

Process Note: Loan Closure

Aditya Birla Housing Finance Limited

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Table of Contents

1	OVERVIEW	4
2	PROCESS OBJECTIVES	4
3	SCOPE	4
4	RESOURCES REQUIREMENTS	5
5	TRAINING REQUIREMENTS	5
6	ENTRY CRITERIA	5
7	PROCESS FLOW CHART	6
8	PROCESS ACTIVITIES	ERROR! BOOKMARK NOT DEFINED.
8.1	ADDITIONAL CHECKS	12
8.2	EXCEPTION MANAGEMENT	13
9	SLA AND ESCALATION MATRIX	14
10	PROCESS VERIFICATION	15
11	EXIT CRITERIA	15
12	PROCESS METRICS	15
13	ABBREVIATIONS	16
14	APPENDIX	17

1 Overview

Operations is responsible for handling the end-to-end service delivery for all ABHFL products offered to customers. In provisioning the service delivery, the Operations activities commence from the time when Disbursement and Collateral documents have been received from the Credit Team and concludes when the loan matures, and all collateral documents have been handed over to the Customer.

Loan closure is the final phase in the Customer's Home Loan life cycle, which comes into effect when the loan matures or when the customer requests to repay or close the Loan Account. The purpose of this procedure is to provide an overview and document the activities to be followed for the Loan Closure Process.

2 Process Objectives

The objectives of the Loan Closure Process are to ensure:

- Authorized person approaches ABHFL for loan closure.
- NDC is issued to the Customer within the specified TAT.
- Core System is updated for loan closure.
- Document retrieval from storage is undertaken with the specified TAT.
- Documents are handed over to an authorized person with a record of acknowledgement.

3 Scope

The Loan Closure procedure is applicable to all ABHFL Customer Accounts, including Individual and Non-Individual, where loans have matured or customer requests to repay or close the Loan Account. Various systems used in the Loan Closure Process include Core System used by CPU-FC Team:

- To affect the DRE entry and Loan Closure in Core System.

4 Resources Requirements

Sub-Process	Resources Needed
Loan Closure	<ul style="list-style-type: none"> Access to Receipt Book Access to Core System Standard Template of Cover Note [HFC-OPS: CPU-RE-04] Access to ABHFL's Bank Statements Standard MIS Template Standard Template of No-Due-Certificate (NDC) Standard Template of No-Objection-Certificate (NOC) Standard Template of List-Of-Documents (LOD) Access to Bar-Code Database

5 Training Requirements

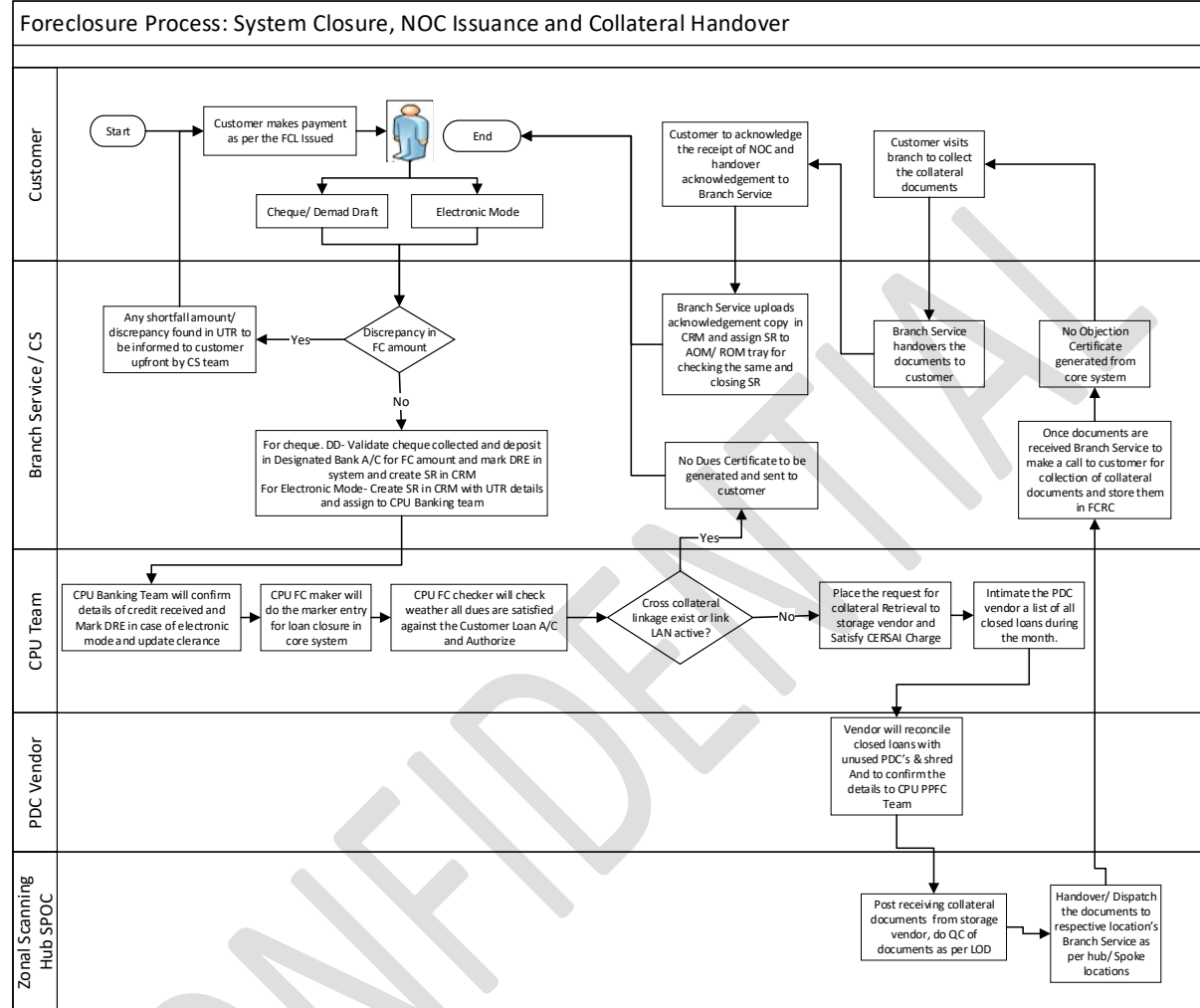
Stakeholder	Trainings Needed
Central Ops	ABHFL Operations Loan Closure Process
Branch Ops	ABHFL Operations Loan Closure Process
CS	ABHFL Operations Loan Closure Process

6 Entry Criteria

- On Loan Maturity
- Customer requests to repay or close the loan account received by CS / SM.

7 Process Flow Chart

Loan closure process



8 Process Activities

System Closure, NDC/ NOC Issuance, and collateral Handover

Sr. No	Activity	Key Input	Key Output	RACI
1.	<p>Post receiving the FC Statement, the Customer can make the FC payment via:</p> <ul style="list-style-type: none"> Cheque / Demand Draft Electronic Mode <p>For FC payment made by Cheque / Demand Draft, Refer Step 2 For FC payment made via electronic mode, Refer Step 5</p>	<ul style="list-style-type: none"> FC Statement 	<ul style="list-style-type: none"> Customer makes payment 	R&A- Customer
2.	<p><u>Cheque / Demand Draft payments:</u></p> <p>Branch Service/ CS on receiving the Cheque / Demand Draft from the customer shall verify if there is any discrepancy in the payment amount. At this juncture, there could be two outcomes of the verification:</p> <ul style="list-style-type: none"> Outcome 1: Discrepancy observed in the payment amount. Refer Step 3 Outcome 2: No discrepancy observed in the payment amount. Refer Step 4 	<ul style="list-style-type: none"> Customer makes payment Cheque / DD 	<ul style="list-style-type: none"> Verification of Payment Amount 	R&A- Branch Service
3.	<p>Outcome 1: Discrepancy observed in the payment amount.</p> <p>If a discrepancy is observed in the payment amount made online, Branch Service/ CS shall inform Customer / SM regarding the discrepancy observed via Call (Ubona) & Email (CRM).</p>	<ul style="list-style-type: none"> Verification of Payment Amount- Discrepancy observed 	<ul style="list-style-type: none"> CS / SM informed regarding the discrepancy 	R&A- Branch Service I-CS /SM
4.	<p>Outcome 2: No discrepancy was observed in the payment amount.</p> <p>If no discrepancy is observed in the payment amount, Branch Service need to ensure that instruments are deposited in Bank Branch via CMS after processing the receipt entry in core system and CPU Banking Team to be informed through CRM. In addition, Branch Service also</p>			

	<p>need to ensure respective slips from Receipt Book are correctly used as follows:</p> <p>Note:</p> <ul style="list-style-type: none">For Non-Hubs - Regional office i.e., SM location where Branch Service is not available: SM to scan instrument, deposit the Cheque in ABHFL account and send the original deposit slip to Hub Branch <table><tr><th>White Copy (Bank Slip)</th><th>Green Copy (CMS Slip)</th><th>Yellow Copy (ABHFL Branch Service Slip)</th></tr><tr><td>Retained by the bank at the time of Cheque deposit</td><td>Retained by CMS Courier Pickup after the Cheque is deposited in the Bank</td><td>Acknowledged and signed by CMS Pickup and returned to Branch Service while collecting the PF Cheque</td></tr></table> <p>Service</p>	White Copy (Bank Slip)	Green Copy (CMS Slip)	Yellow Copy (ABHFL Branch Service Slip)	Retained by the bank at the time of Cheque deposit	Retained by CMS Courier Pickup after the Cheque is deposited in the Bank	Acknowledged and signed by CMS Pickup and returned to Branch Service while collecting the PF Cheque	<ul style="list-style-type: none">Verification of Payment Amount- No Discrepancy observed	<ul style="list-style-type: none">Cheques / DDs deposited in Branch A/CCPU Banking Team informed.Respective Slips from the Receipt Book	<p>R&A-Branch Service</p> <p>I-CPU Banking Team</p>
White Copy (Bank Slip)	Green Copy (CMS Slip)	Yellow Copy (ABHFL Branch Service Slip)								
Retained by the bank at the time of Cheque deposit	Retained by CMS Courier Pickup after the Cheque is deposited in the Bank	Acknowledged and signed by CMS Pickup and returned to Branch Service while collecting the PF Cheque								
5.	<p>Electronic Mode payments:</p> <p>Branch Service/ CS shall inform the CPU Banking Team to check credit and request to mark DRE and clearance in system.</p>	<ul style="list-style-type: none">Customer makes payment through Electronic Mode	<ul style="list-style-type: none">UTR Details shared with CPU Banking Team	<p>R&A-Branch Service</p> <p>I-CPU Banking Team</p>						
6.	<ul style="list-style-type: none">Post communication from Branch Service, the CPU Banking Team will confirm the amount Credited and inform the CPU FC Team to process the Loan Closure through CRM.If the credit is not received the CPU banking team will inform Branch Service/ CS.If Cheque is bouncedIf all the cheques are bounced: CPU Banking team will update the bounce status as “RETURN” in LMS and forward the details to Branch Service to further communicate to the Customer via call & Email post which CRM to be closed.If multiple cheques received and out of them one/two Cheque is/are bounced: CPU Banking team will update the bounce cheques as “RETURN” in LMS and inform Branch Service to further communicate to	<ul style="list-style-type: none">Credit sighted in A/C	<ul style="list-style-type: none">CPU FC Team informed to process Loan Closure	<p>R&A-CPU Banking Team</p> <p>I-CPU FC Team</p>						

	customer through call & Email. Also, the team will update clearance for cleared cheque and inform PPFC team to proceed with part payment with cleared cheque amount. Please refer to Part payment process for more details.			
7.	<p>Once the confirmation is received from CPU Banking Team, the CPU PPFC Maker will do due diligence and Maker entry in Core System for loan closure and assign the case to the CPU PPFC Checker for authorization.</p> <p>If there is any shortfall in Core system same needs to be assigned back of Branch Service.</p> <p>Note: If any shortfall is being reflected in Core System due to notional interest, an approval from CPU Head should be taken for waiver.</p> <p>In case of an excess amount, a refund will be processed as per Refund Process.</p>	<ul style="list-style-type: none"> CPU Recon Team informs to process Loan Closure 	<ul style="list-style-type: none"> FC Cover Note prepared. DRE Entry effected in Core System CPU FC Checker Team authorizes entry. CPU FC Maker Team verifies all dues satisfied. 	R&A-CPU FC Team
8.	<p>Post loan closure in system CPU PPFC Team shall verify if any Cross-Collateral Linkages exists/ link LAN active on the collateral against which the Loan is being closed.</p> <p>At this juncture, there could be two outcomes of the verification:</p> <ul style="list-style-type: none"> Outcome 1: Cross-Collateral Linkage exists on the Loan Account or Link LAN active. Refer Step 9 Outcome 2: Cross-Collateral Linkage does not exist on the Loan Account and no link LAN active. Refer Step 10 	<ul style="list-style-type: none"> CPU FC Maker Team verifies all dues satisfied. 	<ul style="list-style-type: none"> Loan closed in Core System Verification of Cross-Collateral Linkages 	R&A-CPU FC Team

9.	<p>Outcome 1: Cross-Collateral Linkage exists on the Loan Account or link LAN Active</p> <p>CPU FC Team shall inform Branch Service to issue the NDC without property release to the customer.</p>	<ul style="list-style-type: none"> Cross Collateral Linkage exists 	<ul style="list-style-type: none"> NDC issued with Property Release 	R&A-CPU FC Team
10.	<p>Outcome 2: Cross-Collateral Linkage does not exist on the Loan Account and no link LAN active.</p> <p>CPU PPFC Team shall initiate CERSAI charge release on the Loan and place the collateral retrieval request with the Storage Vendor.</p> <p>CPU FC Team shall inform Branch Service to issue the NOC with property address to the customer.</p> <p>CPU PPFC Team will send a list of all the closed loans on a monthly basis to the vendor. The vendor will reconcile the unused PDCs at his end and shred the same at his end.</p> <p>The vendor will confirm the shredding of PDCs to the CPU PPFC Team</p> <p>In case the customer wishes to procure the details of the unbanked PDCs/SPDCs a request for the same must be made by the applicants within 30 days of closure of the loan.</p> <p>Note:</p> <ul style="list-style-type: none"> CERSAI charge release should be done once all loans reflected under same SI ID are closed. 	<ul style="list-style-type: none"> Cross Collateral Linkage does not exist 	<ul style="list-style-type: none"> Approvals sought for retrieval of collateral documents. Collateral retrieval request placed with Vendor. CERSAI Charges released 	<p>R&A-CPU FC Team</p> <p>R&A-CPU FC Team</p> <p>I-Storage Vendor</p>
11.	<p>Post receiving Collaterals from Storage Vendor at HUB locations, Zonal Hub SPOC shall ensure that the documents are as per LODs and before sending the documents to the respective Branch Services.</p>	<ul style="list-style-type: none"> Collaterals received from Vendor. 	<ul style="list-style-type: none"> Verification of documents done as per LOD. 	R&A-Zonal Scanning Hub SPOC, I-Branch Service
12.	<p><u>Handing over property documents to customer:</u></p> <p>Upon receiving documents from Zonal Scanning hub SPOC, Branch Service to store documents in FRFC (Hub Branch)</p>	<ul style="list-style-type: none"> Collateral documents received 	<ul style="list-style-type: none"> Collaterals dispatched to the concerned branch 	R&A-Branch Service

13.	<p>Post Customer / Authorized Person visits to collect the documents, Branch Service shall collect Proof of Identity of the property owners. For Non-Individual Case, authorization letter needs to be on the company letterhead.</p> <p>Branch Service shall verify the submitted Authorization Letter / Copies of Proof of Identity with a confirmation from SM / Team Member for originals being sighted and copies verified.</p> <p>On Satisfactory validation of Customer / Authorized Person's Identity, Branch Service shall handover documents (as per LOD)</p>	<ul style="list-style-type: none"> Verification of Customer done 	<ul style="list-style-type: none"> Validation of Customer / Authorized Person's Identify Proof Collaterals handed over to Customer- NDC, LOD 	<p>R&A- Branch Service</p> <p>C&I- SM / Team Member</p>
14.	<p>Branch Service shall take an acknowledgement from the Customer / Authorized Person on the receipt of the Collateral Documents along with NOCs and LODs which include:</p> <ul style="list-style-type: none"> Self-attestation on ID proof (verify signature with PAN card and Loan Agreement/ Sanction Letter) Signature of person visiting on Authorization letter <p>Branch Service shall scan the acknowledgment letter, acknowledged copy of NOC and LOD and share the same with respective AOM/ ROM for checking and closing the CRM.</p> <p>Note:</p> <ul style="list-style-type: none"> Customer shall visit within 30 days, wherein for the given duration the documents will be in the branch under dual custody. Branch Service to ensure documents are returned (in case the same aren't collected by customer) to storage or acknowledgement from customer is shared for receiving documents submitted. For any exception Head Branch Ops approval is required. 	<ul style="list-style-type: none"> Verification of Customer 	<ul style="list-style-type: none"> Acknowledgement from Customer / Authorized Person Scan copy of acknowledgement uploaded in CRM & closure of the case 	<p>R&A- Branch Service</p> <p>C&I- CPU Team</p>

8.1 Additional Checks

Sr. No	Activity
1	<p>Accepting FC payment:</p> <ul style="list-style-type: none"> Before accepting FC payment, Branch Service must check FCL expiry and must not accept any FC payment beyond expiry of the FCL. Approval from the Retention Team shall be required in such a scenario for fresh FCL issuance. Deceased Customer (Loan with Co-Borrower): Foreclosure amount can be accepted from the other Customer(s) other than the deceased party. Customer must produce (a) Death Certificate of deceased individual (b) Relationship documents, (c) Legal heir certificate. (d) No objection from all legal heirs other than the one receiving the documents. Deceased Co-Borrower (authorized signatory) (non-individual applicant case): Fresh Board resolution to be issued by the company incorporating the new individual as authorized person for transactions on loan. New facility agreement and KYC to be collected before acceptance of foreclosure amount. Based on new documentation, with legal approval and the loan documents relevant to the facility can be handed over.
2	<p>Internal BT cases:</p> <p>Background- When customer sells property, and the buyer is also taking loan from ABHFL</p> <ol style="list-style-type: none"> Retention team approval is not required. FC statement charges will not be applicable as FC statement will be used for internal consumption- For individual case the FC statement to be generated locally. For Non-individual case FC statement will be shared by CPU. All charges as per MITC and Sanction letter (except FCL charges) will be applicable while closing old loan. New loan will be first used to close the old loan immediately after registry of the property in the name of the buyer. Any shortfall in the old loan should be paid upfront. Any deviation with respect to charges/ penalty will have to be approved as per approval matrix. All collaterals against the old loan to be stored under the new LAN along with the latest deeds. Also, all existing docs plus new deed must be updated in Newgen and fresh LOD prepared. <p>SLA- Existing loan closure and disbursement SLA to be followed. New loan booking and old loan closure should happen simultaneously and the entire transaction to be concluded before EOM.</p>
3	<p>Loan Cancellation:</p> <p>Background- Loan cancellation can happen due to multiple reasons, such as customer request/ deal cancelled due to any reason.</p> <ol style="list-style-type: none"> Cases where loan is closed prior to booking- <ul style="list-style-type: none"> Branch Service will cancel the cheque post receiving appropriate approvals and proceed with loan cancellation. Cases where loan is booked, and customer returns the disbursement cheque post loan booking-

	<ul style="list-style-type: none"> Prior to 1st EMI cycle date- Branch Service will cancel the cheque post receiving appropriate approvals, collect Broken Period Interest and cancel the loan. Post 1st EMI cycle date- Cancel the cheque post receiving appropriate approvals, realize all dues and CPU team will process foreclosure <p>iii. After disbursement cheque realization- FC process needs to be followed as per above steps and all foreclosure charges/ penalty will be applicable as per SL and MITC</p> <p>iv. For cases where disbursement payment is made via DD-</p> <ul style="list-style-type: none"> Cancel the DD with IndusInd bank post receiving appropriate approvals Credit confirmation received from IndusInd bank and validated by CPU All charges till the day recovered from customer and confirmation provided to CPU CPU knocks off DD entry and Branch Service closes the loan <p>v. Any deviation with respect to charges/ penalty will have to be approved as per approval matrix.</p> <p>vi. All the teams to ensure, the case stages and relevant comments are updated in the case notes at all times in CRM.</p> <p>SLA- For point no. (i) and (ii)- Loan cancellation to be processed within 3 days from the date of request received. For loan closure existing loan closure SLA to be followed.</p>
4	Any deviations / exceptions to the SOP by the Operations Team would be signed off by Head Operations and Process Excellence.

8.2 Exception Management

1	Any deviations / exceptions to the SOP by the Operations Team would be signed off by Head Operations and Process Excellence.
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9 SLA and Escalation Matrix

Sr. No	Activity	SLA	Responsibility	1 st Escalation	2 nd Escalation	3 rd Escalation
1	Credit confirmation by Banking Team	T+3 T = Date of Closure request receipt	CPU Banking Team	Team Leader of CPU	Central Head	Head – Ops
2	Closure of Loan account	T + 6	CPU- FC Team	Team Leader of CPU	Central Head	Head – Ops
3	Placing document retrieval	T+7	CPU	Team Leader of CPU	Central Head	Head – Ops
4	Document dispatched to Hub location	T+8	Zonal SPOC	AOM/ROM	Head Branch Ops	Head - Ops
5	Document dispatched to destination branch	T+14	Zonal SPOC	AOM/ROM	Zonal Head	Head - Ops
6	Informing Branch Service for NOC issuance for FC	T+14	CPU- FC Team	Team Leader of CPU	Central Head	Head - Ops
7	Handing over property papers, NOC to customer- calling customer for document handover	T+15	Branch Service	AOM/ROM	Head Branch Ops	Head – Ops
8	Intimating the list of closed loans to the vendor for shredding of PDC's	T+5 T= EOM date	CPU	Team Leader of CPU	Central Head	Head – Ops
9	Shredding of cheques	T+5 T= date of receipt of intimation from CPU PPFC Team	Vendor Team	NA	NA	NA
10	Excess Amount Refund (FC)	T+7 T= System author date for foreclosure	CPU- FC Team	Team Leader of CPU	Central Head	Head – Ops
11	CERSAI Charge release	T+30 T= System author date for foreclosure	CPU- FC Team	Team Leader of CPU	Central Head	Head - Ops

10 Process Verification

- CPU FC Team verifies the application of FC Charges from Sanction Letter (Non-Individual)
- Customer remits payment: CPU-Banking Team verifies the amount credited by the Customer (Cheque / DD / Electronic)
- CPU FC Maker effects DRE entry in Core System with Receipt Entry details; CPU FC Checker to validate and authorize.
- CPU and Branch Service to ensure retrieved collateral documents are tracked until handover to customer.

11 Exit Criteria

Cases where Cross Collateral exists.

- DRE entry effected and Loan Account closed in Core System
- NDC couriered to Customer without property release.

Cases where Cross Collateral does not exist:

- DRE entry effected and Loan Account closed in Core System
- CERSAI charges released on the Loan Account
- Original Collateral Documents (NOC and LODs) handed over to Customer.
- Acknowledgement from Customer taken for handed over Collaterals (NOC and LODs)
- Customer Acknowledgement scanned and uploaded into CRM.

12 Process Metrics

Parameter	Operational Definition	Responsibility	Tool / Template
CERSAI Charge Release	CERSAI Charge Release post loan closure	CPU/TMU	SharePoint Excel MIS to be published
Handover of Collateral and NDC Acknowledgements	Customer acknowledgement on NDC and handover of collateral to the customer	Branch Service/ AOM/ ROM	Scanned copy of acknowledged NDC uploaded in CRM

13 Abbreviations

Abbreviation	Meaning
CPU-FC Team	Central Processing Unit- Foreclosure Team
CPU-PPFC Team	Central Processing Unit- Part Payment & Foreclosure Team
CS	Customer Service
DD	Demand Draft
DRE	Data Receipt Entry
EFT	Electronic fund transfer
FC	Foreclosure
LAN	Loan Account Number
LMS	Loan Management System
LOD	List of Document
NDC	No-Due-Certificate
NOC	No Objection Certificate
NEFT	National Electronics Funds Transfer
PAN	Permanent Account Number
PDC	Post Dated Cheque
RACI	Responsible, Accountable, Consulted, Informed
Recon	Reconciliation
SKR	Safe Keeping Record
SL	Sanction Letter
SM	Sales Manager
TAT	Turn-Around-Time
UTR	Unique Transaction Reference
ZSM	Zonal Sales Manager

14 Appendix

1. Payment Receipt Book



ABHFL Customer
receipt book (PAYME

2. Letter of Authority Format to collect documents.



LOA_Collect_Docum
ents.pdf

3. Letter of authority for partnership firm



PARTNERSHIP
AUTHORITY LETTER.

4. Specific Power of Attorney - For NRI As Borrower – Format



FC_SPECIFIC
POWER OF ATTORNI

5. FCL Letter



'foreClosure_simulati
on_report.docx

6. No Dues Certificate



NDC_Cert.pdf

7. No Objection Certificate



NOC_Cert.pdf

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