to prevent fraud). However, 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.
- If the customer asks to reveal the information, or with the customer's permission.
- If written permission has been obtained from the customer to provide reference of the respective customer;

The customer shall be informed the extent of his/ her rights under the existing legal framework for accessing the personal records that Nivara holds about him/ her. Further, Nivara shall not use customer's personal information for marketing purposes by anyone including Nivara, unless the customer specifically authorizes them to do so.

17. General:

- Nivara 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).
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the HFC, 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.

- Whenever loans are given, Nivara 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.
- In the matter of recovery of loans, Nivara 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 behaviour from the staff of the companies, Nivara shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- Nivara shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - a. Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - b. Where the housing loan is on fixed interest rate basis and the loan is preclosed 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.
- Nivara 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).
- To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between Nivara and the individual borrower, Nivara shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases. The document will be in addition to the existing loan and security documents being obtained by the Nivara. Duplicate copy duly executed between the Nivara and the borrower should be handed over to the borrower under acknowledgement.
- 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 Nivara.
- Nivara shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- Nivara shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, Nivara 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 Nivara from instituting or participating in schemes framed for different sections of the society.

To publicize the code the Nivara shall:

1. provide existing and new customers with a copy of the Code;

2. make this Code available on request either over the counter or by electronic communication or mail;
3. make available this Code at every branch and on their website; and
4. ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.