

NATIONAL TRUST HOUSING FINANCE LIMITED

POLICY ON “KNOW YOUR CUSTOMER” STANDARDS AND “ANTI MONEY LAUNDERING” MEASURES

Preamble

This policy is reviewed and approved by the Board of Directors in their 107th Meeting held on 20th June 2017.

In terms of the guidelines issued by National Housing Company vide Circular NHB(ND)/DRS/POL. No. 13/2006 dated April 10, 2006 and revised guidelines vide circular No. NHB/ND/DRS/Pol-No.33/2010-11 dated October 11, 2010 on KYC Standards and AML Measures, the Company has put in place a comprehensive policy framework covering KYC standards and AML measures.

The KYC guidelines have regularly been revisited by NHB in the context of the recommendations made by the FATF and PMLA on AML standards and on CFT. These guidelines advise Housing Finance Companies to follow certain Customer Identification Procedure for opening of loan accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority.

This policy document is prepared taking into account cognizance of the NHB guidelines and incorporates the Company's approach to customer acceptance, customer identification procedures, customer profiling based on the risk perception and monitoring of transactions on an ongoing basis.

The KYC/AML policy was originally approved by the Board vide on 25th October 2006, and reviewed periodically thereafter. The last such review was approved by the Board on 25th January, 2016.

Policy Objectives

- i. To prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or financing terrorist activities.
- ii. To enable the Company to know/understand the customers and their financial dealings better, which in turn shall help the Company to manage risks prudently.
- iii. To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
- iv. To comply with applicable laws and regulatory guidelines.
- v. To take necessary steps to ensure that the relevant staff are adequately trained in KYC/AML procedures.

Scope of the Policy

This policy is applicable to all branches and offices of the Company and its Companying/financial subsidiaries and is to be read in conjunction with related operational guidelines issued from time to time.

The contents of the policy shall always be read in tandem/auto-corrected with the changes/modifications which may be advised by NHB and / or by (PMLA and its amendments)/ or by any regulators and / or by Company from time to time.

Custodian of the Policy

The Risk Management Department shall be the custodian of the KYC/AML Policy.

Modification and Review

The policy shall be reviewed periodically (at least once in a Financial Year) incorporating changes needed in view of the amendments issued from time to time by NHB, and IBA and FIU-India. The KYC/AML Policy shall be updated and submitted to the Board of Directors, for approval.

Disclosure

The KYC/AML Policy shall be disseminated among all departments, offices and branches for complying KYC/AML standards.

Definition of Customer

For the purpose of KYC policy, a "Customer" is defined as:

- i. A person or entity who/that maintains a borrowal account and/or has a business relationship with the Company
- ii. One on whose behalf the account is maintained (i.e. the beneficial owner)
-'Beneficial Owner' means the natural person who ultimately owns or controls a customer/s and or the person on whose behalf a transaction is being conducted, and includes a person who exercise ultimate effective control over a juridical person.
- iii. Beneficiaries of transactions conducted by professional intermediaries, such as Direct Sales Agents, Consultants, Panel Engineers, Panel Lawyers, External Verification Agents, Auditors,, chartered accountants, solicitors etc as permitted under the law.
- iv. Any person or entity connected with a financial transaction that can pose significant reputational or other risks to the Company.

KYC Policy Guidelines:

There are four key elements to the KYC guidelines as set out by NHB

1. Customer Acceptance Policy;
2. Customer Identification Procedures;
3. Monitoring of Transactions; and
4. Risk Management.

1. Customer Acceptance Policy Guidelines:

The guidelines / criteria for acceptance of customers shall be based on the following:

No loan account of a customer is opened in anonymous or fictitious / benami name(s).

No new customer account shall be opened without taking required documents as set out in Annexure 1.

Accept customers after verifying their identity as laid down in Customer Identification Procedures.

Before granting a loan, necessary checks shall be conducted so as to ensure that the identity of the customers/entities/persons associated with the entities does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc. A list circulated by NHB of persons with known criminal background or banned entities as well as a list of persons involved in frauds and deliberate default as per information available with the Company shall be used for this purpose.

While carrying out due diligence, it shall be ensured that the procedure adopted shall not become too restrictive and must not result in denial of accompanying services to general public.

If the Company is unable to verify the documents of identity, if the information provided by the customer/s is not reliable or if the customer is not co-operating in providing the information called for, the Company shall not open a loan account or decide to close the existing account by recalling the loan. Such accounts are to be recalled only after giving due notice to the customer by the Principal Officer. Where the Company is unable to apply appropriate due diligence measures, the Company shall carry out the Field Inspection of the prospective customer's residence and employment to ensure the genuineness of the account.

Indicative information to be obtained from the customer at the time of opening of account for the purpose of creating customer profile is given in Annexure II. The information to be sought from the customer would be reviewed by Risk Management Committee [RMC] from time to time based on the guidelines issued by NHB/Company and also depending upon business requirement and composition of the customers.

A profile for each new customer shall be prepared based on risk categorization. The customer's profile shall contain information relating to customer's identity, social/financial status, nature of employment/ business activity, and their location etc. The nature and extent of due diligence shall depend on the risk categorization of the customer.

While preparing customer profile, care shall be taken to seek only such information from the customer, which is relevant to the risk category and is not intrusive. The customer profile is a confidential document and details contained therein should not be divulged for cross selling or any other purposes.

Risk perception of different types of customers taking into account the background of the customer, nature of business activity, location of customer / activity and profile of customer/s, country of origin, sources of funds, mode of payments, volume of turnover, social and financial status etc. shall be decided based on the relevant information provided by the customer at the time of account opening. The intensive due diligence would be required for higher risk customers, especially those for whom the sources of funds are not clear. An indicative risk categorization of customers

based on customer types is provided in Annexure III, which would be reviewed periodically by the RMC of the Company.

Company shall take steps to identify and assess the Money Laundering / Terrorist Financing risk for customers, countries and geographical areas as also for products/ services/ transactions/delivery channels. The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

Customers are to be classified High/Medium/low risk, based on their profile, which includes parameters like nature of business, location, social and financial status etc. The continuous review of the profile of customers and their transactions should be done as an additional measure to identify high risk customer (Annexure IV).

There could be occasions when a loan account is to be operated by a mandate holder, power of attorney holder and such information needs to be obtained while accepting the customer and capture the same in the ERPS.

For the purpose of Customer/s Due Diligence, Company may rely on a third party subject to the following conditions:

- i. the Company immediately obtains necessary information of such customer/s due diligence carried out by the third party;
- ii. the Company takes adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the customer/s due diligence requirements will be made available from the third party upon request without delay;
- iii. the Company is satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with customer/s due diligence and record-keeping requirements in line with the requirements and obligations under the Act;
- iv. the third party is not based in a country or jurisdiction assessed as high risk; and
- v. the Company shall be ultimately responsible for customer/s due diligence and shall be undertaking enhanced due diligence measures, as applicable.

Documentation required to be submitted by the customer at the time of opening of account are advised to the Branches from time to time through circulars based on NHB and Company's internal guidelines.

The documentation requirements for completing the KYC are reviewed from time to time, based on emerging business needs of the Company. Indicative List of documents for verifying the Identify, Signature, Address [ISA] of Individuals is given in Annexure V.

II. Customer Identification Procedures

Customer identification means identifying the customer and verifying his / her identity by using reliable, independently sourced documents, data or information.

Company should obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of business relationship. It is to be ensured that the Company should be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Besides risk perception, the nature of information / documents required would also depend on the type of customer risk profile.

The information collected should be used for profiling the customer. The information collected from the customer as for the identification process shall be treated as confidential and details thereof shall not be divulged for cross selling or any other purposes. Customer identification requirements in respect of a few typical cases, especially, Trust, Companies, non-face-to-face customers etc.

Company shall not extend housing loans to Trusts, Charities, NGOs and Organizations receiving donations, Companies and builders having close family shareholding or beneficial ownership, Firms with sleeping partners, Politically Exposed Persons (PEP) and to those with dubious reputation.

- I. The Customer Identification Procedures are to be carried out at the following stages.
 - i. While establishing relationship by granting a loan.
 - ii. Periodically, as part of KYC review or when the Company feels it is necessary to obtain additional information from the existing customers based on the conduct or behaviour of the loan account.
 - iii. When there is a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.
 - iv. While selling third party products as agents
- II. Identity to be verified for -
 - i. The named property owner/s
 - ii. Signatories to the loan account and
 - iii. Guarantors to the loan.
 - iv. All third parties who have business relationship with the Company.
- III. For customers who are natural persons, sufficient identification data shall be obtained to verify
 - i. the identity of the customer,
 - ii. his / her address/location
 - iii. his / her recent photograph and
 - iv. document/s for verifying signature.

In case of no prescribed document is available for verification of the address, for recently married couple (husband / wife), the Management may at its discretion accept any other document that evidences the address of the applicants. In the absence thereof, a report by the Branch Credit Manager and the Branch Manager jointly signed by them may be accepted.

Similarly, in case of no document is available for the signature of any of the applicants, Branch Head shall obtain the signature in his / her presence and certify the same.

In addition, in both the above case, we shall also obtain an affidavit to the above effect.

IV. For customers that are legal persons or entities -

- i. legal status of the legal person/entity through proper and relevant documents shall be verified;
- ii. it shall be verified that any person purporting to act on behalf of the legal person / entity is so authorised and identify and verify the identity of that person;
- iii. understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person.

The Company shall identify the customers and take all steps to verify his/ her/their identity and capture the same in ERPS.

The customers shall be allotted with a “unique customer identification code” (UCIC) for tracking the various facilities availed and monitor financial transactions in a holistic manner.

While opening the account of the customer or during periodic updation, Company shall seek ‘mandatory’ information required for KYC purpose and for risk categorisation, which the customer is obliged to give. After the loan account is opened Company may seek separately, other ‘optional’ details/additional information from the customer on his/her explicit consent.

Where there might be any suspicion of money laundering or financing of the activities relating to terrorism or where there may be any doubt about the adequacy or veracity of previously obtained customer identification data, the due diligence measures shall be reviewed including verifying again the identity of the customer/s and obtaining information regarding purpose and intended nature of the business relationship.

While opening the account of the customer or during periodic updation, only one documentary proof of address (either communication or permanent) may be obtained from the customer. In case the documentary proof of address furnished by the customer is not the local address or address where the customer is currently residing, branches shall take a declaration of the local address on which all correspondence will be made by the Company with the customer. This address shall be verified by the Company through Positive Confirmation by the Branch Official and External Agency engaged specifically for this purpose.

In case some close relatives, e.g. wife, son, daughter and parents, etc. who live with their husband, father/mother and son, as the case may be, who is a co-applicant to the loan and the address proof document is not in their name, an identity document and a proof of address of the relative with whom the he/she is living along with a declaration from the relative that the said is a relative and is staying with him/her can

be obtained. Any supplementary evidence such as a letter received through post can be used for further verification of the address.

Customer identification data including photograph(s), shall be periodically updated after the account is opened. Periodicity of such updation (obtaining Full KYC) shall not be less than once in ten years in case of low risk category customers, not less than once in eight years in case of medium risk categories and not less than once in two years in case of high risk categories. Fresh photograph will be required to be obtained from minor customer on becoming major.

Company need not seek fresh proofs of identity and address at the time of periodic updation, from those customers who are categorised as 'low risk', in case of no change in status with respect to their identities and addresses. A self-certification by the customer to that effect shall suffice in such cases. In case of change of address of such 'low risk' customers, they could merely forward a certified copy of the document (proof of address) by mail/post, etc. Company shall not insist on physical presence of such low risk customer at the time of periodic updation.

Branch Credit Manager or the Branch Manager should invariably verify the Xerox copy of the document with the original and certify on the Xerox copy of the document that "Verified with original" under the signature of authorized official of the Branch.

In case of non-compliance of KYC requirements by the customers (under any risk category) despite repeated reminders, Company shall re-call the loan disbursed in such KYC non-compliant accounts after giving due notice of three months initially to the customers to comply with KYC requirement and followed by a reminder for further period of three months.

Politically Exposed Persons:

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state owned corporations, important political party officials, etc. Sufficient information on any person/customer of this category intending to avail a loan from the Company shall be gathered and all the information available on the person in the public domain shall be checked. The identity of the person shall be verified and information about the sources of funds before accepting the PEP as a customer should be sought. The decision to open an account for a PEP shall be taken by the Risk Management Committee. Such accounts shall be subjected to enhanced monitoring on an ongoing basis. The above norms may also be applied to the accounts of the family members or close relatives of PEPs.

In the event of an existing customer or the beneficial owner of an existing account, subsequently becoming a PEP, Risk Management Committee shall approve to continue the business relationship and subject the account to the Customer Due Diligence [CDD] measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis. These instructions are also applicable to accounts where PEP is the ultimate beneficial owner.

Further, appropriate ongoing risk management procedures for identifying and applying enhanced CDD to PEPs, customers who are close relatives of PEPs, and accounts of which a PEP is the ultimate beneficial owner shall be applied.

Accounts of non-face-to-face customers :

In case of non-face-to-face customers (NRI), apart from applying the usual customer identification procedures, adequate procedures to mitigate the higher risk involved should be applied. Certification of all the documents presented by regulated appropriate authority should be insisted upon and, if necessary, additional documents may be called for. In such cases, disbursement shall be effected to the non-face-to-face customer's bank account only as per the extant rules of the Company for this purpose.

Individual Non-Resident Accounts to be opened on the basis of the following documents: - Passport & Residence Visa- Copies of these documents sighted in original by the Branch Credit Manager or duly attested by Indian Embassy.

The Role and Responsibilities for KYC verification :

The basic check shall be done by the authorized branch officials at the branch level for all accounts. For High Risk customers, in addition to the authorized branch officials, the Branch Head shall verify the KYC.

As per NHB guidelines, Company would not have the discretion to accept any other document for KYC purpose for an individual customer, therefore any deviations or exemptions are not permitted for Officially Valid Documents for KYC of an Individual customer.

Company no longer knows the true identity

In the circumstances when it is believed that Company can no longer be satisfied that it knows the true identity of the account holder, a STR with FIU-IND shall be filed.

III. Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. COMPANYs can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Company should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. The Company may prescribe threshold limits for a particular category of accounts and pay particular attention to the transactions which exceed these limits. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer should particularly attract the attention of the Company. Very high account turnover inconsistent with the size of the balance maintained may indicate that funds are being 'washed' through the account. High-risk accounts have to be subjected to intensified monitoring. Company should set key indicators for such accounts, taking note of the background of the customer, such as the country of origin, sources of funds, the type of transactions involved and other risk factors. Company's should put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures.

The risk categorization of customers as also compilation and periodic updation of customer profiles and monitoring and closure of alerts in accounts are extremely important for effective implementation of KYC/AML/CFT measures. Branches/Offices should, therefore, ensure compliance with the regulatory guidelines on KYC/AML/CFT both in letter and spirit.

IV.Risk Management

The Company shall adopt a risk-based approach to ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring their effective implementation. Company should establish appropriate framework covering proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility should be explicitly allocated within the Company for ensuring that the Company's policies and procedures are implemented effectively. Company should adhere the following for the effective implementation of risk management.

- i. Company's Inspection Department shall ensure that the internal inspections provide an independent evaluation of compliance of KYC / AML policy including legal and regulatory requirements.
- ii. Concurrent auditors shall specifically check and verify the application of KYC/AML procedures at the branches and offices of the Company and comment on the lapses observed in this regard.
- iii. Adverse features noted by the internal/concurrent auditors shall be brought to the attention of the Principal Officer.
- iv. Compliance of the above stipulations shall be put before the Audit Committee of the Board by the Inspection Department at quarterly intervals.
- v. Review of implementation of KYC / AML Guidelines shall also be put before the Audit Committee of the Board by AML Cell at quarterly intervals.
- vi. The Company shall have an on-going employee-training programme so that members of the staff are adequately trained in KYC/AML procedures.
- vii. The Principal Officer designated by the Company in this regard shall have responsibility in managing oversight and coordinating with various functionaries in the implementation of KYC/AML Policy.
- viii. Designated Director shall be responsible for the overall compliance with the obligations under the Act and Rules.

As and when negative list of individuals and entities, approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs), is received from Government of India, AML cell shall ensure to update the lists of individuals and entities as circulated by Reserve Company to scan against the existing accounts and the new accounts to be opened on a daily basis.

ANTI-MONEY LAUNDERING

Money Laundering

Section 3 of the Prevention of Money Laundering (PML) Act 2002 has defined the “offence of money laundering” as under:

“whosoever, directly or indirectly, attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the **proceeds of crime including its concealment, possession, acquisition or use** and projecting or claiming it as untainted property shall be guilty of offence of money laundering”.

Stages of Money Laundering

There are essentially three recognized stages of the money laundering process viz. placement, layering and integration.

i. **Placement:** For criminals this is the most vulnerable step in the “washing” cycle. This is the physical immersion of the criminally derived funds into the financial system. Examples are:

- a) Use cash to buy a bank draft to pay into a Company account.
- b) Transfer cash to another country by wire transfer.
- c) Use the cash to buy traveller’s cheques or foreign exchange.
- d) Buying a house, car, antique etc.

ii. **Layering:** The physical disposal of cash, which starts to break the link with the original crime by placing money back into the economy. The purpose of layering is to disassociate the illegal monies from the source and perpetrator of the crime by purposely creating a complex web of financial transactions aimed at concealing any audit trail. Examples are:

- a) Send the money by wire transfer to other countries, to different people, to a variety of accounts in a variety of currencies.
- b) Buy shares, which can be sold.
- c) Transfer money to an offshore account etc.

The criminal tries to pass the money through as many layers as possible. Successful layering results in the money being returned to the economy in what appears to be legitimate business funds.

iii. **Integration:** The stage at which the money is integrated into the legitimate economic and financial system and is assimilated with all the other assets in the system. At this stage it becomes virtually impossible to distinguish between “respectable” and “dirt” money.

Examples: Purchase of fast food outlets or prime real estate or other cash intensive businesses/properties. In basic terms, the money launderer wants to:

- a) Place money in the financial system, without arousing suspicion
- b) Move money around, often in a series of complex transactions crossing multiple jurisdictions, so it becomes difficult to identify its original source, and
- c) Move the money back into the financial and business system so that it appears as legitimate funds or assets.

Methods of Money Laundering

There are as many methods to launder money as the imagination allows, and the schemes being used are becoming increasingly sophisticated and complicated as

technology advances. The following are some examples of common money laundering methods.

i. **Nominees:** This is one of the most common methods of laundering and hiding assets. A launderer uses family members, friends or associates who are trusted within the community, and who will not attract attention, to conduct transactions on their behalf. The use of nominees facilitates the concealment of the source and ownership of the funds involved.

ii. **Structuring or “smurfing”:** Many inconspicuous individuals deposit cash or buy Company drafts at various institutions, or one individual carries out transactions for amounts less than the amount that must be reported to the government, and the cash is subsequently transferred to a central account. These individuals commonly referred to as “smurfs,” normally do not attract attention as they deal in funds that are below reporting thresholds and they appear to be conducting ordinary transactions.

iii. **Asset purchases with bulk cash:** Individuals purchase big-ticket items such as cars, boats and real estate. In many cases, launderers use the assets but distance themselves from these by having them registered in a friend or relative’s name. The assets may also be resold to further launder the proceeds.

iv. **Exchange transactions:** Individuals often use proceeds of crime to buy foreign currency that can then be transferred to offshore Company accounts anywhere in the world or converted into foreign currency drafts/traveller’s cheques.

v. **Currency smuggling:** Funds are moved across borders to disguise their source and ownership and to avoid being exposed to the law and systems that record money entering into the financial system. Funds are smuggled in various ways (such as by mail, courier and body-packing) often to countries with strict Company secrecy laws.

vi. **Gambling in casinos:** Individuals bring cash to a casino and buy gambling chips. After gaming and placing just a few bets, the gambler redeems the remainder of the chips and requests a casino cheque.

vii. **Hawalas/Hundi/Chit (Informal money transfer businesses):** Informal networks that move money on a trust- based pact, with next to no record keeping or formal paper trails. Usually family/clan based front companies/businesses are popular with cultures that don’t use or trust formal Companying. Millions of dollars/other foreign currencies change hands globally through this route.

Money Laundering - Risk Perception

The Company is exposed to the following risks, which arise out of Money Laundering activities:

i. **Reputation Risk**

Risk of loss due to severe impact on Company's reputation. This may be of particular concern given the nature of Company's business, which requires the confidence of depositors, creditors, and the general market place.

ii. **Compliance Risk**

Risk of loss due to failure of compliance with key regulations governing the Company's operations.

iii. **Operational Risk**

Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

iv. **Legal Risk**

Risk of loss due to any legal action the Company or its staff may face due to failure to comply with the law.

Money Laundering Risk Assessments

The level of Money Laundering risks that the Company is exposed to by a customer relationship depends mainly on:

- i. Type of the customer and nature of business / employment.
- ii. Type of product/service availed by the customer
- iii. Country where the customer is domiciled

Risks are increased if the money launderer can hide behind corporate structures such as limited companies, offshore trusts, special purpose vehicles and nominee arrangements.

Offences and Penalties

Failure to comply with the Anti-Money Laundering regulations constitutes an offence and those not complying with the law will find their reputation severely damaged and details of the offence published in the local/national/international press. Company should therefore comply with the established laws and regulations in order to protect our good name and reputation, decrease the likelihood of becoming a victim of fraud or illegal activity, and ensure safe and sound business practices for our customers. In keeping with our goodwill, mission, values and policy, to ensure compliance with the law, and to prevent abuse of our facilities Company shall observe the government laws and refuse to aid those who attempt to evade them. In order to prevent the name of the Company being dragged into any unpleasant situations/circumstances, branches/offices shall observe the following guidelines.

It shall be noted that there are substantial civil and criminal penalties for willful and negligent failure to comply with anti-money laundering laws and regulations. Failure to comply may result in imposition of fines, criminal charges and significant jail terms. These laws are in place for Company's protection; they also aid in the fight against terrorism and criminal activity derived from the proceeds of crime, and they are not to be taken lightly. Hence every branch/office/employee must be aware that criminal liability may be imposed on themselves and the Company, if we are willfully blind to suspicious activity or we should have known that the activity was suspicious. There are three principal criminal offences relating to money laundering activities by, through, or to a financial institution. These offences can be classified as follows.

- i. Knowingly helping launder money from criminal activity.
- ii. Knowingly engaging (including by being willfully blind) in a transaction that involves property from criminal activity.
- iii. Structuring transactions to avoid reporting and record keeping requirements.

Suspicious Transaction

Suspicious transaction (for the purpose of this policy) means a transaction including an attempted transaction, whether or not made in cash, which to a person acting in good faith:

- (a) gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the PML Act, regardless of the value involved; or
- (b) appears to be made in circumstances of unusual or unjustified complexity; or
- (c) appears to have no economic rationale or bonafide purpose; or
- (d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;’.

"Explanation: - Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist act or by a terrorist, terrorist organisation or those who finance or are attempting financing of terrorism."

OBLIGATIONS UNDER PREVENTION OF MONEY LAUNDERING (PML) ACT 2002

Section 12 of PML Act 2002 issued by the Central Government, Ministry of Finance, Department of Revenue vide its notification dated July 1, 2005 and subsequent notifications, places certain obligations on every Company, financial institution and intermediary, which include:

- i) Maintenance of records of transactions
- ii) Information to be preserved
- iii) Maintenance and preservation of record
- iv) Reporting to Financial Intelligence Unit – India

Maintenance of records of transactions

Company should introduce a system of maintaining proper record of transactions as required under section 12 of the PMLA read with Rule 3 of the PML Rules, as mentioned below:

- (i) all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- (ii) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
- (iii) all transactions involving receipts by non-profit organizations of rupees ten lakhs or its equivalent in foreign currency;
- (iv) all cash transactions where forged or counterfeit currency notes or Company notes have been used as genuine and where any forgery of a valuable security or a document has taken place facilitating the transactions; and

- (v) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rule 3(1) (D).

Company should ensure that their branches continue to maintain proper record of all cash transactions (deposits and withdrawals) of Rs.10 lakh and above. The internal monitoring system should have an inbuilt procedure for reporting of such transactions and those of suspicious nature whether made in cash or otherwise, to controlling/head office on a fortnightly basis.

Records to contain the specified information

Records referred to above in Rule 3 of the PMLA Rules to contain the following information:-

- (i) the nature of the transactions;
- (ii) the amount of the transaction and the currency in which it was denominated;
- (iii) the date on which the transaction was conducted; and
- (iv) the parties to the transaction.

Maintenance and Preservation of records

Section 12 of PMLA requires every housing finance Company to maintain records as under:

- (a) records of all transactions referred to in clause (a) of Sub-section (1) of section 12 read with Rule 3 of the PML Rules is required to be maintained for a period of ten years from the date of transactions between the clients and the housing finance Company.
- (b) records of the identity of all clients of the housing finance Company (e.g. copies of documents like passports, identity cards, driving licenses, PAN card, utility bills etc.) obtained while opening the account and during the course of business relationship, as well as business correspondence is required to be maintained for a period of ten years from the date of cessation of transactions between the clients and the housing finance Company.
- (c) Company should take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copies) that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

Reporting to Financial Intelligence Unit-India

Section 12 of PMLA requires every housing finance Company to report information of transaction referred to in clause (a) of sub-section (1) of section 12 read with Rule 3 of the PML Rules relating to cash and suspicious transactions etc. to the Director, Financial Intelligence Unit-India (FIU-IND). The proviso to the said section also provides that where the principal officer of the Company has reason to believe that a single transaction or series of transactions integrally connected to each other have been valued below the prescribed value to so to defeat the provisions of this section,

such officer shall furnish information in respect of such transactions to the Director within the prescribed time.

The information to be furnished at the following address by the Principal Officer of the Company.

**Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021.**

A copy of information furnished shall be retained by the Principal Officer for the purposes of official record.

Cash Transaction Report [CTR]

(a) The information in respect of the transactions referred to in clause(A), (B) and (BA) of sub-rule (1) of rule 3 of the PML Rules i.e. clauses (i) , (ii) and (iii) referred to in Paragraph 'Maintenance of Records' supra) is to be submitted to the Director every month by the 15th day of the succeeding month.

Counterfeit Currency Report [CCR]

(b) The information in respect of the transactions referred to in clause(C) of sub-rule (1) of rule 3 of the PML Rules (i.e. clause(iv) in Paragraph 'Maintenance of Records' supra) is to be furnished promptly to the Director in writing, or by fax or by electronic mail not later than seven working days from the date of occurrence of such transaction.

Suspicious Transaction Report [STR]

(c) The information in respect of the transactions referred to in clause(D) of sub-rule (1) of rule 3 of the PML Rules (i.e. clause(v) in Paragraph 'Maintenance of Records' supra) is to be furnished promptly to the Director in writing, or by fax or by electronic mail not later than seven working days on being satisfied that transaction is suspicious.

Provided the housing finance Company and its employees maintain strict confidentiality of the fact of furnishing/ reporting details of suspicious transactions.

It has been advised by the FIU-IND, New Delhi that HFC need not submit 'NIL' reports in case there are no Cash/Suspicious Transactions, during a particular period. HFCs are advised to take note and act accordingly.

The formats for reporting the requisite information in respect of cash transactions and suspicious transactions are prescribed by NHB. An illustrative (but not exhaustive) list of suspicious transactions in housing/builder/project loans is furnished in Annexure VI & VII.

The required information is to be furnished by the Company **directly** to the FIU-IND, through the Principal Officer designated by the housing finance Company under the Prevention of Money Laundering Act, 2002.

Sensitizing customers

Implementation of KYC procedures requires Company to demand certain information from customers which may be of personal nature or which have hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. There is, therefore, a need for Company to prepare specific literature/ pamphlets, etc. so as to educate the customer about the objectives of the KYC programme. The front desk staff needs to be specially trained to handle such situations while dealing with customers.

Employee's Training:

An ongoing employee training programme shall be in place so that the members of the staff are adequately trained in KYC procedures. Training requirements should have different focuses for frontline staff, compliance staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

Hiring of Employees

KYC norms/AML standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the Companying channels. Hence Company shall put adequate screening mechanism in place as an integral part of its recruitment/hiring process of personnel.

Introduction of New Technologies

Company should pay special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that might favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes.

Appointment of Principal Officer

Company to appoint a senior management officer, preferably of the level of General Manager or immediately below the level of MD of the Company to be designated as 'Principal Officer'. The name of the Principal Officer so designated, his designation and address including changes from time to time, may please be advised to the Director, FIU-IND and also to NHB. Principal Officer shall be located at the head/corporate office of the Company and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He will maintain close liaison with enforcement agencies, Companies and any other institution which are involved in the fight against money laundering and combating financing of terrorism.

General

Company should ensure that the provisions of PML, Rules framed there under and the Foreign Contribution and Regulation Act, 1976, wherever applicable, are adhered to strictly.

Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, the Company may consider closing the account or terminating the business relationship after

issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions need to be taken at a reasonably senior level.

Company shall ensure that the information collected from the customer for the purpose of opening of account shall be treated as confidential and details therefore shall not be divulged for cross selling or any other similar purposes. Company shall ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard. Any other information from the customer shall be sought separately with his or her consent and after opening the account. Facility to transfer of accounts from one Branch of the Company to another is available to the customers. Full KYC once done by one Branch shall be valid for transfer of account to another Branch. If there is a change in address of the customer, in order to comply with KYC requirements of correct address of the person, fresh address proof shall be obtained from the customer upon such transfer by the transferee branch. However, on request the account of the customer may be transferred to another Branch, on the basis of self-declaration about his/her current address. This address shall be checked by the Branch through Positive Confirmation.

Customers shall be asked to intimate change of their address within two weeks of such change. NHB has also advised that while opening new accounts and while periodically updating KYC data, an undertaking to this effect should be obtained.

Policy Updates And Review

The policy is governed by the prevailing other Policies of the Bank and will comply with the extant Regulatory / Statutory guidelines. Any subsequent changes in the policies / guidelines, if any, will form part of the said policy.

Updation or modification to the policy as per business requirements keeping in view the NHB guidelines on KYC/AML or based on feedback / inputs received from branches shall be put up for concurrence to the Risk Management Committee.

The modifications / updates to the policy may also be initiated by Principal Officer based on the analysis of transactions monitored in customer accounts / operational risk events. The same shall be put up for approval to the Risk Management Committee.

The policy shall be put up for review to the Board of Directors once a year by the Principal Officer.

ANNEXURE-I

INDICATIVE LIST OF DOCUMENTS FOR ACCEPTING A LOAN APPLICATION

PERSONAL DOCUMENTS

For applicant and co-applicant/s

☼ Recent passport size photos – each one

☼ **Photocopies of the following documents - self attested**

☼ Personal ID documents :

☼ Passport / PAN card / Voter's Identity Card / Driving license / Aadhaar Card issued by UIDAI and NREGA

Address documents :

☼ Telephone bill / Bank Account pass book with photograph duly attested by Banker/ Aadhaar Card issued by UIDAI / NREGA / Electricity bill / Ration card/ Family card.

Age proof :

☼ Pan Card /Passport, / Transfer certificate or School leaving certificate issued by Educational Institution / Driving License / Birth certificate.

Qualification certificate.

Income documents:

☼ For applicant and co-applicant/s (whichever is applicable) - **self attested**

If salaried

☼ Latest three months' salary slips.

☼ Salary certificate.

☼ Form 16

☼ Previous employment proof (if applicable)

☼ Employer profile (For format refer Annexure -3 of Operations Manual) (CAT C-Companies, Cash Salary)

☼ Rental agreements (if applicable)

If Non-Salaried

☼ IT returns with computation of income for latest three years of the concern/firm/company and the individual.

☼ Financial statements of the concern/firm/company for latest three years

☼ Write up about the business along with top 5 clients' name and address.

☼ Details of credit facilities availed by individual as well as concern/firm/company from any banks or financial institution.

☼ Partnership Deed, if applicable

☼ Entity proof

☼ All income papers copies should be duly attested by your Auditor.

Financial documents :

☼ For applicant and co-applicant/s (whichever is applicable) - **self attested**

☼

☼ Latest six months/ 1year statement of all Bank Accounts(CA and / or SB account)

☼ Latest 3 months all credit card statements

☼ Latest 1 year track record of all credit facilities availed by you.

☼ Proof of short term obligation (min. tenure)

PROPERTY DOCUMENTS

Along with the application you are required to submit the self attested copies of the following documents. However, you have to submit the Originals of the property documents prescribed by our lawyer, at the time of execution of the loan agreement.

For Purchase of Existing house/Apartment.

☼ Sale agreement.

☼ Draft sale deed (To be approved by our Panel Lawyer).

☼ EC for latest 25 years in ORIGINAL.

☼ Approved Plan and permit

☼ Latest property Tax receipts.

☼ Prior Title Documents (Parent deeds) for latest 13 years.

☼ IT Clearance or appropriate authority clearance which ever, if applicable

☼ Patta.

☼ EB card/bill/statement bearing property owner name and address of the property.

☼ Builder Profile (for apartment)

For Purchase of a New Apartment

☼ Sale Agreement for undivided share of land.

☼ Construction agreement between the customer and the builder.

☼ Registered Sale Deed for the undivided share of land.

☼ EC for latest 25 years in ORIGINAL.

☼ Approved Plan and permit

☼ Other parent documents regarding the property for latest 13 years.

☼ IT Clearance or appropriate authority clearance which ever, if applicable

☼ Patta.

☼ Builder Profile (For format refer Annexure -4 of Operations Manual)

☼ Vendor Details - ID proof / copy of Bank account statement/ pass book

Self Construction/Extension

☼ Sale deed in favour of the company.

☼ Prior Title Documents (Parent deeds) for latest 13 years.

☼ EC for latest 25 years in ORIGINAL.

☼ Approved Plan and permit

☼ Estimation of construction duly attested by Chartered Engineer or Approved Architect.

☼ Latest property Tax receipts.

✿ IT Clearance or appropriate authority clearance which ever, if applicable
✿ Patta.
✿ EB card/bill/statement bearing property owner name and address of the property (for extention)
Additional Documents for NRI
✿ Employment contract in English duly attested by Indian Embassy
✿ Latest salary slip
✿ Latest work permit attested by Indian Embassy
✿ Identity card issued by employer duly attested by employer
✿ Copy of Visa stamped on the passport attested
✿ Latest pay slip/salary certificate, form 16/IT acknowledgement copy.
✿ Continuous Discharge certificate (if applicable)
✿ Overseas Bank Account statement for the latest 1 year
✿ NRE/NRO account statement for the latest 1 year
✿ email id of NRI applicant
✿ email id of employer of NRI applicant
✿ Power of attorney in format prescribed by NATRUST
Processing Fee:
✿ Application to be submitted along with processing fee by way of local cheque/DD.Balance Administration Fee as per NATRUST policy to be paid before disbursement
Additional documents on sanction
✿ Duly filled and signed Guarantor form
✿ One recent photograph
✿ Identity proof
✿ Address proof
✿ Age proof
✿ Latest pay slip/salary certificate, form 16/IT acknowledgement copy.

ANNEXURE-II**INDICATIVE INFORMATION TO BE OBTAINED FROM THE CUSTOMER AT THE TIME OF ACCEPTING A LOAN APPLICATION****Customer Profile**

Loan Proposal No,	
BORROWER DETAILS	
Name of the Borrower-I	
Residential Status : Resident Indian/Non-Resident Indian	
Residence Address	
Contact Number	
Occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Networth	
Name of the Borrower-II	
Residential Status : Resident Indian/Non-Resident Indian	
Residence Address	
Contact Number	
Occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Networth	
Relationship with applicant	
Name of the Borrower-III	
Residential Status : Resident Indian/Non-Resident Indian	
Residence Address	

Contact Number	
Occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Networth	
Relationship with applicant	

Loan Details

Type of Loan (Home Loan/Home Equity)	
End use of loan	
Cost of project	
Loan Applied	
Margin Money	
Source of Margin Money	

Risk Categorisation

Classification of Account (High Risk, Medium Risk, Low Risk)	
Observation of Branch Manager on accepting the loan application	
Reason for Risk Allotted	

Signature of Branch Manager

INDICATIVE RISK CATEGORISATION OF CUSTOMER

HIGH RISK

1. Individuals and entities in various United Nations' Security Council Resolutions (UNSCRs) such as UN 1267 etc.
2. Individuals or entities listed in the schedule to the order under section 51A of the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of prevention of, and for coping with terrorist activities.
3. Individuals and entities in watch lists issued by Interpol and other similar international organizations.
4. Customers with dubious reputation as per public information available or commercially available watch lists .
5. Individuals and entities specifically identified by regulators, FIU and other competent authorities as high-risk.
6. Customers conducting their business relationship or transactions in unusual circumstances, such as significant and unexplained geographic distance between the institution and the location of the customer, frequent and unexplained movement of accounts to different institutions, frequent and unexplained movement of funds between institutions in various geographic locations etc.
7. Customers based in high risk countries / jurisdictions or locations (refer Appendix III-a)
8. Politically exposed persons (PEPs) of foreign origin, customers who are close relatives of PEPs and accounts of which a PEP is the ultimate beneficial owner;
9. Non-resident customers and foreign nationals
10. Embassies / Consulates
11. Off-shore (foreign) corporation / business
12. Non face-to-face customers
13. High net worth individuals
14. Firms with 'sleeping partners'
15. Companies having close family shareholding or beneficial ownership
16. Complex business ownership structures, which can make it easier to conceal underlying beneficiaries, where there is no legitimate commercial rationale
17. Shell companies which have no physical presence in the country in which it is incorporated. The existence simply of a local agent or low level staff does not constitute physical presence.

18. Investment Management/ Money Management Company / Personal Investment Company. 19. Accounts for “gatekeepers” such as accountants, lawyers, or other professionals for their clients where the identity of the underlying client is not disclosed to the financial institution.

20. Client Accounts managed by professional service providers such as law firms, accountants, agents, brokers, fund managers, trustees, custodians, etc.

21. Trusts, Charities, NGOs/NPOs (especially those operating on a cross-border basis) unregulated clubs and organizations receiving donations (excluding NPOs / NGOs promoted by United Nations or its agencies).

22. Money Service Business: including seller of: Money Orders / Travellers’ Checks / Money Transmission / Check Cashing / Currency Dealing or Exchange.

23. Business accepting third party checks (except supermarkets or retail stores that accept payroll checks / cash pay roll checks).

24. Gambling / gaming including “Junket Operators” arranging gambling tours.

25. Dealers in high value or precious goods (e.g. jewel, gem and precious metals dealers, art and antique dealers and auction houses, estate agents and real estate brokers).

26. Customers engaged in a business which is associated with higher levels of corruption (e.g. arms manufacturers, dealers and intermediaries).

27. Customers engaged in industries that might relate to nuclear proliferation activities or explosives. 28. Customers that may appear to be Multi level marketing companies etc.

• Inwarding of above type of loan accounts shall be permitted by Corporate Office only.

MEDIUM RISK

1. Non-Bank Financial Institution
2. Stock brokerage
3. Import / Export
4. Gas Station
5. Car / Boat / Plane Dealership
6. Electronics (wholesale)
7. Travel agency
8. Used car sales
9. Telemarketers

10. Providers of telecommunications service, internet café, IDD call service, phone cards, phone center 11. Dot-com company or internet business

12. Pawnshops

13. Auctioneers

14. Cash-Incentive Business such as Restaurants, retail shops, parking garages, fast food stores, movie theaters etc.

15. Sole practitioners or Law Firms (small, little known)

16. Notaries (small, little known)

17. Secretarial Firms (small, little known)

18. Accountants (small, little known firms)

19. Venture capital companies.

• Inwarding of above type of loan accounts shall be permitted by Corporate Office only.

LOW RISK:

1. Individuals (Other than included in High/ and Medium Risk categories mentioned above
2. Salaried employees whose salary structures are well defined
3. People belonging to low economic strata of the society whose accounts show small balances and low turnover.
4. Government Departments and Government owned companies, regulators and statutory bodies,etc.,
5. Customers who are employment-based or with a regular source of income from a know source which supports the activity being undertaken (this applies equally to pensioners or benefit recipients, or to those whose income originates from their partners' employment).
6. Customers with long term and active business relationship with the Company (who are not coming under High / Medium Risk)
7. NPOs / NGOs promoted by United Nations or its agencies.

Appendix III-A

COUNTRIES DEFICIENT IN AML/CFT IDENTIFIED BY FATF & NHB			
S.NO.	COUNTIRIES	S. NO	COUNTRIES
1	ANGOLA	19	PAKISTAN
2	ANTIGUA & BARBUDA	20	PARAGUAY
3	AZERBAIJAN	21	PHILIPINES
4	BANGLADESH	22	QATAR
5	BOLIVIA	23	SAO TOME AND PRINCIPE
6	ECUADOR	24	SRILANKA
7	ETHIOPIA	25	SUDAN
8	GHANA	26	SYRIA
9	GREECE	27	TAZANIA
10	HONDURAS	28	THAILAND
11	INDONASIA	29	TRINIDAD & TOBAGO
12	IRAN	30	TURKEY
13	KENYA	31	TURKMENISTAN
14	MOROCCO	32	UZBEKISTAN
15	MYANMAR	33	VENEZUALA
16	NEPAL	34	VIETNAM
17	NIGERIA	35	UKRAINE
18	NORTHERN PARTS OF CYPRUS	36	YEMEN

ANNEXURE-IV**FORMAT FOR REVIEW OF ACCOUNT**

Loan Account No,	
BORROWER DETAILS	
Name of the Borrower-I	
Residence Address	
Contact Number	
Occupation/Profession at the time of availing the loan	
Current occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Networth	
Residential Status : Resident Indian/Non-Resident Indian	
Name of the Borrower-II	
Residence Address	
Contact Number	
Occupation/Profession at the time of availing the loan	
Current occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Relationship ship	
Networth	
Residential Status : Resident Indian/Non-Resident Indian	

Name of the Borrower-III	
Residence Address	
Contact Number	
Occupation/Profession at the time of availing the loan	
Current occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Networth	
Relationship ship	
Residential Status : Resident Indian/Non-Resident Indian	
PROPERTY DESCRIPTION	
Address of the property	
Land area in sft	
Total Built up area	
Taxes paid	
Market value of the property at the time of disbursement	
Current Market value as declared by the customer	
Self occupied /Let out	

GUARANTOR DETAILS	
Name of the Guarantor	
Residence Address	
Contact Number	
Occupation/Profession at the time of availing the loan	
Current occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Networth	

Relationship ship	
Residential Status : Resident Indian/Non-Resident Indian	
Name of the Guarantor-II	
Residence Address	
Contact Number	
Occupation/Profession at the time of availing the loan	
Current occupation/Profession	
Office Address	
Present gross salary / income p.m.	
Property Description	
Networth	
Relationship ship	
Residential Status : Resident Indian/Non-Resident Indian	
LOAN DETAIL	
Disbursement date	
ROI	
EMI	
TERM	
Loan amount sanctioned	
Loan amount Disbursed	
Unavailed portion(if any)	
Loan o/s	
Overdues with date	
Since (Date of first default)	
Reason for overdues	

Last payment made (Date)	
Whether ECS lodged	
Name of the Bank/Branch	
Cheque bounce in last three years	
CONTACT DETAILS	
Name of the Executive who has contacted the customers	
Date of last contact	
Outcome of the discussion	
Action proposed	
Signature	
Views /Recommendations of the Chief Manager	
Views of Vice President (Operations)	
Decision/Approval of MD	

<p>partners and their addresses</p> <ul style="list-style-type: none"> - Telephone numbers of the firm and partners 	<p>authorities under Shops & Establishmet Act (vii) sales & Income Tax returns (iv) CST/VAT certificate (v) Certificate /registration document issued by Sales Tax/Service Tax/Professional Tax authorities (vi) Licence /certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.(vii) IEC(Importer exporter Code) issued to the proprietary concern by any professional body incorporated under a statute.</p>
<p>Partnership Firms</p> <ul style="list-style-type: none"> - Legal name - Address - Names of all partners and their addresses - Telephone numbers of the firm and partners 	<p>(i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses. (v) Telephone Bill in the name of firm/partners</p>
<p>Trusts & Foundations</p> <ul style="list-style-type: none"> - Names of trustees, settlers, beneficiaries and signatories - Names and addresses of the founder, the managers/directors and the beneficiaries - Telephone/fax numbers 	<p>(i) Certificate of registration, if registered(ii) trust deed (iii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses (iv) Resolution of the managing body of the foundation/association. (v) Telephone Bill.</p>
<p>Unincorporated association or a body of individuals</p>	<p>(i)resolution of the managing body of such association or body of individuals (ii) power of attorney granted to him to transact on its behalf (iii) an officially valid document in respect of the person holding an attorney to transact on its behalf (iv) and such other information as may be required by HFC to collectively establish the legal existence of such as association or body of individuals.</p>

***Officially valid document** is defined to mean the passport, the driving license, the permanent account number card, the Voter's Identity Card issued by the Election Commission of India or any other document as may be required by the HFC .

**II. ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO
BUILDER/PROJECT LOANS:**

- a. Builder approaching the HFC for a small loan compared to the total cost of the project;
- b. Builder is unable to explain the sources of funding for the project;
- c. Approvals/sanctions from various authorities are proved to be fake;

I. ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO HOUSING LOANS:

- a. Customer is reluctant to provide information, data, documents;
- b. Submission of false documents, data, purpose of loan, details of accounts;
- c. Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful etc;
- d. Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
- e. Approaches a branch/office of a HFC, which is away from the customer's residential or business address provided in the loan application, when there is HFC branch/office nearer to the given address;
- f. Unable to explain or satisfy the numerous transfers in the statement of account/ multiple accounts;
- g. Initial contribution made through unrelated third party accounts without proper justification;
- h. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount;
- i. Suggesting dubious means for the sanction of loan;
- j. Where transactions do not make economic sense;
- k. There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
- l. Encashment of loan amount by opening a fictitious bank account;
- m. Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;
- n. Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
- o. Multiple funding of the same property/dwelling unit;
- p. Request for payment made in favour of a third party who has no relation to the transaction;
- q. Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated.
- r. Multiple funding / financing involving NGO / Charitable Organisation / Small / Medium Establishments (SMEs) / Self Help Groups (SHGs) / Micro Finance Groups (MFGs)
- s. Frequent requests for change of address / mobile numbers
- t. Overpayment of instalments with a request to refund the overpaid amount