

AADHAR HOUSING FINANCE LIMITED

KNOW YOUR CUSTOMER [KYC] &

ANTI MONEY LAUNDERING POLICY

(Revised Effective from April, 2017 -Version – III)

Aadhar Housing Finance Limited

KNOW YOUR CUSTOMER [KYC] & ANTI MONEY LAUNDERING (AML) POLICY – (REVISED)

1. Introduction

Pursuant to the notification issued by the National Housing Bank on Fair Practices Code guidelines vide its notifications/Circular No. NHB (ND)/DRS/Pol-No.13/2006 dated 10th April, 2006 and as part of the best corporate practices in line with the amendment in the guidelines issued by the National Housing Bank vide its Circular No.NHB/ND/DRS/Pol. No. 33/2010 -11 dated 11th October, 2010 and further amendments from time to time, Aadhar Housing Finance Private Limited (AHFL) has adopted “ *Know Your Customer:*” [KYC] & *Anti Money Laundering Policy*” guidelines originally by the Board of Directors of the Company in its Board Meeting held on 27th December, 2010 revised from time to time and this Policy shall have immediate effect to know/understand their customers and their financial dealings better which in turn would help them manage their risks prudently and prevent the HFC from being used, intentionally or unintentionally, by criminal elements for money laundering activities.

As per NHB guidelines on KYC policy Aadhar Housing Finance Private Limited [AHFL] is required to have its KYC policy for its lending / credit operations / financial dealings in line with extant guidelines framed therein. This KYC policy is also framed keeping in mind the same. The policy has the following four key elements:

- (i) Customer Acceptance Policy;
- (ii) Customer Identification Procedures;
- (iii) Monitoring of Transactions; and
- (iv) Risk management.

2. POLICY FUNDAMENTALS

Definition of customer

A Customer is:

A person or entity that maintains an account and/or has a business relationship with the AHFL (home loan borrowers and depositors) One on whose behalf the account is maintained (i.e. the beneficial owner); beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors, etc. as permitted under the law, and Any person or entity connected with a financial transaction which can pose significant reputational or other risks to AHFL, say, a wire transfer or issue of a high value demand draft as a single transaction.

KYC guidelines will also be applicable to associates/agencies/intermediaries associated with AHFL as follows:

- (i) Empanelled lawyers,
- (ii) Empanelled valuers
- (iii) FI agencies
- (iv) Builder
- (v) Seller of property being financed by AHFL
- (vi) Direct Selling Agents/Direct selling team
- (vii) Any other intermediary

The Company will collect legal name and entity/Identity proof, permanent address proof as per annexure I for various types of associates/agencies/intermediaries captioned above.

In the formulation of this policy, as suggested by NHB's KYC guidelines, it is kept in consideration that adoption of customer acceptance policy and its implementation should not become too restrictive and must not result in denial of housing finance services to general public, especially to those, who are financially or socially disadvantaged.

3 Customer Acceptance Policy (CAP)

The Customer Acceptance Policy will ensure the following aspects of customer relationship

- (i) No account is opened in anonymous or fictitious/benami name(s);
- (ii) Risk in terms of the location of customer and his clients and mode of payments are duly checked;
 - volume of turnover, social and financial status, etc. will form the basis for categorization of customers into low, medium and high risk
 - customers requiring very high level of monitoring, e.g. Politically Exposed Persons will be given due consideration
- (iii) Documentation requirements and other information will be collected in respect of different categories of customers depending on perceived risk and guidelines issued from time to time; Declaration will be taken from the customer that the proceedings/transactions are not in violation of the PML Act, 2002 and NHB regulations in this regard.
- (iv) Not to open an account or close an existing account where the Company is unable to apply appropriate customer due diligence measures, i.e. the Company is unable to verify the identify and /or obtain documents required as per the risk categorization due to non co-operation of the customer or non reliability of the data/information furnished to the Company. It may, however, be necessary to have suitable built-in safeguards to avoid harassment of the customer. For example, decision to close an account may be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision;

- (v) Permanent Address proof from new applicants will be collected. The documents which can be accepted as proof of address are mentioned in Annexure
 - (vi) For existing customers who wish to pre-close their loan account with AHFL following will be collected :
 - (a) Permanent Address proof (As per Annexure I)
 - (b) A declaration from the customer regarding source of funds being used for pre-closure of the loan account, if paid by cash over and above the limits specified in this Policy.
 - (c) Closure of the loan account authority will be restricted to authorized person at the branch.
 - (v) In the following circumstances, the account may be operated by a mandate holder or the account may be opened by an intermediary in a fiduciary capacity hence the customer is permitted to act on behalf of another person/entity, in conformity with the established law and practices:
 - (a) if applicant is NRI/PIO
 - (b) if applicant is a limited company.
 - (c) if applicant is a partnership firm
 - (vi) Any other circumstance where it is not possible for the applicant to be present at the branch location physically available. Necessary checks before any loan disbursement will be carried out through FI agency so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc.
- 4** The Company will prepare a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy and as per credit & risk policy and operations manual. The customer profile will contain information relating to the customer's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by the Company. At the time of credit appraisal of the applicant the details are recorded along with his profile based on meeting with the applicant (by the sales representative) apart from collection of applicable documents; this will be as per our credit and product norms which are incorporated in the operation manual and are in practice. However, while preparing customer profile, the Company will seek only such information from the customer which is relevant to the risk category and is not intrusive.
- 5** The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or for any other purposes against monetary consideration. The Company will continue to share our client data with CIBIL and empanelled FI agencies and such other organizations/entities subject to confidentiality clause, since the purpose of sharing this information is to ensure risk minimization.

For the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, may be categorized as low risk. Illustrative examples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government departments & Government owned companies, regulators and statutory bodies, etc. In such cases, the policy may require that only the basic requirements of verifying the identity and location of the customer are to be met.

6. Customers that are likely to pose a higher than average risk to the HFC may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc. HFCs may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. Examples of customers requiring higher due diligence may include

- (a) non-resident customers,
- (b) high net worth individuals,
- (c) trusts, charities, NGOs and organizations receiving donations,
- (d) companies having close family shareholding or beneficial ownership,
- (e) firms with 'sleeping partners',
- (f) politically exposed persons (PEPs) of foreign origin,
- (g) non-face to face customers, and
- (h) those with dubious reputation as per public information available, etc.

As regards the accounts of PEPs it is advised that in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, HFC should obtain senior management approval in such cases to continue the business relationship with such person, and also undertake enhanced monitoring as specified in Annexure - I .

7. It is important to bear in mind that the adoption of Customer Acceptance Policy and its implementation should not become too restrictive and must not result in denial of HFC's services to general public, especially to those, who are financially or socially disadvantaged.

As per KYC policy, for acceptance and identification, customers are categorized broadly into low risk, medium risk, and high risk categories:-

- (i) **Low risk customers** for the purpose of this policy will be individuals and entities whose identities and sources of wealth can be easily identified, have structured income and transactions in whose accounts by and large conform to the known profile. Illustrative examples of low risk customers could be :
 - (a) Salaried applicants with salary paid by cheque.

- (b) People belonging to government departments,
 - (c) People working with government owned companies, regulators and statutory bodies etc.
 - (d) People belonging to lower economic strata of the society whose accounts show small balances and low turnover
 - (e) People working with Public Sector Units
 - (f) People working with reputed Public Limited companies & Multinational Companies.
- (ii) **High risk customers** that are likely to pose a higher than average risk to us may be categorized high risk customers depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc. The Company will examine the case in details based on the risk assessment as per our credit risk policy and guidelines of operations manual. Examples of high risk customers requiring higher due diligence may include:
- (a) Non-resident customers,
 - (b) High net worth individuals, without an occupational track record of more than 3 years.
 - (c) Trusts, charities, NGOs and organizations receiving donations.
 - (d) Companies having close family shareholding or beneficial ownership,
 - (e) Firms with 'sleeping partners'
 - (f) Politically exposed persons (PEPs) of foreign origin,
 - (g) Non-face to face customers
 - (h) Those with dubious reputation as per available public information, etc.
- (iii) **Medium Risk customers** would include :
- (a) Salaried applicants with variable income/unstructured income receiving salary in cheque
 - (b) Salaried applicants working with Private limited companies.
 - (c) Self Employed professionals other than HNIs
 - (d) Self Employed customers with sound business and profitable track record for a reasonable period
 - (e) High Net worth Individuals with occupational track record of more than 3 years.

The exposure to any of our clients is subject to the credit risk policy and operations manual of the company. However, for customer acceptance, KYC is a prerequisite for a credit risk grading.

- 5 As per KYC policy, for acceptance and identification, customers in the segment financed by the company are categorized broadly into different categories as per the Master Policy on Credit, Technical & Legal Processes.

The exposure to any of our clients is subject to our credit risk policy and operations manual of the company. However, for customer acceptance, KYC documents are taken as a prerequisite for a credit risk grading.

6 Customer Identification Procedure (CIP)

1. Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information while establishing a relationship. The Company will obtain sufficient information such as Voter ID card, PAN number, Passport etc.as mentioned in Annexure to the policy, necessary to establish, to our satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship.

It will be ensured that due diligence is observed based on the risk profile of the customer in compliance with the extant guidelines in place and the same will be available for verification. Besides risk perception, the nature of information/ documents required will also depend on the type of customer (individual, corporate etc). For customers that are natural persons, The Company has to obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. The Company collects identity proof, bank account details and property documents and AHFL has empanelled FI agencies who independently verify the applicant's occupation, residence and documents as applicable.

2. Rule 9 of the Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, The Procedure and Manner of Maintaining and Time for Furnishing information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 (hereinafter referred to as PML Rules), requires every HFC:
 - (a) at the time of commencement of an account-based relationship, identify its clients, verify their identity and obtain information on the purpose and intended nature of the business relationship, and
 - (b) in all other cases, verify identity while carrying out :
 - (i) transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or
 - (ii) any international money transfer operations.
3. In terms of proviso to rule 9 of the PML Rules, the relaxation, in verifying the identity of the client within a reasonable time after opening the account/ execution of the transaction, stands withdrawn.
For customers that are legal persons or entities, the Company will:
 - (i) verify the legal status of the legal person/ entity through proper and relevant documents.

- (ii) verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person and

For (i) & (ii) Memorandum of Association and/or board resolution will be collected to ensure that the person purporting to act on behalf of the legal person/entity is authorized to do so, apart from applicable field/document investigations. In case of partnership firm, a copy of partnership deed along with the registration certificate of the firm, if registered and power of attorney in favour of the person purporting to act on behalf of the firm shall be collected

- (iii) Understand the ownership and control structure of the customer and determine who are the natural persons ultimately controlling the legal person. For this The Company will collect Shareholding letter duly certified by the Company Secretary/company's Auditor/Chartered accountant and Necessary Resolution / authorization etc.
- (iv) As per the NHB Circular dated 23rd April, 2015, the company is ready to accept e-KYC services as a valid process for KYC verification under the PML Rules, 2015. Further, the information containing demographic details and photographs made available by UIADI under the e-KYC process can be treated as a officially valid document for KYC document for a customer. In addition of physical copy of Aadhar card/letter, the company will also accept e-Aadhar downloaded from the web site of UIADI as a officially valid KYC document, subject to certain conditions.

4. Customer identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given below:

(a) Trust Nominee or Fiduciary Accounts :

There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. Hence, as and when such cases are received, the Company will determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, the Company may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. In the case of a 'foundation', steps will be taken to verify the founder managers/directors and the beneficiaries, if defined.

(b) Accounts of companies and firms

The Company will be careful while processing the cases of business entities especially to establish that individuals are not using those entities for maintaining accounts with it. The Company shall seek information, if required, on the control structure of the entity, source of funds and the natural persons who carry a controlling interest in the management. These requirements may be moderated as per our credit risk policy and guidelines

of the operations manual, for e.g. in the case of a public company it will not be necessary to identify all the shareholders.

(c) Client accounts opened by professional intermediaries

When the Company has knowledge or reason to believe that the client account opened by a professional intermediary like Direct Selling Agent or Direct selling team or any other sales intermediary by whatever name called is on behalf of a single client, that client will be identified. Where the Company relies on the 'customer due diligence' (CDD) done by an intermediary like Field investigation agency or technical agency or lawyer or any other operation processing intermediary by whatever name called, the Company will ensure that the intermediary is having a bonafide identity with an established track record.

(d) Accounts of Politically Exposed Persons (PEPs) resident outside India

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. The Company will gather sufficient information as available on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. The Company will verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The above norms may also be applied to the accounts of the family members or close relatives of PEPs

(e) Accounts of non-face-to face customers:

In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, The Company will do telephonic/personal discussion with the applicant, if necessary. Applicant will be met by the Sales representative of the Company and will fill up the meeting sheet on that basis to mitigate the higher risk involved, as applicable. Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for and applicable verification of these documents will be done. In the case of cross-border customers, there is the additional difficulty of matching the customer with the documentation and the Company may have to rely on third party certification/introduction. In such cases, it will be ensured that generally the third party is a regulated and/or supervised entity with an established track record. Hence apart from the existing due diligence for such customers The Company may take resident Indian Co-applicant as a party to the loan proposal or a local resident guarantor to the loan with identity verification.

An indicative list of the nature and type of documents that may be relied upon for customer identification is given in the **Annexure I**.

7. Monitoring of Transactions

- (a) Ongoing monitoring is an essential element of effective KYC procedures. Since The Company is a housing finance company and all our loans are tenure based with a fixed/variable installment paid through electronic clearing system (ECS) mandate or post dated cheques our monitoring structure will be relevant to our nature of operations. The Company will pay special attention to all unusually large transactions involving large cash and the Company will monitor cash transaction above Rupees Ten lakhs or such other maximum limit prescribed by authorities.
- (b) Risk categorization as is mentioned in this policy may be updated as and when required by the management. In case of overdue/default accounts where there is scope for meeting or vetting the profile of this customer again, due diligence if found necessary will be carried out. Subsequent to our sanction, during the period of part disbursement till full disbursement if any unusual transaction/development comes to our knowledge relating to money laundering the same will be verified and notified as required, The Company will ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002. The Company will ensure that transactions of suspicious nature as defined in Annexure II and/or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority, as and when detected by our officials through the Principal Officer.
- (c) The Company will maintain proper record in accordance with the PML Act, 2002, of all cash transactions (deposits and withdrawals) of Rupees Ten Lakh and above. As a matter of policy, the Company does not accept deposits in cash over Rupees Ten Lakh, No loan is disbursed in cash and No monthly installment above Rupees Ten Lakh is accepted in cash. Any transactions of suspicious nature as per Annexure II are to be reported to the Principal Officer immediately. In addition thereto, the Branches shall on quarterly basis furnish a certificate/mail confirmation to the Principal Officer evidencing that neither such prohibited transactions and/nor cash transaction as specified in the policy have taken place.

8. Risk Management

(i) Internal Audit :

The Company's internal audit department will evaluate and ensure adherence to the KYC policies and procedures. As a general rule, the compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. Internal Auditors may specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance in this

regard will be put up before the Audit Committee of the Board along with their normal reporting frequency. A compliance conformation from Branch will be obtained by the Principal Officer.

(ii) Employee Training :

The Company will have an ongoing employee training program so that the members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

(iii) Customer Education :

The Company will educate the customer on the objectives of the KYC program so that the customer understands and appreciates the motive and purpose of collecting such information.

(iv) KYC for the Existing/new Accounts:

The Company will apply the KYC norms to the existing customers of loan accounts on the basis of materiality and risk envisaged by it for those existing loan accounts. For deposits the guideline is already in place as advised by NHB, vide their circular NHB(ND)/DRS/Pol-No.02/2004-05 dated August 25, 2004 & as amended from time to time. The Company will ensure that term/recurring deposit accounts or accounts of similar nature are treated as new accounts at the time of renewal and are subject to revised KYC procedures.

(v) Non-Cooperation by the customer in respect of KYC norms:

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 will follow up with the existing identified customers for KYC compliance, Closure decision if at all is required will depend upon our internal assessment and it will be taken at a Senior Manager at Regional Office/HO, after issuing due notice to the customer explaining the reasons for taking such a decision.

(vi) Applicability to branches and subsidiaries outside India

The above guidelines will also apply to the branches and majority owned subsidiaries located abroad, especially, in countries which do not or insufficiently apply the FATF Recommendations, to the extent local laws permit as and when the Company opens overseas branches. When local applicable laws and regulations prohibit implementation of these guidelines, the same will be brought to the notice of National Housing Bank and RBI.

(vii) Appointment of Principal Officer :

The Company as designated Company Secretary, as 'Principal Officer.' Principal Officer is located at our Corporate Office and will 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, HFCs and any other institution which are involved in the fight against money laundering and combating financing of terrorism. He will also ensure that there is proper system of fixing accountability for serious lapses and intentional circumvention of prescribed procedures and guidelines. However, any such action has to be documented and placed before the management committee of the company. Principal Officer will also report any unusual matter/information to the management committee of the company as and when it occurs.

(viii) Maintenance of Records of Transactions (As per Rule 3 of the Prevention of Money Laundering Rules 2005) :

The Company will monitor & maintain proper record of the under mentioned transactions:

- (a) All cash transactions of the value of more than rupees one million or its equivalent in foreign currency, though by policy The Company do not accept cash deposits in foreign currency or such other revised limit specified.
- (b) All series of cash transactions integrally connected to each other which have been valued below rupees one million or its equivalent in foreign currency where such series of transactions have taken place within a month.
- (c) all transactions involving receipts by non-profit organizations of rupees ten lakhs or its equivalent in foreign currency;
- (d) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place; any such transactions
- (e) All suspicious transactions as mentioned in **Annexure II**

(J) Information to be preserved :

The Company will maintain the following information in respect of transactions referred to in the preceding point on “Maintenance of records of transactions”

- (i) The nature of the transactions
 - (j) The amount of transactions and currency in which it was denominated
 - (k) The date on which the transaction was conducted and
 - (l) Parties to the transactions
- (k) The Company sanctions and disburses files on the system; hence it has a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required. However the Company will maintain account information for at least ten years from the date of cessation of transaction between the company and the client, all necessary records of transactions, both domestic or international, which will make available individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

The Company will ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business relationship is ended. Apart from this, the application form, copy of loan agreement, NOC, other document either photocopy or cancelled original copy will be kept for next ten years after the full closure of the account. However, preservation and maintenance of the documents will be in paper form or a soft copy.

The 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 immediately as and when occurred.

The identification of records and transaction data will be made available to the competent authorities upon request only through the principal officer under this policy with his approval.

9. Reporting to Financial Intelligence Unit – India:

- 1) As per 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 a HFC 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.
- 2) The Principal officer will report information relating to cash and suspicious transactions, if detected & reported, in the prescribed formats as designed and circulated by NHB at the following address or through the web site of FIU-IND as per the notification:

The Director, FIU-IND,
Financial Intelligence Unit-India,
6 th 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.

3) 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 19 supra) is to be submitted to the Director every month by the 15th day of the succeeding month.

4) 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 19 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.

5) 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 19 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.

6) It has been advised by the FIU-IND, New Delhi that HFCs 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.

7) The formats for reporting the requisite information in respect of cash transactions and suspicious transactions are enclosed (Annexures 3 to 10). An illustrative (but not exhaustive) list of suspicious transactions in housing/ builder/project loans is furnished in Annexure 11 for information of the HFCs.

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

8 Miscellaneous

Compliance under Foreign Contribution (Regulation) Act, 1976

The Company shall also ensure that provisions of the Foreign Contribution (Regulation) Act (FCRA), 1976 are duly adhered to. FCRA regulate the acceptance and utilization of foreign contribution or foreign hospitality received by certain specified persons or associations such as candidates for election, journalist, Judges/Government servants, political party, etc.

However, law permits certain persons or associations to accept the foreign contribution with the approval of the Central Government, as per the provisions of FCRA. In those cases, copy of approval or letter of intimation shall be taken from the customer.

Annexure I

CUSTOMER IDENTIFICATION PROCEDURE FEATURES TO BE VERIFIED AND DOCUMENTS THAT MAY BE OBTAINED FROM CUSTOMERS

Features	Documents (As per Master Policy updated from time to time)
<p>Individuals Legal name and any other names used</p>	<p>(i)Valid Passport (ii)Pan Card (iii)Voter’s Identity Card, (iv)Driving License (v)Identity Card issued by Govt authority/ Municipal Corporation / recognized govt official /public authority (subject to the Company’s satisfaction, (vi)Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of the Company (vii)Aadhaar UID / E-KYC verification (viii) Notarized affidavit with photograph duly attested can be accepted for applicant / co-applicant whose income is not considered. (ix) Any one of the other standard ID proof for individual/applicants as per the Credit Policy approved by the Board.</p>
<p>Correct permanent address</p>	<p>(i)Telephone bill (ii)Bank Account Statement (iii)Letter from any recognized public authority. (iv)Electricity bill (v)Ration Card (vi)Letter from employer (subject to the satisfaction of the Company. (vii)Aadhaar UID / E-KYC verification (viii)Copy of registered Agreement / Sale Deed (ix)Bank Account Statement of Nationalized /Scheduled Commercial Bank.(any one document which provides customer information to the satisfaction of the Company will suffice). (x)Any one of the other standard address proof for individual/applicants as per the Credit Policy approved by the Board.</p>

<p>Companies</p> <ul style="list-style-type: none"> - Name of the company - Principal place of business - Mailing address of the company - Telephone/Fax Number 	<ul style="list-style-type: none"> (i) Certificate of Incorporation and Memorandum & Articles of Association. (ii) Certificate of Commencement of Business (in case of Public Limited Company) (iii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account. (iv) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (v) Copy of PAN allotment letter (vi) Copy of the telephone bill
<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 	<ul style="list-style-type: none"> (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>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 	<ul style="list-style-type: none"> (i) Certificate of registration, if registered (ii) 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>NRI (Non – Resident Indian)</p>	<p>Apart from the documents applicable for Legal name and any other Individuals as above an attested copy of Valid names used passport / VISA / Power of Attorney are required</p>

Unincorporated association or a body of individuals	(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.
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Annexure II

All suspicious transactions whether or not made in cash and by way of

A. 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;
- t. Overpayment of instalments with a request to refund the overpaid amount

B. 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;
