

(SPECIMEN OF MEMORANDUM OF TERM LOAN AGREEMENT FOR HOME LOAN GRANTED TO PUBLIC)

TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE WITH THE STAMP ACT IN FORCE IN THE STATE IN WHICH THE DOCUMENT IS EXECUTED AND NOT TO BE ATTESTED

To

STATE BANK OF INDIA

.....

PLACE :

DATE :

Dear Sirs,

Whereas, State Bank of India, a body corporate constituted under State Bank of India Act 1955, having its Corporate Centre at Madame Cama Road, Nariman Point, Mumbai-400 021 having one of its Branch Offices at.....(hereinafter called the "the Bank" which expression shall include its successors and assigns) having, at my/our request{.....Son/Daughter/Wife of.....at present aged around.....and residing at.....and.....Son/Daughter/Wife of.....at present aged around ..... and residing at.....(hereinafter, called "the Borrower" which expression shall include his/her respective heirs, executors, administrators and assigns)} granted me/us \*Home Loan limit / 'SBI-Maxgain'(on Overdraft basis) / of Rs.....(Rupees .....) for purchase/construction of a flat/house/ plot of land or for extension/repairs/ renovations of an existing house/flat/purchase of consumer durables and furnishings/funding of Home Loan insurance cover (hereinafter referred to as the 'project'), situated at

.....

(\*Delete whichever is not applicable)

2. In consideration of the grant of the said advance and continuance of the said facility for such time as the Bank may deem fit, I/we, "the Borrower(s)" do hereby irrevocably and unconditionally agree and undertake, so as to bind myself/ourselves, my / our heirs, executors, administrators, estates, assigns and effects as follows, viz.

a) The disbursement of the amount of the loan shall be at the Bank's absolute discretion and shall be co-related to the actual progress in the construction of the project. Such disbursements shall be made by means of Bankers cheques drawn in favour of the builders/promoters duly authorized or to engineer / architect / contractor or to suppliers of goods and services when the construction is undertaken by the Borrower and instruct you to make payment for the purpose of the 'project'. The Bank may, at your discretion and at my/our request credit a part of the loan amount to my/our current/savings bank account (maintained in single or joint

names) to enable me/us to make payments to suppliers of goods and services. I/We shall submit to the Bank, within a reasonable time, satisfactory proof of the proper utilisation of the amount of the loan, such as Architect's certificate, certifying the value of the work carried out, Contractor's bills, stamped receipts, sale agreement for house / flat etc. If considered necessary by the Bank, I/we shall produce, at my/our cost, photographs showing the progress of construction work carried out by me / us, which photographs besides showing portion of the neighbouring properties, shall be certified by persons whose certificates are acceptable to the Bank.

b) i I/We shall repay the amount of loan as per arrangement/sanction letter which forms part of this Agreement in equated monthly instalments of Rs..... each till the entire loan with interest is fully repaid. The equated monthly instalments also include interest component.

b) ii The house should be constructed on the plot financed by the Bank within a period of 5 years from the date of first disbursement of the loan and completion certificate should be submitted to the Bank within 5 years from the date of first disbursement. In case of failure to construct the house and/or non-submission of completion certificate within the stipulated time period of 5 years from the date of first disbursement, the amount of the loan or the balance outstanding with applicable interest shall be repayable at once and in the event of failure to fully repay the loan amount/loan outstanding with applicable interest the account shall be classified as NPA and the Bank shall be at liberty to take such steps to recover its dues and enforce the security as provided under law.

### 3. Rate of Interest on Loans:

#### **3 A) Fixed Rate of Interest**

Interest on the loan will be fixed at ..... % per annum on daily reducing balance with monthly rests for a period of .....years from the date of first disbursement. Thenceforth the interest rate in the account will be reset to floating Home Loan card rate prevailing as on the date of reset. The effective rate of Interest on the loan outstanding will be charged at the rate of .....% (spread) above RBI's Repo Rate which is .... % p. a as on 01st day of current calendar quarter. The present effective rate of interest being ...% p. a calculated on daily balance of the loan amount at monthly rests, subject to the interest rate reset on the 1st day of every calendar quarter, on the basis of the prevailing RBI Repo Rate. The spread is sum of Credit Risk Premium of .....% and other cost including operating cost. The Bank shall at any time and from time to time be entitled to change Credit Risk Premium when borrower's credit assessment undergoes change. Also, other cost including operating cost can be altered periodically at Bank's discretion." The Bank has the option to reduce or increase the EMI or extend the repayment period or both consequent upon revision in interest rate. The Bank shall be entitled to charge at its own discretion such enhanced rate of interest on the account(s) either on the entire

outstanding or on a portion thereof as it may fix for any irregularity including non-observance or non-compliance of terms and conditions of the loan, for such period as the Bank deems it necessary and charging of such enhanced rate of interest shall be without prejudice to the Bank's other rights and remedies. Borrower shall be deemed to have notice of change in the rate of interest when the changes are notified at/displayed at the branch notice board or published in a newspaper or in the website of the Bank or made through the statement of account / pass book.

### **3B) Loan on floating interest rate basis**

The effective rate of Interest on the loan outstanding will be charged at the rate of .....% (spread) above RBI's Repo Rate which is .... % p. a as on 01st day of current calendar quarter. The present effective rate of interest being ...% p. a calculated on daily balance of the loan amount at monthly rests, subject to the interest rate reset on the 1st day of every calendar quarter, on the basis of the prevailing RBI Repo Rate. The spread is sum of Credit Risk Premium of .....% and other cost including operating cost. The Bank shall at any time and from time to time be entitled to change Credit Risk Premium when borrower's credit assessment undergoes change. Also, other cost including operating cost can be altered periodically at Bank's discretion. The Bank has the option to reduce or increase the EMI or extend the repayment period or both consequent upon revision in interest rate. The Bank shall be entitled to charge at its own discretion such enhanced rate of interest on the account(s) either on the entire outstanding or on a portion thereof as it may fix for any irregularity including non-observance or non-compliance of terms and conditions of the loan, for such period as the Bank deems it necessary and charging of such enhanced rate of interest shall be without prejudice to the Bank's other rights and remedies. Borrower shall be deemed to have notice of change in the rate of interest when the changes are notified at/displayed at the branch notice board or published in a newspaper or in the website of the Bank or made through the statement of account / pass-book. The Bank has the option to reduce or increase the EMI or extend the repayment period or both consequent upon revision in interest rate. The Bank shall be entitled to charge at its own discretion such enhanced rate of interest on the account(s) either on the entire outstanding or on a portion thereof as it may fix for any irregularity including non-observance or non-compliance of terms and conditions of the loan, for such period as the Bank deems it necessary and charging of such enhanced rate of interest shall be without prejudice to the Bank's other rights and remedies. Borrower shall be deemed to have notice of change in the rate of interest when the changes are notified at/displayed at the branch notice board or published in a newspaper or in the website of the Bank or made through the statement of account / pass-book. The Bank has the option to reduce or increase the EMI or extend the repayment period or both consequent upon revision in interest rate. The Bank shall be entitled to charge at its own discretion such enhanced rate of interest on the account(s) either on the entire outstanding or on a portion thereof as it may fix for any irregularity including non-observance or non-compliance of terms and conditions of the loan, for such period

as the Bank deems it necessary and charging of such enhanced rate of interest shall be without prejudice to the Bank's other rights and remedies. Borrower shall be deemed to have notice of change in the rate of interest when the changes are notified at/displayed at the branch notice board or published in a newspaper or in the website of the Bank or made through the statement of account /pass-book

3 C) **Salary account concession**\$

I / We, the Borrower(s), am/are aware that concession of .....% p.a. is included in the above mentioned interest rate on account of maintenance of my/our salary account with the Bank and the same is referred as Salary Account Concession in this Agreement.

I/We declare and confirm that in the circumstances like change in job etc., wherein the salary is not credited by my/our employer to account maintained with the Bank,

I/We undertake to advise such development to the Bank, further I/We would issue standing instructions to the salary account servicing bank to transfer entire salary credit to my/our account maintained by the Bank for continuation of Salary Account Concession as mentioned above and for the limited purpose of continuation of concessions in interest rates, my /our account with the Bank under the arrangement will be reckoned as pseudo-salary account.

I/We further agree and confirm that in the event of discontinuation of my/our salary account/pseudo salary account with the Bank, the Bank shall have the right to withdraw the salary account concession and the Bank shall have the right to revise the interest rate accordingly and I/We will not raise any objection /dispute to the said action of the Bank". **\$ delete, if not applicable**

Without prejudice to the Bank's other rights and remedies, the Bank shall be entitled to charge at its own discretion enhanced rates of interest on the outstanding in the loan account (s) or a portion thereof for any default or irregularity on my/our part which in the opinion of the Bank warrants charging of such enhanced rates of interest for such period as the Bank may deem fit. The Equated Monthly Instalments will have to be paid till the entire loan and the interest is fully repaid. Further, the amount of Equated Monthly Instalment may change/increase as may be decided by the Bank. Besides the Bank shall also charge a penalty, the rate of which shall be at the discretion of the Bank, for every bounced cheque for any reason whatsoever in addition to the enhanced rate of interest as applicable.

Such enhanced interest will start accruing from the date of disbursement of the loan or the date of disbursement of the first instalment of the loan where such loan is paid in instalments or from 30 days from the due date of equated monthly instalments (EMI) if it remains unpaid for a period of 30 days from the due date, for any reason, including bounced cheque.

c) If the loan amount has been utilised by me/us for purchase of ready built house/flat, I/we shall pay the first such monthly instalment following the month in which the loan amount is disbursed to me/us. The subsequent monthly instalments shall be paid before the last day of each subsequent month. If the loan amount has been utilised for construction of / additions to house / flat, I / we may be permitted to pay the first such monthly instalment till 2 months after the month in which the house / flat has been completed or on the expiry of 18 months from the date of disbursement of the first instalment, whichever may be earlier. The subsequent monthly instalments will be paid before the expiry of each subsequent month.

d) Pre-EMI Interest:

(i) \* I/We have opted for servicing of Pre-EMI interest and have already delivered or hereby undertake to deliver post-dated cheques drawn at monthly intervals for servicing of the amounts of Pre-EMI interest during the moratorium period.

(ii) \* I/We have opted for capitalizing the Pre-EMI interest and agree that loan amount will be fixed suitably taking into account approximate Pre-EMI interest during the moratorium period as detailed in paragraph pertaining to the Pre-EMI interest in the Arrangement letter dated..... I / We hereby unconditionally agree to execute necessary authority in favour of my / our employer or tender post-dated cheques towards EMI's of the loan amount. If necessary I/we would request for resetting of EMI's based on the actual outstanding in the loan account after final disbursement.

(\* score off whichever is not applicable)

e) I/We declare and confirm that the amount of the loan or the balance then outstanding shall become payable at once in case of my death or death of anyone of us. In case of death, the Bank may, at its discretion, continue the loan provided sufficient collateral security is furnished by my/our legal heirs/surviving borrower(s) or some satisfactory arrangement for repayment acceptable to the Bank has been made by my/our legal heirs/surviving borrower(s).

f) I/We shall arrange for the payment of the equated monthly instalments from my/our monthly salary or in whatever manner deemed fit \* or by debit on the due dates from the Current /Savings Bank account with Branch/or any other Branch where I/we may hold the account singly or jointly and to appropriate the same in repayment of the said loan and interest.

I/We shall execute in favour of the Bank a letter of authority, addressed to my/our employers to recover and pay to the Bank the equated monthly instalment from my/our salary every month\*.

\* Delete if not appropriate.

- g) On demand I/We agree to deliver to the Bank post-dated cheques for the monthly instalments and warrant that the cheques will be honoured on first presentation. Any non-presentation of a cheque due to any reason will not affect my/our liability to pay the monthly instalments or any other sum. I/We agree to forthwith replace the cheques/issue fresh cheques, if required by the Bank. I/We shall not be entitled to call upon the Bank to refrain from presenting any cheque for payment and if I/we do so, the Bank shall nevertheless be entitled to present the cheque for payment and in the event of dishonour the provisions under the Negotiable Instruments Act, shall apply. I/We also agree to pay a penalty as stipulated by the Bank from time to time, for every bounced cheque for any reason whatsoever in addition to the enhanced rate of interest as applicable.
- h) I/We declare and confirm that on my/our retirement, the outstanding amount of the loan sanctioned to me will become repayable at once. The Bank may, at its discretion, continue the loan provided satisfactory arrangement for repayment, acceptable to the Bank has been made by me/us.
- i) In the event of cessation of my / our business/service with my / our employers by way of resignation or otherwise (except as a result of death or retirement), I/we undertake to repay to the Bank forthwith on demand the balance principal amount of the loan, or the balances then outstanding whichever is higher.
- j) In the event of my/our ceasing to be in business/service of my/our employer whether by retirement, resignation, death or by operation of law or for any other reason or cause whatsoever and howsoever the Bank shall be entitled at its discretion, to write to my/our employers to appropriate and set off (i) any amount which may then be payable by my/our employers to me/us whether by way of salary, allowances, bonus, other remuneration or any payment (whether ex-gratia or otherwise) whatsoever and (ii) any amount that may be standing to the credit of any account which I/we may have with my/our employers or with the Bank, either singly or jointly, towards repayment of the balance that may be then remaining due and payable by me/us in my/our said loan account together with interest thereon at the applicable rates upto the date of such repayment. Any such appropriation made by the Bank or my/our employers shall be conclusive and binding on me/us and my/our estate both in and out of court. In any event my / our liability to make repayment of the entire dues immediately shall remain valid till the entire amount with applicable interest as up to the date of payment has been realised by the Bank whether by way of recovery from my/our employer or otherwise.
- k) I/We will not sell assign, mortgage, charge or in any way encumber or alienate the said flat/house/land or any part thereof/furnishings so long as I/we am/are indebted to the Bank in the said loan account without prior permission of the Bank in writing. I/We undertake to give prior intimation to the Bank before letting out / giving on lease

and licence the said flat / house. In the event of my/our account becoming irregular, NPA the Bank is at liberty to take vacant possession of building/flat/house (premises) from me/us, and hire the said premises at market rent for its commercial or residential purpose as the case may be and adjust the proceeds of the hire charges towards outstanding of my/our loan account.

l) i I/We hereby declare and confirm that no proceedings under any of the provisions of the Income Tax Act, 1961 including but not limited to proceeding for default in compliance with the provisions of said Act/ rules/regulations thereunder or proceeding for recovery of tax/ interest/ any other amount or any such proceedings that might be construed as pending/ completed under Section 281 of the said Act are initiated, contemplated or pending against me/us for the time being and that no notice has been issued and/or served on me/us under Rule 2, 16 or 51 or any Rule of the Second Schedule to the said Act or under any other law and there are no other pending show cause notices or attachments whatsoever issued or initiated against the said flat/house/land/ immovable properties secured or otherwise or any of them or any part thereof.

- m) The loan shall be secured by a valid equitable/legal mortgage of the land/house/flat purchased/constructed by me/us for which the Loan facility is provided by executing/registering such documents in such form as may be decided by the Bank. I/We shall, if required by the Bank, give such further security as acceptable to the Bank forthwith on demand by the Bank. In case it is not possible to create security by way of mortgage as aforesaid I/we shall forthwith on demand arrange for other collateral securities, by way of pledge/hypothecation, such as Bank's Fixed Deposits, National Savings Certificates, Kisan Vikas Patra, Life Insurance Policies, promissory notes issued by any Govt., shares or debentures of the companies, sufficient quantity of gold or gold ornaments or other articles or things acceptable to the Bank as security for the loan. The loan shall also be secured by the guarantee of a person acceptable to the Bank and good for the loan amount involved and by mortgage of the guarantor's property also or pledge/assignment/hypothecation of other securities acceptable to the Bank , if need be.
- n) I/We shall obtain at my/our cost and produce for the satisfaction of the Bank a certificate from the Advocate /Solicitors approved by the Bank certifying that I/we will have clear, valid and marketable title to the land/house/flat proposed to be purchased by me/us and agree that the Bank shall be entitled not to disburse any amount of the loan until such certificate has been produced by me/us.
- o) I/We shall maintain the flat/house in good tenantable repair and condition at my /our cost at all times so long as I/we am/are indebted to the Bank and that I/we shall ensure that the Bank's security is not in any way jeopardised. I/we shall duly and punctually pay the charges, if any, payable to the Co-operative Housing

Society/condominium association and also all the municipal/revenue taxes, charges, rates, cesses etc. from time to time payable by me/us in respect of the flat/house/land. The Bank shall be at liberty to inspect the flat/house/land at any reasonable time and I/we shall furnish all such information/particulars whatsoever as and when called upon to do so by the Bank. I / We shall provide the required no objection consent for creating a charge on the property secured for the Loan, from the Society /Condominium or any other permissions by any authority necessary for creating the security in favour of the Bank.

- p) I / We shall at my/our cost insure and keep insured in the joint names of myself/ourselves and the Bank my / our house/flat at all times against fire, flood, cyclone, typhoon, lightning, explosion, riot, strike, earthquake risks and other acts of God for such other risks for its full market value as desired by the Bank from time to time and shall endeavour to get the building in which my/our flat is situated insured against fire, flood, cyclone, typhoon, lightning, explosion, riot, strike, earthquake, risks and other acts of God at all times by the Co-operative housing society/apartment owner/association or any other body under whose control the building is vested. I/we shall deliver copies of the insurance policies, cover notes, premium receipts, etc., to the Bank. If I/we fail to effect such insurance the Bank will be at liberty but not obliged to insure the said house/flat against fire, flood, cyclone, typhoon, lightning, explosion, riot, strike, earthquake risks and other acts of God and debit the premium and other charges to any of my/our accounts with the Bank. I/we expressly agree and declare that the Bank shall be entitled to adjust, settle, compromise or refer to arbitration any dispute between the insurance company and the insured arising from or under or in connection with any such policy or policies of insurance and such adjustment, settlement, compromise or any award made on such reference to arbitration shall be valid and binding on me/us. I/we further agree that the Bank shall have a right to receive all moneys payable under any such policy or under any claim made thereunder and to give a valid receipt therefor and that the amount so received shall be credited to my/our loan account and I/we will not be entitled to raise any question that a larger sum might or ought to have been received or to dispute my/our liability for the balance remaining due on such account after such credit.
- q) I/We agree and declare that notwithstanding anything contained herein or in any other security documents the entire amount of the loan or the balances then due shall, if so decided by the Bank, become forthwith due and payable by me/us to the Bank, upon the happening of any of the following events and the Bank shall be entitled to enforce its dues and security.
- i) any instalment of the principal remaining unpaid for a period exceeding one month after the due date for payment thereof has expired;
  - ii) any interest including penal interest remaining unpaid and in arrears for a period of one month after the same has become due whether demanded or not;

- iii) any breach or default in the performance or observance of any of the covenants contained in these presents and/or the security documents or any other term or condition relating to the term loans;
- iv) entering into any arrangement or composition with my/our creditors or committing any act of insolvency;
- v) any execution or distress being enforced or levied against the whole or any part of my/our property;
- vi) a receiver being appointed in respect of the whole or any part of my/our property;
- vii) the occurrence of any circumstances which is prejudicial to or impairs, imperils or depreciates or which is likely to prejudice, impair, imperil or depreciate the security given to the Bank ; and
- viii) the occurrence of any events or circumstances which prejudicially or adversely affect in any manner my/our capacity to repay the amount due under the loan.

On the question whether any of the above event/s has/have happened, the decision of the Bank shall be conclusive and binding on me/us.

Provided always that the Bank may in its discretion refrain from forthwith enforcing its rights under this Agreement in spite of the happening of the contingencies aforesaid and provided further that the failure or delay by the Bank in exercising any right, power or privilege hereunder or under any of the security documents shall not impair/extinguish the same or operate as waiver of the same nor shall any single or partial exercise of any right, power or privilege preclude any further exercise of the same or the exercise of any other right, power or privilege. The rights and remedies herein and in the security documents are cumulative and not exclusive of any rights and remedies provided by the law.

- q) I/We also agree that the Bank shall also be entitled to transfer loan account to any of the branches of the Bank after giving due notice to me/us.
- r) I/We declare and undertake that I/We have not paid/shall not pay any commission to any person/s for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability with respect to the aforesaid credit facility.
- s) I/We shall abide by the terms and conditions of the sanction of the loan to me/us as mentioned in the arrangement letter/sanction letter which forms part of this agreement and also to the rules for such loans which are now in force and also

those which may be altered, revised, amended, added from time to time by the Bank/the Reserve Bank of India/Central Government/State Government.

- The undertakings, authority and agreements herein contained shall be irrevocable so long as I/we continue to be liable to the Bank in the said loan account.
- I/We hereby further agree that as precondition of the loan/ advance given to me/us by the Bank, that in case of default in repayment of the loan/advances or in the repayment of the interest thereon or any of the agreed instalment of the loan on due date/s, the Bank and/or the Reserve Bank of India will have an unqualified right to disclose or publish my/our name(s), details and photograph(s) as defaulter in such manner and through such medium as the Bank or Reserve Bank of India in their absolute discretion may think fit.
- I/We further agree that the Bank is at liberty to disclose/share my/our Credit information to/with Information Company formed under the Credit Information Company (Regulation), 2005, as to the loans granted to me/us and the nature of the securities given by me/ us, the guarantees furnished to secure the said loans whether fund based or non-fund based, my/our creditworthiness and any other manner which the RBI may consider necessary for inclusion in the Credit Information to be collected and maintained by Credit Information Companies and the Bank is not liable in any manner to me/us for providing the information as aforesaid to the Information Company.
- In the event of my/we failing to repay any or more installment(s) at any point of time, the Bank may send written reminder or make tele-call/SMS or depute an official to meet me/us personally, all the incidental charges appurtenant thereto such as postage, telephone/SMS charges, transportation charges, on actual, would be recovered from me/us.
- I/We agree that the Bank has absolute right to assign this agreement in favour of any person including securitisation company or reconstruction company under the SARFAESI Act and on such assignment, I/We will be liable to such assignee as if assignee is the Bank/lender and assignee will have all rights against me/us and as well as overall properties either given as security or otherwise to recover all debts/liabilities payable by me/us under this agreement.
- **Notwithstanding anything contained hereinabove, I/We confirm having agreed that the Bank reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice (a) in case the limits/part of the limits are not utilized by us, and/or (b) in case of deterioration in the loan accounts in any manner whatsoever, and/or (c) in case of non-compliance of terms and conditions of sanction.**
- I/We declare that I have understood all the terms and conditions for the sanction of this loan and agree to abide by the same and also by the rules and regulations which may be issued by the Bank in future from time to time and in the event of my/our

failing to do so, the Bank will have a right to recall the advance without prejudice to the Bank's right to take such appropriate action as the Bank may deem it fit and proper.

Signed and delivered by:

Shri/Smt./Kum..... (Borrower)  
(Signature)

Shri/Smt.Kum.....(Borrower) (Signature)

Signed for and on behalf of  
State Bank of India by  
Shri / Smt.....  
(Dy. General Manager/Asst. General Manager/  
Chief Manager/ Branch Manager  
.....Branch,  
an authorized officer of State Bank of India (Signature)