

**WEBUPDATE : 28 JUL 23**

**MISCONCEPTION ABOUT INDEMNITY BOND / AFFIDAVIT : AFNHB PROJECTS**

1. It has been observed that there exists some misunderstanding among the AFNHB allottees, especially in Mysore Project with respect to Indemnity Bond / affidavit submitted at the time of possession.
2. It is clarified that at the time of possession of allotted DU, Affidavit and Indemnity Bonds are obtained from the allottees as per Para 0509 of Master Brochure 2012. These documents are amended from time to time with due approval of Chairman, AFNHB / Board of Management.
3. It would be important to note that all AFNHB schemes are self financed and cost of DU is derived based on actual expenditure incurred in the project. AFNHB does not keep profit element with it as is done by private builders. The procedure for 'Final Costing' of the project has been defined at para 0621 to 0624 of Master Brochure 2012 wherein specifically it is mentioned that any surplus fund in project is returned back to the allottees and deficit, if any, is recovered from the allottees in proportionate share.
4. The affidavit is basically an undertaking by the allottee for adhering to the rules, orders and instructions of AFNHB and local authority in regards to allotment of DU. At the same time, the allottee needs to indemnify AFNHB regarding any possible claims in future made by the Govt. or Land allotting Authority or courts / Tribunals in respect of said property and also such cost and expenses incurred by AFNHB to defend such cases. The issue arising out of vendor's default during the execution of the project are out of the ambit of these documents.
5. This is for information of all concerned.