

FAIR PRACTICES CODE

Five Star Housing Finance P Ltd. is a private limited company incorporated under Companies Act, 1956, and Regulated by the directives of National Housing Bank. This Code has been formulated by Five Star Housing Finance P Ltd. ('the Company') pursuant to the Guidelines issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies vide its circular bearing No.NHB (ND)/DRS/POL-No.16/2006 dated September 05, 2006 and amendments communicated by NHB from time to time.

I Objective:

Our main business is extending loans for purchase/construction/extension/repairs/renovation etc. of houses, apartments etc., for purchase of residential sites . The objective of the code is primarily to ensure fair and transparent transactions with all our customers. This will also facilitate the customers to have a better understanding about our products and the various charges levied by the Company. The following Fair Practices Code shall be followed by the Company. The main objective of the code is:

- i) Promotion of Good and Fair Practices by setting minimum standards for customer relationships;
- ii) Increased transparency so that the customer fully comprehends what he/she can reasonably expect of the services;
- iii) Encouragement of Market forces, through competition, to achieve higher operating standards;
- iv) Promotion of a Fair and Cordial Relationship between customer and the Company; and
- v) Fostering confidence in the housing finance system.

II APPLICATION OF THE CODE

This code applies to all products and services offered by the Company under normal operating environment except in any event of force conditions and Code is based on ethical principles of integrity and transparency and all actions and dealings will follow the spirit of the Code.

- FSHF will to the best of its ability, act fairly and reasonably in all dealings with the customer, meeting ethical principles of integrity and transparency and always following the relevant laws and regulations in letter and in spirit.
- It will make sure that all its products and services are explained to its customers fully and ensure complete understanding.
- It will have literature in multiple languages (English and local language) and also make every effort to ensure that the terms are clear and not misleading and understood by the customer.
- For any of the customer's quires, the Branch In charge will be the point of first contact. The contact information of the branches will be available at company's website
- The Officers/Branch In charges shall be helpful for customers to understand the terms and conditions, applicable interest rate / service charges and also the benefits that can be availed along with their financial implications.
- The company will treat all customer information as private and confidential unless required by law or if waivers have been signed by the customer.

III ADVERTISING, MARKETTING AND SALES:

- We will ensure clarity in our promotional and advertising material, and avoid misleading information.
- In case of outsourcing some of providing support services of third parties viz., insurance, FSHF will inform and require them to handle customer's personal information (if any made available to such third parties) with the same degree of confidentiality and security as it would.

IV LOANS

i) Applications for loans and their processing

- a. The Loan application forms will contain all 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 list of documents required to be submitted with the application form would also be mentioned.
- b. An acknowledgement for receipt of all loan applications shall be given. All the loan applications would be disposed off normally within three weeks from the date of receipt. This shall be indicated in the acknowledgement.
- c) The Company would verify the loan applications within a reasonable period of time.

ii) Loan appraisal and terms/conditions

- a. Normally all particulars required for processing the loan application would be collected by the Company within a reasonable period of time of receipt of application. If additional details/documents are required; it would intimate the applicants/borrower immediately thereafter
- b. The Company shall carry out proper due diligence on creditworthiness of applicants notwithstanding the stipulation of any security and margin made by it.
- c. The Company will pass the customer's information/ account details to Credit Information agencies/TPAs/ others for this purpose
- d. The Company will convey in writing to the borrower by means of sanction letter , the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, prepayment charges and keep the written acceptance of these terms and conditions by the borrower on the record.
- e. The Company will also issue Most Important Terms and Conditions (MITC) agreed at the time of sanction/ disbursement of the loan to the borrower and obtain his/her acknowledgement in the duplicate copy of MITC as per the NHB guidelines.
- f. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement would be provided to every borrower at the time of sanction / disbursement of loans.

iii) Communication of rejection of Loan Application

A communication in writing as regards the reason(s) for rejection of a loan application will be furnished by the Company, whenever any loan application is rejected.

iv) Disbursement of loans including changes in terms and conditions

a. The timely disbursement will be ensured to coincide with the terms and conditions of the sanction letter and compliance of such terms and conditions by the borrower/s/guarantors.

b. whenever changes are effected on the ROI (upward and downward revisions) on loans, schedule of charges, terms & conditions, guidelines stipulated by NHB etc will be published in the website/ displayed in branch notice boards immediately. No written communications will be sent to customers/ borrowers/ guarantors individually. The Company shall ensure that such changes are effected only prospectively

c. If any 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 extra interest.

d. Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.

e. 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.

f. Whenever upward revision in the rate of interest for loans is effected, same is applicable prospectively to all loans including those already sanctioned and outstanding on the date of change in ROI and the borrowers will have the following options:

i) Agreeing to pay the applicable enhanced EMI prospectively or

ii) Pay applicable lump sum prepayments (to be arrived/ provided by the company) and continue same EMI

iii) continue same EMI and extend the tenure of the loan subject to maximum tenure of ~~30~~ 20 years or his/her reaching age of maximum ~~70~~ 70, whichever is earlier.

It shall be the responsibility of the borrower to visit/ contact the branch and opt any one of above 3 options in writing. If the borrower does not visit/ contact, then the option (iii) will be exercised by the company automatically /prospectively.

g. Whenever downward revision is effected in the rate of interest (card rates) for loans, same is applicable for new loans to be granted prospectively. However the existing loan borrower will have the option of reducing the rate of interest of his/ her to the present card rates, by getting fresh risk rating by the branches as per norms and remitting interest adjustment charges (which shall be the least of actual difference between old rate of interest and new rate of interest or 0.5% of the outstanding liability or such other rates to be stipulated by the Company) with applicable ST.

V) General

1. The Company will publish salient features of all loan products, interest rate range of contracted loan for different categories of advances granted to individual borrowers, mean

interest rates, Annual percentage of rates (APR), total fees and charges applicable on various types of loan in its website <http://www.fivestargroup.in>.

2. As per NHB circular No. NHB(ND)/DRS/Policy Circular No.70/2014-15 dt.20/04/15, the Company will display such additional information and MITC in the notice Board of the Company at all their offices in the prescribed format and website of the Company from time to time.

3. The Company will store loan papers/property documents at centralized locations (fire proof environment).

4. The Company 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 new information, not earlier disclosed by the borrower, has come to the notice of the company).

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

6. In the matter of recovery of loans, consistent with its policy, the company shall not resort to undue harassment viz, persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc

7. The officers of the company shall be duly trained to act appropriately in all their dealings with the customers, both prior and post the sanction of the loan.

8. At the time of sanction or any time thereafter, the Company would inform the customer by way of sanction communication indicating the amount of the loan, tenure, and periodicity of repayment process etc. However, if the borrower does not adhere to the repayment schedule, the Company shall follow normal legitimate recovery procedures like sending SMS alerts, telephone calls, emails, visiting the customer's residence/ office, re-possession etc. of the property without resorting to undue coercion. The Company is at liberty to publish the photographs of the defaulting borrowers/ guarantors in the Company's website/ Newspaper and other print/electronic media

9. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. the Company's objection, 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.

VI. Grievances & Grievances Redressal Mechanism

If the customers have any grievances, they can make a complaint in writing or email addressed to the concerned Branch Manager, quoting the account number and gist of the complaint. In case the grievance is not resolved within 15 days, a copy of the complaint/email with acknowledgment may be forwarded to the Grievance Escalation address: Complaint Redressal Officer, Five Star Housing Finance Pvt. Ltd, Corporate Office, No.39, Outer Circular Road, Kilpauk Garden Colony, Kilpauk, Chennai – 600 010 or by e-mail to customer-care@fivestargroup.in.

Customers can also contact the National Housing Bank at the following 4 address and lodging a complaint in online mode at the link <http://grids.nhbonline.org.in> OR in offline

mode by post, in prescribed format available at link [http://www.nhb.org.in/Grievance-Redressal - System/Lodging-Complaint-Against-HFCs-NHB](http://www.nhb.org.in/Grievance-Redressal-System/Lodging-Complaint-Against-HFCs-NHB) or to following address, :

<p>Complaint Redressal Cell, Department of Regulation & Supervision, National Housing Bank 4th Floor, Core – 5A, India Habitat Centre, New Delhi – 110 003 The complaint can also be e-mailed at crcell@nhb.org.in</p>
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VII. Schedule of Charges:

1. Interest:

a. The rate of interest for all loans will be decided from time to time. The prime lending rate of Five Star Housing Finance Pvt. Ltd (FSHF Prime Lending Rate) is based upon the cost of funds, tenure of the loan, borrowing/ market conditions and the risk category of the borrower etc.

b. Variable rate of interest: All upward revisions will be made applicable to all loans (new & old/existing). Downward revisions will be made applicable to new loans only. However the customer shall have the option of reducing ROI for the existing loan by getting his profile re risk rated and get it reduced by remitting appropriate interest adjustment charges as outlined in the loan agreement.

c. Fixed rate of interest: In some loan product, where fixed rate of interest is offered, the fixed rate of interest is valid up to the period as mentioned in the MITC annexed with the sanction letter. Thereafter, the rate of interest will be decided by the Company on the basis cost of funds, tenure of the loan, borrowing/ market conditions and the risk category of the borrower etc.

d. The rate of interest for each category of the loan and the customer is based on the credit score of the borrower/s computed at the time of sanction of the loan and the said rate of interest is also subject to review by the Company at periodical intervals.

e. Interest is charged on daily products of the loan under Daily Diminishing Balances (DDB) Method only and compounded monthly.

f. Interest is debited to all loan accounts at monthly intervals and at the time of closure, if the loan is closed before the end of the month.

g. For NPA accounts, interest is chargeable as per Income Recognition & Asset Classification (IRAC) norms advised by NHB from time to time/ policy of the Company.

h. In respect of Composite Loans, the Rate of interest as applicable to site loan will be charged with retrospective effect, if the construction does not start within 18 months/ 36 months and borrower has not fully availed the loan sanctioned. In the case of Composite loans, though the rate of interest applicable to Housing loans is charged, EMI/PEMI shall be stipulated at the rate applicable to site loans from the beginning on the amount disbursed for purchase of site. If, the customer avails the balance of loan for construction of the house, EMI shall be re-fixed after full disbursement of the loan as applicable to housing

loans. The amount paid in excess in the initial stage shall be treated as advance payment or instalment shall be re-fixed for the balance amount for the balance period. If the customer fails to avail the loan and construct the house, the loan shall be converted into a site loan immediately after completion of 18 months. The differential interest shall be debited to the account without changing the EMI.

2. Interest Adjustment charges

Wherever downward revisions in card rates is effected, customers shall have the option of seeking reduction in existing rate by requesting the branch in writing. However, this facility for reduction in ROI is available to the borrowers who are categorized as low and medium risk only. Based on merits, branch shall re risk rate the customer and arrive the revised/ eligible ROI.

Interest adjustment charges towards differential ROI as a % of the outstanding liability or such other rates to be stipulated by the Company plus applicable ST on each time shall be remitted by the borrower. Branch Manager/Corporate office shall permit such conversions subject to rules of the Company advised from time to time.

3. Penal Interest

a) The penal interest for the delayed payment shall be charged @ 2% p.a. on the delayed amount for the delayed period only. Such interest will be charged along with regular interest at monthly intervals and compounded at monthly intervals.

b) In respect of purchase of properties, non-receipt of sale deed within 30 days from the date of registration of the property will attract penal interest of 2% on outstanding liability from the due date for receipt of title deeds till the actual receipt of title/sale deed.

c) If the construction is not completed within stipulated period, then the unavailed limit will be cancelled and penal interest of 32% to be charged for the delayed period.

4. Processing Charges

Processing charges at the rate of 2% of the loan amount shall be charged on all the loans.

6. Pre-closure charges:

There will be no pre closure charges for Housing loans with floating rates. However, as per the NHB guidelines, the company is at its discretion will charge the pre-closure charges for the accounts sanctioned for the fixed rate of interest under Rural and Urban Housing schemes. (i.e. as long as the rate in these account is fixed, the applicable pre-closure charges will be collected)

7. Property Valuation Report charges:

The property report valuation charges shall be borne by the customer at actual.

8. Other Miscellaneous Charges:

Slno	Charges for	Applicable Charges
1	Processing fees	2% of the loan amount
2	Legal & Inspection Charges	Rs 3,000 per loan
3	Technical Valuation	Actuals to be borne by the customer
4	MOD registration expenses	Actuals to be borne by the customer
5	Statement Issue charges	Rs 150 per statement
6	Cheque Return	Rs 300 per return
7	ECS Bounce	Rs 300 per return
8	DD/RTGS for disbursement	Rs. 100 per RTGS / Actual charge for DD issue
9	Collection Pick up charges / Recovery Visit charges	Rs 250 per visit
10	EC	Actuals to be borne by the customer
11	Due Notice post	Rs 100 for each due notice
12	Stamp duty	Actuals to be borne by the customer
13	Duplicate no due certificate	Rs 150 per certificate
14	Duplicate Account statement	Rs 150 per statement
15	Photo copies of the documents	Rs 5 per page
16	Document retrieval charges	No charges for closure of the loan. For any other purpose Rs. 1000/- per retrieval
17	Custodial charges for keeping document of foreclosed account	Upto one month of closure of the loan no charges and Rs 200 per month beyond one month period of closure of loan
18	IT certificate	No charges for the first certificate; Rs 150 per certificate thereafter
19	Provisional IT certificate	No charges for the first certificate; Rs 150 per certificate thereafter
20	Fore closure statement	Rs 500 per statement
21	Multiple Property inspection charges	Rs 300 per visit

The company will provide a copy of this Code, at request, to the customer. The Code will also be displayed and made available on its website and at its Corporate and branch offices.

Place: Chennai
Date: dd/mm/yy

Sd/-
Name
Designation