

Key features of co-lending partnerships entered into by SMFG India Home Finance Company Limited

Key features of co-lending partnerships entered into by SMFG India Home Finance Company Limited

SMFG India Home Finance Company Limited (“**SMFG Grihashakti**”) has entered into co-lending partnership(s) with certain eligible banks / financial institutions, which has been more particularly identified under paragraph 1 hereinbelow (“**Partner FI**”), under the aegis of the co-lending guidelines (“*Co-lending by Banks and NBFCs to Priority Sector*”) issued by the Reserve Bank of India *vide* RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 on November 05, 2020, as amended, supplemented and superseded from time to time (“**Co-lending Guidelines**”) or such other laws, as may be applicable to the arrangement and/ or the participants of the arrangement. SMFG Grihashakti has also formulated a board approved co-lending policy which *inter alia* stipulates the parameters and framework being followed by SMFG Grihashakti while entering into co-lending partnerships with Partner FIs, a copy of which has been annexed under **Schedule I** hereinbelow. Set out hereinbelow is the summary of the key terms in respect of: (i) the co-lending arrangement; and (ii) the loan product(s) made available by SMFG Grihashakti. The loan product(s) have been/ may be sanctioned at the sole discretion of each of SMFG Grihashakti and the relevant Partner FI (collectively referred to as the “**Co-lenders**”), on the basis of the risk assessments and due diligence processes conducted by each of the Co-lenders.

1. **Eligible Banks / Financial Institutions:** SMFG Grihashakti has partnered with the “Central Bank of India” (CBol) as of December 2023:
2. **Key features of the arrangement:** The specific terms for each of the loan products disbursed by the Co-lenders will be set out under **Appendix I** to the loan agreement, which **Appendix I** has been reproduced under **Schedule II** hereinbelow.
3. **Funding Ratio:** SMFG Grihashakti will be retaining/ funding a minimum of 20% (Twenty percent) share of the each of the loans under the co-lending arrangement.
4. **Products lines and areas of operation:** Home Loan (HL), Loan Against Property (LAP)
5. **Segregation of responsibilities:**

Parameter	Responsible party (SMHFC or Central Bank of India (CBol))	
Income Appraisal and other eligibility norms	SMHFC	-
Loan Approval (Sanction Authority)	SMHFC	-
Technical verification	SMHFC	-
Legal verification	SMHFC	-
Final Sanction	SMHFC	-

Parameter	Responsible party (SMHFC or Central Bank of India (CBol))	
Disbursement	SMHFC	-
Security Creation	SMHFC	-
Sharing of Info with Co-Lending Bank	SMHFC	-
Approval for Co-Lending finalization	SMHFC	CBol
On boarding cases in the Co-Lending bank	SMHFC	CBol
Fund Transfer to SMHFC by Co-Lending Bank		CBol
Repayment	SMHFC	CBol
Collections process	SMHFC	-
Foreclosure of loan/ part payment	SMHFC	-
Recovery of Loan on Slippage	SMHFC	CBol
OTS (One-time Settlement)/ Restructuring	SMHFC	CBol
CIBIL or any other credit bureau Reporting	SMHFC	-
Document management	SMHFC	CBol
CKYC & CERSAI	SMHFC	CBol
Reconciliation	SMHFC	CBol
Customer service	SMHFC	-
Delayed payment Interest	SMHFC	-
Other Charges	SMHFC	-
Treatment of TDS	SMHFC	-

6. **Customer interface, protection and grievance redressal:** Covered in “**APPENDIX I**”

7. **Roles and responsibilities of the participants:**

Stakeholder	Roles and Responsibilities
Treasury	<ul style="list-style-type: none"> • Identification of co-lending partner • Commercial agreement • Annual review of the Co-lending partners for any rating change
Product/Business	<ul style="list-style-type: none"> • Annual assessment of Co-lending partner (including volumes achieved, scope of engagement etc.) • Agreement on Product parameters • Sourcing and onboarding of the loan • Business Continuity Plan to ensure uninterrupted services
Risk Policy	<ul style="list-style-type: none"> • Alignment of Policy parameters
Finance	<ul style="list-style-type: none"> • Providing estimated gain/loss on the deal at the time of approval • Monthly estimation of upfront gain • Accounting for P&L impact • Ensure disclosures as required as per RBI guidelines.
AIM	<ul style="list-style-type: none"> • Bureau Reporting in line with policy
Legal	<ul style="list-style-type: none"> • Negotiation and finalisation of Co-lending arrangement and documents for execution
Business/Central Ops	<ul style="list-style-type: none"> • Porting of NACH mandate • Monthly banking of NACH
Treasury Operations	<ul style="list-style-type: none"> • Opening of Escrow Account • Document execution • System tagging • Remittance of collected funds pertaining to pool & reconciliation thereof

8. **Security:** The security and charge created in respect of the Loan (wherever applicable) would be in favour of both Co-lenders.

9. **Safe custody of documents:** SMFG Grihashakti shall hold all the underlying loan documents, security documents and such other documents, writings, agreements, cheques, instruments received from the underlying borrowers in connection with the loan, in safe custody on behalf of the Co-lenders.

SCHEDULE I
Co-lending Policy



Co-LendingPolicy.pdf

SCHEDULE II
Appendix I to the loan agreement

APPENDIX I

1. Arrangement

- a. SMFG Grihashakti has entered/will enter into a co-lending arrangement with certain eligible banks / financial institutions under the Co-lending Guidelines or such other laws, as may be applicable to the arrangement and/ or the participants of the arrangement (“Partner FI”) pursuant to which, if the Loan availed by the Borrower meets the selection criteria identified by the Partner FI, SMFG Grihashakti will make available the Loan to the Borrower or is accepted by the Partner FI, the Partner FI will transfer monies to the extent of certain percentage of the total principal outstanding to SMFG Grihashakti (“Partner FI Contribution”) and Loan (to the extent of the Partner FI Contribution) shall stand novated/ assigned to the Partner FI, absolutely and forever, to the end and intent that the Partner FI shall be deemed to be the full and absolute owner of the Partner FI’s participation and as such legally and beneficially entitled to all such portion of the Loan, free from all encumbrances. Further, the Borrower agrees and confirm that upon transfer by the Partner FI of the Partner FI Contribution to SMFG Grihashakti, the terms of the Loan will be deemed to be novated in such a manner that Partner FI will become a co-lender of the Loan and will be deemed to have executed this document as a co-lender along with SMFG Grihashakti. The Partner FI and SMFG Grihashakti are hereinafter collectively referred to as the “Co-lenders”.
- b. Upon transfer by the Partner FI of the Partner FI Contribution, all the right, title and interest of SMFG Grihashakti in the Loan, shall stand transferred to Partner FI (to the extent it is entitled to pursuant to the transfer of Partner FI Contribution) absolutely and forever, to the end and intent that the Partner FI shall be deemed to be the full and absolute owner and as such legally and beneficially entitled to all such portion of the Loan, free from all encumbrances.
- c. In accordance with the Co-lending Guidelines and other applicable laws, each of the Co-lenders may assign, transfer or novate any of its rights or interests under the Loan including all rights and interests connected with such Loan to any other party only after obtaining the prior consent of the other Co-lenders without any impediment, restriction, limitation of any nature whatsoever.

2. Roles, responsibilities and covenants of the Partner FI and SMFG Grihashakti

- a. SMFG Grihashakti shall continue to be single point of interface for the Borrower, irrespective of a portion of the Loan being novated by/ assigned to/ transferred to the Partner FI under the co-lending arrangements.
- b. SMFG Grihashakti shall inter-alia have the following roles and responsibilities:
 - i. Collection of the receivables and repayment amounts against the Loan from the Borrower on behalf of itself and the Partner FI;

- ii. Enforcement of security and collection of all enforcement proceeds from the Borrower on behalf of itself and the Partner FI; and
 - iii. Maintaining details and accounts of the Borrower.
- c. SMFG Grihashakti and the Partner FI have agreed to adhere to a standard operating procedure mutually agreed upon amongst SMFG Grihashakti and the Partner FI which shall be monitored and periodically reviewed (as and when required and at such frequency as may be agreed upon amongst SMFG Grihashakti and the Partner FI).
- d. Under the co-lending arrangement, the Partner FI and SMFG Grihashakti have confirmed that they shall follow the co-lending model in compliance with the Co-lending Guidelines, as amended, supplemented and superseded from time to time or such other laws, as may be applicable to the arrangement and/ or the participants of the arrangement.
- e. While the Partner FI will maintain a Borrower account, all the collection and recovery of the amounts due from the Borrower in relation to the Loan and all such acts and performances in relation to the servicing and recovery of Loan will be undertaken by SMFG Grihashakti therefore all the payments to be made by the Borrower, in relation to the Loan shall be made into such account as may be directed by SMFG Grihashakti.

3. Grievance Redressal

The Borrower shall approach SMFG Grihashakti for all its complaints and grievances. Further, in addition to the grievance redressal mechanism set out under Article 14.11 of the Loan Agreement, the Borrower may register a complaint with SMFG Grihashakti with respect to the Loan, by way of e-mail to grihashakti@grihashakti.com or by way of a complaint registered with the call centre of SMFG Grihashakti at 18001021003 or by way of filing a direct written complaint addressed to GRO (GRO@grihashakti.com). SMFG Grihashakti shall within 30 (thirty) days, resolve the complaint, failing which the Borrower would have the option to escalate the same with the concerned Banking Ombudsman/Ombudsman for NBFCs or the Customer Education and Protection Cell (CEPC) in RBI.

4. Business Continuity Plan

The Partner FI and SMFG Grihashakti have formulated a business continuity plan to ensure uninterrupted service to the Borrower till repayment of the Loan in the event the co-lending arrangement is terminated.

5. KYC

SMFG Grihashakti and the Partner FI agree that the complete Central Know Your Customer (CKYC), Electronic Know Your Customer (EKYC), Video Know Your Customer (VKYC), Physical Know Your Customer (physical KYC), Re- Know Your Customer (Re- KYC) and any other form of Know Your Customer (KYC) checks as permitted under applicable law ("KYC") would be done by SMFG Grihashakti as per the RBI norms. The KYC documents will be shared with the Partner FI so that the Partner FI may

rely on the same in line with the RBI norms for third-party KYC. However, the decision of whether or not to rely on such KYC is of the Partner FI. SMFG Grihashakti shall ensure that the KYC documents shall be made available to the Partner FI as and when required in case of any requirement of the RBI or any statutory authority. For the avoidance of doubt, it is hereby agreed and acknowledged by SMFG Grihashakti and the Partner FI and shall be independently responsible and liable to the RBI for the KYC process.

6. Borrower's declarations

- a. The Borrower understands and is aware that in case the Loan is under the co-lending arrangement, the account in which the repayment amounts are to be deposited, may change and the escrow account together with the Partner FI may be the designated account for depositing the repayment amounts. The Borrower hereby authorises SMFG Grihashakti to issue necessary instructions and change the details of the recipient account in my standing instructions like e-NACH, NACH or any other electronic mode of payment.
- b. The Borrower has read (and/ or has been read to and explained), verified, understood and irrevocably agreed to the terms and conditions of the Loan Agreement and other related documents (if any), including but not limited to the procedure and guidelines applicable to the co-lending arrangements.
- c. The Borrower agrees that the co-lending arrangements entered/to be entered between SMFG Grihashakti and the Partner FI shall be irrevocable and binding on the Borrower and the Borrower shall not raise any objection, for the reason whatsoever, to the terms of Loan Agreement and the co-lending arrangement.
- d. The Borrower further understands and acknowledges that for processing, collection and servicing of the Loan provided/ to be provided to the Borrower, SMFG Grihashakti may collect fresh ECS and/ or NACH mandates, and auto debit instructions in favour of SMFG Grihashakti or the Partner FI towards payment/ repayment/ prepayment of the Loan. The Borrower agrees and understands that SMFG Grihashakti may also shift the ECS/ NACH mandate/ auto debit instructions, made out in favour of SMFG Grihashakti, in favour of the Partner FI towards payment/ repayment/ prepayment of the Loan availed.

7. Miscellaneous

- a. SMFG Grihashakti shall continue to perform its obligation under the Loan Agreement on behalf of itself and the Partner FI.
- b. As per the co-lending arrangement, SMFG Grihashakti shall make available to the Partner FI, any information received by it, on a request by the Partner FI pertaining to the Loan and/or the operation or financial conditions or business of the Borrower, including any and all documents/ information collected by or submitted to SMFG Grihashakti.
- c. The Borrower shall be charged an all-inclusive rate of interest, on the Loan as mutually agreed upon between SMFG Grihashakti and the Partner FI, in accordance with the Co-lending Guidelines and other applicable laws.
- d. The Borrower hereby agrees and acknowledges that SMFG Grihashakti and the Partner FI shall be entitled to make appropriate respective filings, markings, noting regarding asset recognition, asset quality on their respective interest in the Loan provided to the Borrower, as per the appropriate regulatory norms, policies and procedures applicable to each of them, including making appropriate filings with CIBIL and other agencies, bodies, regulatory authorities.
- e. The Borrower hereby understands and acknowledges that the details of the Partner FI along with the essential features of the co-lending arrangement entered into between SMFG Grihashakti and the Partner FI shall be available on SMFG Grihashakti's website. In case of any queries and clarifications in respect thereof, the Borrower may approach SMFG Grihashakti by way of an e-mail to grihashakti@grihashakti.com.
- f. The terms and conditions contained herein shall form an integral part of the Loan Agreement executed by the Borrower.