POLICY ON CO-LENDING MODEL
OF
FAMILY HOME FINANCE PRIVATE LIMITED

Adopted/ Amendment	Board MeetingDate(s)	Version No.
Adoption of the Policy	January 23, 2023	1.0
Amendment of the Policy	October 30, 2025	1.1

Last reviewed on October 30, 2025

BACKGROUND:

The Reserve Bank of India had issued the Reserve Bank of India (Co-Lending Arrangements) Directions, 2025 (“ **Co-Lending Directions**”), to provide specific regulatory clarity on co-lending arrangements entered into between regulated entities and to address some of the prudential as well as conduct related aspects.

The Co-Lending Directions enables two regulated entities (including housing finance companies) to enter into co-lending arrangement formalized through a prior agreement, wherein one regulated entity is the originator of loans (‘**Originating RE**’) and another regulated entity is a co-lending partner (‘Partner RE’), to jointly fund a portfolio of loans (secured or unsecured) in a pre-agreed proportion, involving revenue and risk sharing along with shared roles and responsibilities.

In compliance with the aforesaid Co-Lending Directions, the Board of Directors (“**Board**”) of Family Home Finance Private Limited (“**Company**” or “**FHFPL**”), has adopted the Policy on Co-lending Model (“**Policy**”) for entering into co-lending arrangements with other HFCs/ regulated entities. The Policy shall also be placed on the website of the Company.

Definition

a. ***“Act”*** means the Reserve Bank of India Act, 1934 or any statutory modification or re-enactment thereto or any other relevant regulation

b. “***Board***” or “***Board of Directors***” shall mean Board of Directors of the Company, as constituted from time to time.

c. “***Company***” or “***FHFPL***” shall mean Family Home Finance Private Limited.

d. “**Co-Lending Directions**” shall mean the Reserve Bank of India (Co-Lending Arrangements) Directions, 2025 [including any amendments or re-enactments thereof]

e. “***Co-Lending Arrangement or CLA***” shall mean an arrangement formalized through a prior agreement entered into between the Originating RE and the Partner RE to jointly fund a portfolio of loans, comprising of either secured or unsecured loans, in a pre-agreed proportion, involving revenue and risk sharing along with shared roles and responsibilities.

f. “***Co-Lending Partner(s)***” shall mean Regulated Entities who have entered into a prior agreement to jointly fund a portfolio of loans under the Co-Lending Arrangement.

g. “***Co-Lending Agreement/ CLA***” shall mean the prior agreement entered into between the Originating RE and the Partner RE for jointly funding a portfolio of loans under the Co-Lending Arrangement.

h. “***Originating RE/ Partner***” shall mean the Regulated Entity which is the originator of the loan.

i. “***Policy***” shall mean Policy on Co-lending Model, as may be amended from time to time

j. “***Partner RE/ Co-lender***” shall mean the Regulated Entity which is the co-lending entity along with the Originating RE.

k. "***Regulated Entities***" shall mean the following:

- Commercial Banks (excluding Small Finance Banks, Local Area Banks and Regional Rural Banks);
- All-India Financial Institutions; and,
- Non-Banking Financial Companies (including Housing Finance Companies).

Any term(s) and, or expression(s) not defined in this Policy shall have the same meaning as defined in the applicable provisions of the Act and other applicable laws/ regulation.

Wherever appropriate in this Policy, a singular term shall be construed to mean the plural where necessary and a plural term the singular. Similarly, any masculine term shall also be construed to mean the feminine or any other gender and vice versa.

GENERAL FRAMEWORK:

- FHFPL shall explore the possibilities of entering Co-Lending Arrangements with other Banks/ NBFCs/ HFCs for co-origination and joint lending of Housing Loans and Loan against Property ('**LAP**') wherein the Company can act as an Originating RE or Partner RE.

- The Company shall enter into collaborations with Co-Lending Partner and execute a Co-Lending Agreement with the Co-Lending Partner which shall include terms and conditions of the arrangement, the criteria for selection of borrowers, , the specific product lines and areas of operation, fees payable for lending services, if any; provisions related to segregation of responsibilities, time-frame for exchanging critical information, customer interface and protection of customers rights and grievance redressal mechanism.

- Under the CLA entered into by the Company, it shall retain minimum 10 per cent share of the individual loans in its books

- The Company in agreement with the Co-Lending Partner and in accordance with this Policy will source and process loans. Further, the Co-Lending Agreement shall inter-alia include interest rate and any other fees/charges on the underlying loans chargeable to the borrower and other commercial elements such as, sharing of sourcing and processing fees, crossing rights and revenue sharing, post disbursement servicing arrangement applicable thereto.

- The Company shall open designated Escrow account for each Co-Lending Arrangement and ensure to process, route and service loans under co lending through these specified accounts.

SELECTING CRITERIA/ DUE DILIGENCE OF POTENTIAL CO-LENDING PARTNERS:

FHFPL shall carry out necessary due diligence of the Co-Lending Partner before entering into any Co-Lending Arrangement. The due diligence shall inter-alia include the following criteria for selection of potential partners:

- Analysis of the financial statements of the Co-Lending Partner for profitability and other financial parameters.

- Assessment of the performance of the Co-Lending Partner's loan portfolio to ascertain the efficiency of its sourcing quality and collection processes. For this purpose, data pertaining to product mix, delinquency trends and credit loss trends of the portfolio of the Co-Lending Partner shall be evaluated by the Company. In addition, Company may rely on reports from the credit rating agency.
- Assessment of qualitative factors such as market standing and reputation of the promoters and historical performance of the portfolio originated.
- Vintage and experience of the Co-Lending Partner in the related line of business and operations.
- The Co-Lending Partner should be a Regulated Entity.

OPERATIONAL GUIDELINES FOR CO-LENDING:

Credit Screening Parameters/ Treatment of loan accounts	i. Sanctioning of individual loans shall be done as agreed with the Co-lending Partner under the Co-Lending Agreement entered between the parties and other related documentation. ii. The Originating Partner shall source loans that meet the parameters stated in the Co-Lending Agreement. iii. The Company shall retain a minimum of 10 per cent share of the individual loans on its books or as applicable or amended by Reserve Bank of India guidelines from time to time. iv. Proportionate shares of the Co-Lending Partners shall be reflected in their respective books of accounts without delay after disbursement by the Originating RE to the borrower, in any case not later than 15 calendar days from the date of disbursement. v. Loans originated by the Originating RE shall only be transferred to the Partner RE as per the CLA. vi. If the Company in its capacity as Originating Partner is unable to transfer the share of the exposure to the Partner RE under CLA within 15 calendar days for any reason, then the loan/s shall remain on the books of the Company as Originating Partner and the Company shall have an option to transfer such exposure to other eligible lenders in accordance with the extant guidelines and in particular according to the provisions of Master Directions – Transfer of Loan Exposure, 2021 (MD-TLE).
Customer service	i. The loan agreement shall make an upfront disclosure regarding the segregation of roles and responsibilities (such as sourcing and servicing) of Co-lending Partners including identification of the Partner being the single point of interface for the customers. ii. Any subsequent change in customer interface shall only be done after prior intimation to the borrower. iii. The loan-agreement signed with the borrower shall contain suitable provisions in relation to customer protection and grievance redressal mechanism which shall be in adherence to the Company's Fair Practice Code and customer grievance redressal mechanism.

Borrower accounts & escrow mechanism	The Co-Lending Partners shall maintain each borrower's account individually for their respective exposures. However, all transactions (disbursements/ repayments) between the Co-Lending Partners relating to CLA as well as with the borrower shall be routed through an escrow account maintained with a bank, in order to avoid inter-mingling of funds. The manner of appropriation between the Originating RE and Partner RE shall be clearly specified in the Co-Lending Agreement.
Target Borrower Segment and loan ticket size	The Asset Liability Management Committee ("ALCO") shall decide on the target borrower segment and the internal limit for Co-lending arrangement in the total lending portfolio from time to time for the purpose of Co-lending arrangements. The target borrower segment and the internal limit for co-lending arrangements shall also be guided by the relevant provisions in this regard as laid out under the credit policy of the Company. Maximum ticket size of loans under Co-Lending Arrangement may also be decided based on the borrower segment, area of operation and credentials of the Co-Lending Partners.
Interest rate	Interest rate and any other fees / charges on the underlying loans charged to the borrower shall be based on the contractual agreement subject to the regulatory norms applicable to the Co-lending Partners. The final interest rate charged to the borrower shall be the blended interest rate calculated as an average rate of interest derived from the interest rates charged by respective Co-Lending Partner as per their internal lending policies and risk profile of the borrower, weighted by the proportionate funding share of Co-Lending Partner under CLA. Any change in rates by any Co-Lending Partner under CLA shall be made as per their respective credit policy and extant regulatory norms and the same shall be reflected in the updated blended rate and be explicitly communicated to the borrower. Any fees / charges payable by the borrower in addition to the blended interest rate shall be incorporated in computation of Annual Percentage Rate (APR) and disclosed appropriately in the Key Facts Statement. Any levy of such fees/charges for lending services shall be in accordance with the objective criteria specified in the applicable policy of the Company depending upon the relevant factors such as the nature of services provided, quantum of loan, etc. Such fees/ charges shall not involve, directly or indirectly, any element of credit enhancement/ default loss guarantee unless permitted otherwise.

Know Your Customer (KYC)/ Fair Practice Code	Co-Lending Partners involved under CLA shall comply with the prescribed norms under the Master Direction - Know Your Customer (KYC) Direction, 2016 and their respective policy on KYC and PMLA as amended from time to time. Partner RE may rely upon the Originating RE for "Customer Identification Process" as per the provisions of the said Master Directions on KYC. Co-Lending Partners shall be guided by their internal fair practice code and grievance redressal mechanism as applicable to them.
Documentation	The loan agreement with the borrower would be executed as per mutually agreeable terms of the Co-Lending Partners. Documentation process, execution, preservation of executed documents, making the same available to the internal auditors etc. shall be as per the terms of the Co-Lending Agreement. Formats of documents/ loan agreements to be developed in co-ordination with the legal departments of the respective Co-Lending Partners. Responsibilities for execution of documents, bearing of loss on account of fake documents/ title deeds shall also be covered in the Co-Lending Agreement.
Security and Charge creation	The Co-Lending Partners shall arrange for creation of security and charge as per mutually agreeable terms. Necessary clauses and arrangement for creation & maintenance of security, statutory charge creation etc. shall be included in the Co-Lending Agreement.
Monitoring, recovery, and asset classification	The Co-Lending Partners shall establish a framework for monitoring and recovery of the loan, as mutually agreed upon. Each Co-Lending Partner shall adhere to the asset classification and provisioning requirement, as per the respective regulatory guidelines applicable to each of them including reporting to Credit Information Companies, under the applicable regulations for its share of the loan account. Co-Lending Partners shall apply borrower-level asset classification for their respective exposures under CLA, implying that if either of the Co-Lending Partner classifies its exposure to a borrower under CLA as SMA / NPA on account of default the same classification shall be applicable to the exposure of the other Co-Lending Partner to the borrower under CLA. Co-Lending Partners shall share relevant information in this regard on a near-real time basis and in any case latest by end of the next working day and put in place a robust mechanism in this regard.

Inspection Audit,	The loans under the CLA shall be included in the scope of internal/ statutory audit of the Company to ensure adherence to their internal guidelines, terms of the Co-Lending Agreement and applicable regulatory requirements.
Business Continuity and Assignment	a. Both the Co-Lending Partners shall implement a business continuity plan to ensure uninterrupted service to their borrowers till repayment of the loans under the Co- Lending Agreement, in the event of termination of co-lending arrangement between the Co-Lending Partners. b. Any subsequent transfer of a loan exposures originated under CLA to a third party or any inter-se transfer of such loan exposures between Co-Lending Partners can be done with the mutual consent of both the Co-Lending Partners and in strict compliance with the provisions of Master Directions – Transfer of Loan Exposure, 2021.

REVIEW OF THE POLICY:

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed by the Board on an annual basis. Consequent upon any amendments in the applicable laws, rules and regulations issued by RBI or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

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