IKF Finance Limited

Procedure on Handling of Loan Accounts in the Event of Borrower's Demise

(Including Return of Property Documents to Legal Heirs)

1. Purpose and Regulatory Background

This policy sets out how IKF Finance Limited ("IKF" / "the Company") will deal with loan accounts in the unfortunate event of the demise of a borrower, and the process for returning original property documents and other securities to the legal heirs.

The objective is to:

- Provide a clear, simple and time-bound process for the family / legal heirs.
- Ensure fair, transparent and humane treatment at a difficult time.
- Comply with RBI guidelines on customer service, responsible lending conduct and release of property documents, including display of a "well laid out procedure" on the website.

This policy applies to all individual borrowers and proprietorship concerns availing loans from IKF, including secured loans backed by movable or immovable property.

2. Key Definitions

For the purpose of this policy:

- **Borrower**: The individual in whose name the loan has been sanctioned.
- **Co-borrower / Joint Borrower**: Any individual who has jointly availed the loan with the borrower and is jointly and severally liable.
- **Guarantor**: An individual who has guaranteed repayment of the loan.
- **Nominee**: A person nominated by the borrower in the loan / security documents, where applicable.
- **Legal Heirs**: Persons entitled under applicable law to succeed to the estate of the deceased borrower.
- **Property Documents**: Original movable / immovable property documents kept with IKF as security (e.g. title deeds, registered sale deed, hypothecation documents, etc.).

3. Intimation of Borrower's Demise

1. IKF may receive intimation of the borrower's demise from:
    - Surviving co-borrower(s)
    - Legal heir(s) / executor of a Will

- Guarantor(s) or any close family member
- Nominee recorded in IKF's records if applicable / available

2. Intimation may be given through any of the following channels:
   - Visit to any IKF branch
   - Email to the Company's registered customer service ID
   - Letter / courier addressed to any IKF branch or Head Office
   - Intimating to our Call Centre
3. On receipt of such information, IKF will:
   - Register the request.
   - Confirm the initial list of documents required.

---

4. Internal Action by IKF on Intimation

After recording the intimation, IKF will:

1. Take a note that the loan account status as "Borrower Deceased
2. Review the account to confirm:
   - Outstanding principal, interest and charges
   - Type of collateral / security held
   - Presence of any credit life / group life insurance linked to the loan
   - Existence of co-borrowers, guarantors and nominees
3. Refrain from coercive or harassing collection practices during the period of assessment and discussion with the family, while continuing to classify the account in accordance with RBI's asset classification and income recognition norms.

---

5. Documents Required from Claimant(s)

IKF will follow a simplified and customer-friendly approach to identify legal heirs and settle the loan. In normal cases, IKF will not insist on a succession certificate / probate unless there is a dispute or doubt, in line with RBI guidance.

Standard documents (may vary by case):

1. **Mandatory**
   - Certified copy of the **Death Certificate** of the borrower
2. **Identity & Address Proof** of claimant(s)
   - PAN, Aadhaar, or other officially valid documents
3. **Relationship / Heirship Proof** (anyone, based on availability and internal policy):
   - Nomination details as per IKF's records if given / available
   - Registered Will / Probate of Will
   - Legal Heir Certificate / Family Member Certificate

- Self-declaration and affidavit of all legal heirs along with indemnity and No Objection Letters, as per formats prescribed by IKF

4. **Loan Details**
    - Loan account number and branch
    - Details of security / property, if known

IKF may seek additional documents if required to reasonably establish the identity and rights of the claimant(s), especially where there is dispute or conflicting claims.

---

6. Treatment of Loan Liability

1. **Continuing Liability**
    - Demise of the borrower does not extinguish the loan.
    - Liability continues with co-borrower(s) and guarantor(s) as per the loan agreement.
    - Legal heirs are liable to the extent of the estate of the deceased borrower inherited by them, as per applicable law.
2. **Insurance (if available)**
    - Where a credit life / loan protection policy exists, IKF will support the claimant(s) in lodging the claim with the insurer.
    - Proceeds received from the insurer shall first be adjusted towards outstanding dues. Any surplus, if any, will be released to the legal heirs / nominee as per this policy.
3. **Options for Co-borrowers / Heirs**
   After establishing the legal heirs, IKF will discuss one or more of the following options, subject to product norms and credit assessment:
    - **(a) Continuation of the Loan**
        - Transfer of primary borrower status to a surviving co-borrower / eligible legal heir, with re-documentation as required.
    - **(b) Pre-closure of the Loan**
        - Co-borrowers / heirs may choose to pre-close the loan by paying the outstanding amount; penalties, if any, will be levied / waived as per the applicable product policy and RBI norms.
    - **(c) Restructuring (where permitted)**
        - In genuine hardship cases, IKF may consider rescheduling / restructuring the loan, within the framework of applicable RBI guidelines and IKF's Board-approved policies.

---

7. Missing Borrower Cases

Where a borrower is missing but not officially declared dead, IKF will be guided by the **Bharatiya Sakshya Adhiniyam, 2023** and RBI's guidance on missing persons:

1. Legal heirs / nominee shall ordinarily provide:
    - FIR / Missing person complaint copy, and
    - Non-traceable report / final police report, and
    - Other documents / indemnities as prescribed by IKF.
2. For treating the account as that of a deceased borrower and proceeding with settlement, IKF may:
    - Require a civil court order presuming death, or
    - For smaller-value cases within limits prescribed by IKF's Board, permit settlement based on FIR, non-traceable report and indemnity, in line with RBI's simplified approach to settlement of claims of deceased customers.

Specific value thresholds and documentation requirements will be published separately and may be updated from time to time.

---

8. Return of Original Property Documents & Removal of Charges

IKF will strictly follow RBI's directions on timely release of property documents upon full repayment / settlement of the loan.

1. **30-Day Timeline**
    - After full repayment / settlement of the loan (including where it is paid by legal heirs / co-borrowers / insurer), IKF shall:
        - Release all original movable / immovable property documents held as security; and
        - Remove charges registered with any registry (e.g. CERSAI, Registrar, RTO etc.), within 30 days from the date of such repayment / settlement.
2. **Choice of Collection Location**
    - The claimant will be given an option to collect documents from:
        - The branch where the loan was serviced, **or**
        - Any other IKF office where documents are stored, and IKF will inform the claimant of the **exact location and date** for collection.
3. **Procedure in the Event of Borrower's Demise**
    - In case of the death of a sole or joint borrower, once the loan is fully settled and the legal heirs / nominee / surviving co-borrower are identified as per this policy, IKF will return the original property documents to them (or their authorised representative), in accordance with applicable law and this procedure.
4. **Compensation for Delay**
    - If there is a delay beyond 30 days in releasing documents or filing charge satisfaction for reasons attributable to IKF, the Company shall:

- Inform the claimant of the reasons for delay, and
- Compensate the borrower / legal heir at ₹5,000 per day of delay, as mandated by RBI.

5. **Loss or Damage to Documents**
   - If any original property document is lost / damaged (in whole or in part) while in IKF's custody, IKF shall:
     - Take all necessary steps to help obtain duplicate / certified copies;
     - Bear the costs and charges associated with this process; and
     - Release the documents within a further reasonable period (not exceeding the extended time permitted by RBI). Delay beyond this extended period, attributable to IKF, shall also attract compensation as above.

---

9. Handling Disputes Among Legal Heirs

1. If there is a dispute among legal heirs about entitlement to property or loan settlement proceeds, or if some heirs do not agree to sign indemnities / declarations:
2. IKF may, at its discretion, require a Succession Certificate / Probate / Court Order before releasing property documents or surplus amounts.
3. IKF will inform all concerned parties in writing about:
   - The nature of the dispute; and
   - The additional documents / orders required to proceed.

---

11. Grievance Redressal & Escalation

IKF encourages claimants / legal heirs to raise any concerns regarding this process so they can be resolved promptly.

1. **Level 1 – Branch / Customer Service**
   - Contact the concerned Branch Manager or Customer Service team.
2. **Level 2 – Grievance Redressal Officer**
   - If not satisfied, or if no response is received within the stipulated TAT, the complaint may be escalated to the Grievance Redressal Officer / Principal Nodal Officer.
   - Contact details and email IDs are published on IKF's website under the "Grievance Redressal" section.
3. **Level 3 – RBI Ombudsman (External)**
   - If the complaint remains unresolved for 30 days from the date of first raising it with IKF, or if the response is unsatisfactory, the complainant may approach the Reserve Bank – Integrated Ombudsman Scheme through the Complaint Management System (CMS) portal of RBI, as per the procedure notified by RBI.

12. Standard Operating Procedure Review and Updates

- This standard operating procedure will be reviewed periodically and updated to reflect changes in RBI guidelines, applicable laws and internal risk policies.
- The latest version of this policy / procedure will be hosted on IKF's website and will be available at branches on request.

13. Important Note to Customers / Legal Heirs

This standard operating procedure is intended to support families at a difficult time and to ensure that the process is clear, fair and transparent.

IKF staff are instructed to treat all such cases with compassion, sensitivity and respect, while also complying with regulatory and legal requirements.