

NHB(ND)/DRS/Policy Circular No.70/2014-15
April 20, 2015



All Registered Housing Finance Companies (HFCs)

Dear Sir/Madam,

**Subject- Display of Information by HFCs &
Most Important Terms and Conditions**

Please refer to our Policy Circulars No. NHB(ND)/DRS/Pol-No.54/2012-13 dated April 05, 2013 on obtaining a documents containing the **Most Important Terms and Conditions (MITC)** and NHB(ND)/DRS/Misc. Circular No.12/2013 dated May 08, 2013 on advising the HFCs to upload the **MITC on their website** for promoting transparency in the operations of housing finance companies.

2. In order to promote transparency in the operations of HFCs, various instructions have been given by NHB to HFCs towards display of various key aspects such as service charges, interest rates, services offered, product information, time norms for various transactions and grievance redressal mechanism. However, it was observed that many HFCs were not displaying the required information due to space constraints, lack of standardization of the instructions etc. Accordingly, the following instructions are issued to HFCs.

(I) NOTICE BOARDS :

3. It is felt that rationalization of the existing instructions could be best achieved if the instructions were clubbed on certain categories such as 'customer service information', 'service charges', 'grievance redressal' and 'others'. It is also felt that there may not be any need to place detailed information on the Notice Board and only the important aspects or indicators to the information to be placed.
4. Accordingly, the existing mandatory instructions have been broadly grouped into four categories mentioned above and given in a **Comprehensive Notice Board** which has been formulated. The format of the **Comprehensive Notice Board is given in the Annex-I**. The minimum size of the Board may be 2 feet by 2 feet as Board of such a size would facilitate comfortable viewing from a distance of 3 to 5 meters. **HFCs are advised to display the information in the Notice Boards of their Branches/Offices as per the format given for the Comprehensive Notice Board.**
5. While displaying the information in the notice board, HFCs may also adhere to the following principles:

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- a) The notice board may be updated on a periodical basis and the board should indicate the date upto which the board was updated (incorporated in the display board);
 - b) Though the pattern, colour and design of the board is left to the discretion of the HFCs, yet the display must be simple and readable;
 - c) The language requirements (i.e., bilingual in Hindi speaking states and trilingual in other states) may be taken into account;
 - d) The notice board shall specifically indicate wherever recent changes have been done. For instance, if there is a recent change in the home loan products offered by the HFC, the information on the home loan products may be displayed as 'We offer home loans/products (changed on)' ; and
 - e) The notice board may also indicate a list of items on which detailed information is available in booklet form.
6. Further, in addition to the above Board, the HFCs should also display details such as 'Name of the HFC/branch/office, Working Days, Working Hours and Weekly Off-days' outside the branch/office premises.

(II) BOOKLETS/BROCHURES:

7. The detailed information as indicated in Para (E) of the Notice Board may be made available in various booklets/brochures as decided by the HFC. These booklets/brochures may be kept in a separate file/folder in the form of 'replaceable pages' so as to facilitate copying and updation. In this connection, HFCs may also adhere to the following broad guidelines:
- i.) The file/folder may be kept at the customer lobby in the branch or at the 'May I Help You' counter or at a place that is frequented by most of the customers;
 - ii.) The language requirements (i.e. bilingual in Hindi speaking states and trilingual in other states) may be taken into account;
 - iii.) While printing the booklets it may be ensured that the font size is minimum Arial 10 so that the customers are able to easily read the same; and
 - iv.) Copies of booklets may be made available to the customers on request.

(III) WEBSITE :

8. The detailed information as indicated in Para (E) of the Notice Board may also be made available on the HFC's web-site. HFCs should adhere to the broad guidelines relating to dating of material, legibility etc., while placing the same on their websites.
9. HFCs should display on their website the interest rate range of contracted loans for the past quarter for different categories of advances granted to individual borrowers along with mean interest rates for such loans.

10. The total fees and charges applicable on various types of loans to individual borrower should be disclosed at the time of processing of loan as well as displayed on the websites of HFCs for transparency and comparability and to facilitate informed decision making by customers.
11. HFCs should publish Annual Percentage Rate (APR) or such similar other arrangement of representing the total cost of credit on a loan to an individual borrower on their websites so as to allow customers to compare the costs associated with borrowing across products and/or lenders.
12. In this context, HFCs are also advised to ensure that the customers are able to easily access the relevant information from the Home Page of the HFC's websites. Further, there are certain information relating to service charges, fees and grievance redressal for which latest updated information are to be posted compulsorily on the websites of the HFCs.
13. A format has been devised for display of information relating to interest rates and service charges which would enable the customer to obtain the desired information at a quick glance. The format is given in the **Annex-II** HFCs are advised to display the information as per the format given in the Annex on their web-sites. HFCs are however free to modify the format to suit their requirements, without impairing the basic structure or curtailing the scope of disclosures.

(IV) OTHER MODES OF DISPLAY :

14. HFCs may also consider displaying all the information that have to be given in the booklet form in the touch screen by placing them in the Information Kiosks, Scroll Bars, Tag Boards and/or other options available. The above broad guidelines may be adhered to, while displaying information using these modes.

(V) OTHER ISSUES :

15. HFCs are free to decide on their promotional and product information displays. However, the mandatory displays may not be obstructed in anyway. As customer interest and financial education are sought to be achieved by the mandatory display requirements, they should also be given priority over the other display boards. Information relating to Government sponsored schemes as applicable location-wise may be displayed according to their applicability."
16. HFCs should provide a clear, concise, MITC, as per prescribed format in Annexure, to all borrowers at every stage of the loan processing as well as in case of any change in any terms and conditions. The same may also be included as a summary box to be displayed in the credit agreement.



17. In order to give sufficient time to HFCs to comply with the above instructions, it has been decided that the above additional guidelines will come into force with effect from 01-07-2015.

Yours faithfully,



(Lalit Kumar)
General Manager

Enclosed: As above

Format of
Comprehensive Notice Board

(Updated upto _____)

A. CUSTOMER SERVICE INFORMATION:

- i.) We have separately displayed the key interest rates on loans, deposits (if applicable) & in the branches/offices.
- ii.) We also displayed all type of charges/fees.
- iii.) Nomination facility is available on all deposit accounts.

B. SERVICE CHARGES:

C. GRIEVANCE REDRESSAL:

- i.) If you have any grievances/complaints, please approach:
- ii.) If your complaint is unresolved at the branch level, you may approach our Branch Manager/Manager etc. (authorized officer's designation) at: (Address)
- iii.) If you are not satisfied with our grievance redressal, you may approach the National Housing Bank at: Complaint Redressal Cell, Department of Regulation & Supervision, National Housing Bank, 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

D. OTHER SERVICES PROVIDED:

E. INFORMATION AVAILABLE IN BOOKLET FORM
(Please approach 'MAY I HELP YOU' Counter)

- i.) All the items mentioned in (A) to (D) above.
- ii.) Time norms for common transactions.
- iii.) KYC/Fair Practice Code/The Code of HFC's Commitment to Customers.

F. Display of Certificate of Registration (CoR) issued by NHB.

Information to be provided outside the premises:

- Name of the HFC / Branch:
- Weekly Holiday on:
- Branch Working Hours:

**MOST IMPORTANT TERMS AND CONDITIONS (MITC)
Loan.....(Name of the specific Loan Product)**

Major Terms and Conditions of the agreed to between..... (the borrower) and the(Name of the housing finance company) are as under:

1. Loan

Sanctioned Amount:

2. Interest

- (i) Type (Fixed or Floating or Dual/Special Rate) :
- (ii) Interest chargeable (.....i.e. ...%(reference rate \pm) for floating rate loans; and% for fixed rate loans)
- (iii) Moratorium or subsidy:
- (iv) Date of reset of interest:
- (v) Modes of communication of changes in Interest rate:

3. Installment Types

4. Loan Tenure

5. Purpose of Loan (mention the purpose for which the loan is sanctioned)

6. Fee and Other Charges

- (i) On application (PI individually specify all type of fee/charges)
- (ii) During the term of loan (PI individually specify all type of fee/charges)
- (iii) On foreclosure (PI individually specify all type of fee/charges)
- (iv) Fee refundable if loan not sanctioned/disbursed (PI individually specify all type of fee)
- (v) Conversion charges for switching from floating to fixed interest and vice-versa (PI individually specify all type of charges)
- (vi) Penalty for delayed payments (PI individually specify all type of penalty)

7. Security /Collateral for the Loan

- Mortgage (mention detail of the property to be mortgaged as security for the loan)
- Guarantee (mention the name of the Guarantors).
- Other Security (mention the details of other securities, if any).

8. Insurance of the Property/ Borrowers

(mention the detail of the requirements and features of the insurance policy to be obtained for the property/borrowers).

9. Conditions for Disbursement of the Loan

(mention conditions for disbursements of the loan or any installment thereof viz., creation of security, submission of approved plans, stages of construction, statutory approvals etc.)

10.Repayment of the Loan & Interest

(mention the amount of EMI and the total number of installments where the loan is repayable in equated monthly installments or other details for payment of principal amount of loan and interest including due date/s. Also mention procedure for advance intimation of the changes in the rate of interest/EMI).

11.Brief procedure to be followed for Recovery of overdues

(mention briefly the notice etc. to be given to the borrower for recovery of overdues before proceeding under the applicable law).

12.Date on which annual outstanding balance statement will be issued

13.Customer Services

(mention in brief about the followings:

- a) Visiting hours at the office.
- b) Details of the person to be contacted for customer service.
- c) Procedure to obtain the following including time line therefore:
 - (i) loan account statement.
 - (ii) photocopy of the title documents
 - (iii) return of original documents on closure/transfer of the loan)

14.Grievance Redressal (mention the 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. Further, HFC should also mention that in case the complainant is dissatisfied with the response received/ or where no response is received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints in Online mode at the link <https://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%E2%80%9393Physical-Mode.pdf>, to Complaint Redressal Cell, Department of Regulation & Supervision, National Housing Bank, 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

It is hereby agreed that for detail terms and conditions of the Loan, the parties hereto shall refer to and rely upon the loan and other security documents executed/to be executed by them.

The above terms and conditions have been read by the borrower/s / read over to the borrower by Shri/Smt. /Km. _____ of the Company and have been understood by the borrower/s.

(Signature or thumb impression
of the Borrower/s)

(Signature of the authorized
person of Lender)

Note: Duplicate copy of the MITC should be handed-over to the borrower/s.
