

IKF Home 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 Home Finance Limited ("IKFHF" / "the Company") will deal with loan accounts in the event of the demise of a borrower, and the process for returning original property documents to the legal heirs.

The objective is to:

- Provide a clear and time-bound process for legal heirs.
- Ensure fair and humane treatment.
- Comply with RBI/NHB/NHB guidelines.

2. Key Definitions

For the purpose of this policy:

- **Borrower:** Individual in whose name the loan is 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 security documents. Original movable / immovable property documents kept with IKFHF as security (e.g. title deeds, registered sale deed, hypothecation documents, etc.).

3. Intimation of Borrower's Demise

- i. IKFHF 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 IKFHF's records if applicable / available

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

After recording the intimation, IKFHF will:

- i. Take a note that the loan account status as "Borrower Deceased"
 - ii. Review the account to confirm:
 - o Outstanding principal, interest and charges
 - o Type of collateral / security held
 - o Presence of any credit life / group life insurance linked to the loan
 - o Existence of co-borrowers, guarantors and nominees
 - iii. 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/NHB's asset classification and income recognition norms.
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5. Documents Required from Claimant(s)

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

Standard documents (may vary by case):

- i. **Mandatory**
 - o Certified copy of the Death Certificate of the borrower

ii. Identity & Address Proof of claimant(s)

- PAN, Aadhaar, or other officially valid documents.

iii. 3. Relationship / Heirship Proof (anyone, based on availability and internal policy):

- Nomination details as per IKFHF's records if given / available
- Registered Will / Probate of Will
- Legal Heir Certificate / Family Member Certificate (in case of Government Employee)
- Self-declaration and affidavit of all legal heirs along with indemnity and No Objection Letters, as per formats prescribed by IKFHF

iv. Loan Details

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

IKFHF 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, IKFHF 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, IKFHF 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/NHB norms.

c. Restructuring (where permitted)

- In genuine hardship cases, IKFHF may consider rescheduling / restructuring the loan, within the framework of applicable RBI/NHB guidelines and IKFHF's Board approved policies.
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7. Return of Original Property Documents & Removal of Charges

IKFHF will strictly follow RBI/NHB'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), IKFHF 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 IKFHF office where documents are stored, and IKFHF 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, IKFHF 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 IKFHF, 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/NHB

5. Loss or Damage to Documents

- If any original property document is lost / damaged (in whole or in part) while in IKFHF's custody, IKFHF 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/NHB). Delay beyond this extended period, attributable to IKFHF, shall also attract compensation as above.
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8. Handling Disputes Among Legal Heirs

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:

1. IKFHF may, at its discretion, require a Succession Certificate / Probate / Court Order before releasing property documents or surplus amounts.
 2. IKFHF will inform all concerned parties in writing about:
 - The nature of the dispute; and
 - The additional documents / orders required to proceed.
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9. Grievance Redressal & Escalation

IKFHF encourages claimants / legal heirs to raise any concerns regarding this process so they can be resolved promptly. The contact details and the escalation matrix is provided in the Grievance Redressal Policy which shall be available on the website of the Company

10. Standard Operating Procedure Review and Updates

- This standard operating procedure will be reviewed periodically and updated to reflect changes in RBI/NHB guidelines, applicable laws and internal risk policies.
 - The latest version of this policy / procedure will be hosted on IKFHF's website and will be available at branches on request.
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11. 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.
- IKFHF staff are instructed to treat all such cases with compassion, sensitivity and respect, while also complying with regulatory and legal requirements.