

Policy for Procedure of Return of Original Movable Property Documents to Legal Heirs (In Case of Contingency)

I. Introduction

This policy outlines the procedures to be followed by **Khushbu Auto Finance Limited (KAFL)**, a Non-Banking Financial Company (NBFC) registered under the Reserve Bank of India (RBI), for returning original movable property documents (security cheques) to the legal heirs of the borrower or co-borrower in the event of death, incapacitation, or any other contingency. This policy is framed in accordance with the **Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale-Based Regulation) Directions, 2023**, ensuring compliance with RBI guidelines while protecting the interests of both the Company and the borrower/co-borrower.

II. Objective

The objective of this policy is to define the process for the return of original movable property documents (security cheques) held by **Khushbu Auto Finance Limited (KAFL)** to the legal heirs or authorized representatives of the borrower or co-borrower in the event of their death or any other contingency. This policy also provides clarity on the responsibilities of co-borrowers in such situations.

III. Applicability

This policy applies to all loan accounts where the borrower or co-borrower has pledged movable property documents (security cheques) with **Khushbu Auto Finance Limited (KAFL)** as collateral for loans related to two-wheelers or three-wheelers.

IV. Key Definitions

1. **Borrower:** The individual who has availed of the loan facility and pledged security cheques with **Khushbu Auto Finance Limited (KAFL)**.
2. **Co-Borrower:** Any person who has jointly applied for and availed the loan with the borrower and is jointly responsible for repaying the loan.
3. **Legal Heir:** A person recognized by law as the rightful heir or successor of the borrower or co-borrower in case of death or incapacitation, as per the applicable succession laws.
4. **Contingency:** Includes, but is not limited to, the borrower's or co-borrower's death, incapacitation, or any other event that renders the borrower or co-borrower unable to fulfil their loan obligations.
5. **Security Cheques:** The original cheques provided by the borrower or co-borrower as security for the loan provided by **Khushbu Auto Finance Limited (KAFL)**.

V. Procedure for Return of Security Cheques to Legal Heirs or Co-Borrowers

In the event of the death or incapacitation of the borrower or co-borrower, or any other contingency, the following process will be followed for the return of original security cheques:

1. **Intimation of Contingency:** The legal heirs or authorized representatives of the borrower or co-borrower must notify **Khushbu Auto Finance Limited (KAFL)** in writing about the contingency (death, incapacitation, etc.). The notification must be supported by valid documents, such as:
 - Death Certificate (in case of death)
 - Medical Certificate or Court Order (in case of incapacitation)
 - Any other relevant document confirming the borrower's or co-borrower's condition.
2. **Verification of Legal Heir(s) and Co-Borrower Status:** The legal heir(s) or authorized representative(s) must submit the following documents to verify their identity and entitlement:
 - **Legal Heir Certificate:** Legal heir(s) must provide a legally recognized document establishing their entitlement to the estate of the deceased (e.g., Succession Certificate, Legal Heir Certificate, Will, etc.).
 - **Identification Proof:** Government-issued identification proof (Aadhaar, Passport, Voter ID, etc.).
 - **Proof of Relationship:** Documentary evidence confirming the relationship between the borrower or co-borrower and the legal heir(s) (e.g., birth certificate, marriage certificate, etc.).
3. **Co-Borrower's Role:** If the borrower has a co-borrower:
 - The co-borrower will remain responsible for the repayment of the loan in the event of the borrower's death or incapacitation, as per the terms of the loan agreement.
 - The co-borrower is also entitled to request the return of the security cheques if they intend to continue with the loan or settle the outstanding amount. In the case of the co-borrower's death, the same process will apply for the legal heirs of the co-borrower.
4. **Submission of Request for Return of Security Cheques:** The legal heir(s) or co-borrower must submit a written request for the return of the original security cheques. The request should include:
 - A clear declaration of their legal right to receive the documents.
 - A statement of the borrower's or co-borrower's loan account status (whether settled, closed, or still outstanding).
 - If the borrower's or co-borrower's account is still open, the legal heir(s) must confirm how they intend to handle the loan (settle, assume responsibility, or restructure).

5. **Outstanding Loan Settlement:** If there is an outstanding loan balance, the legal heir(s) or co-borrower must either:
 - **Settle the Loan:** Repay the outstanding loan balance in full.
 - **Transfer of Loan:** If the legal heir(s) wish to assume responsibility for the loan, the Company may consider a loan transfer or restructuring, subject to approval by **Khushbu Auto Finance Limited (KAFL)**.
6. **Verification and Authorization:** Once the request and necessary documents are received, **Khushbu Auto Finance Limited (KAFL)** will:
 - Verify the authenticity of all submitted documents and legal heir(s) or co-borrower's entitlement.
 - Cross-check the loan account's status to determine if any outstanding dues are pending.
7. **Return of Security Cheques:** After completing the necessary verification, **Khushbu Auto Finance Limited (KAFL)** will return the original security cheques to the legal heir(s) or co-borrower (as the case may be) within a reasonable time frame (preferably 30 days from the receipt of the complete request and verified documentation). The process for returning the security cheques will include:
 - A formal acknowledgment letter confirming the return of the security cheques.
 - A receipt to be signed by the legal heir(s) or co-borrower acknowledging the return of the original documents.
 - A copy of the signed receipt will be retained by **Khushbu Auto Finance Limited (KAFL)** for record-keeping.

VI. Conditions for Return of Security Cheques

The return of security cheques will be subject to the following conditions:

1. The loan account must be settled, or the outstanding balance must be cleared before the security cheques are returned.
2. If the loan is not fully paid, **Khushbu Auto Finance Limited (KAFL)** may withhold the return of the cheques until the outstanding dues are cleared or a satisfactory arrangement for repayment is agreed upon.
3. All required documents (Legal Heir Certificate, identity proofs, etc.) must be duly submitted and verified.

VII. General Guidelines

1. **Protection of Borrower's Property:** Until the verification process is completed and the loan settlement is confirmed, the security cheques will be safeguarded by **Khushbu Auto Finance Limited (KAFL)** and will not be returned prematurely.
2. **Disputes and Legal Resolution:** In case of any disputes regarding the legal heir(s) or the return of security cheques, **Khushbu Auto Finance Limited (KAFL)** reserves the

right to pursue legal avenues, including engaging legal counsel or initiating arbitration, in accordance with applicable laws.

3. **Compliance with Legal Framework:** All actions under this policy will be in full compliance with applicable laws, including succession laws, inheritance laws, and RBI regulations.

VIII. Record-Keeping

Khushbu Auto Finance Limited (KAFL) will maintain accurate and up-to-date records of all requests for the return of security cheques, including:

- Written requests from legal heirs or co-borrowers.
- Verification documents (Legal Heir Certificate, ID proofs, etc.).
- Signed acknowledgment receipts.

These records will be retained as per the Company's document retention policy and RBI's regulatory guidelines.

IX. Review and Amendments

This policy will be reviewed periodically to ensure its continued compliance with RBI regulations and industry best practices. Any amendments or updates will be communicated to relevant stakeholders promptly.