

# UNITED BANK OF INDIA

Head Office: Kolkata

## Loan Agreement Format for United Housing Loan Scheme

(To be stamped as an agreement as per the Stamp Act in force in the State in which the document is to be executed)

Articles of Agreement made this the..... day of ..... 200..... / between .....

hereinafter referred to as "The Borrower" (which expression shall include his/her heirs, executors, administrators, legal representatives and assigns) of the one part and UNITED BANK OF INDIA, a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 having its registered/ principal office at 11, Hemanta Basu Sarani, Kolkata – 700 001 and a branch office at.....

..... hereinafter referred to as "the Bank" (which expression shall include its successors in business and assigns) of the other part.

WHEREAS the Borrower applied / has applied to the Bank for a loan / advance of Rs..... for the purpose set forth in the Borrower's proposal dated ..... a copy whereof is annexed to this Agreement as Annexure – I (hereinafter called "the Borrower's proposal") under the United Housing Loan Scheme of the Bank and has agreed to avail of the loan on the basis of the United Housing Loan Scheme of the Bank.

AND WHEREAS the Bank has advanced / has agreed to advance Rs..... under the above housing loan scheme of the Bank upon the terms and conditions set forth in these present / sanction letter and upon execution of security documents.

NOW IN CONSIDERATION OF THE GRANT OF THE ABOVE ADVANCE IT IS AGREED in the premises as follows :

1. The borrower's proposal together with the letter of sanction communicated to him/her by the Bank shall be deemed to constitute the basis of this agreement for the loan to be advanced by the Bank hereunder and the Borrower hereby warrants the correctness of each and every one of the statements and particulars therein contained and undertakes to carry out the proposals therein set forth.
2. The borrower hereby agrees that the said advance shall be governed by the terms contained herein as well as those embodied in the security documents. The borrower further agrees that he / she will also abide by the terms and conditions of the sanction of loan communicated to him / her which forms a part of this agreement being Annexure – 2 and also to the rules for such loan which are in force and to be revised/amended/added from time to time by the Bank / RBI / Govt. of India / State Government.
3. The disbursement of the amount of the loan shall be at the absolute discretion of the Bank and shall be co-related with the actual progress made in the construction of the house/flat. Such disbursement shall be made by means of banker's cheques drawn in favour of parties to whom the borrower / Bank desires and gives necessary instructions to make payment for the purpose of acquisition / construction / house / flat / land. At the discretion of the Bank and at the request of the borrower, the Bank may credit a part of the loan amount to the account of the borrower (Current/Savings Bank A/c.) maintained in joint / single names to enable the borrower to make payment towards construction of the house / flat for which the said loan has been sanctioned

by the Bank.

4. The borrower expressly agrees and undertakes that the said loan is to be utilised exclusively for the purposes set forth in the borrower's proposal and as per the terms of sanction of the Bank and for no other purpose. The borrower shall submit to the bank within a reasonable time, satisfactory proof of the proper utilisation of the amount of the loan, such as certificate from Civil Engineer / Architect / Valuer certifying the value of the work carried out, sale agreement for house/flat, contractor's bills, receipts etc. as may be acceptable to the bank. If considered necessary, the borrower shall also produce at his/her costs to the Bank, photographs showing the progress of the work carried out by him / her, duly certified by persons whose certificates are acceptable to the bank.
5. The borrower shall repay the amount of loan together with interest as per arrangement / sanction letter which forms part of the agreement being Annexure-2 hereof in equated or agreed rate of monthly instalment as mentioned in the letter of sanction till the entire loan with interest is fully liquidated effective from..... to be deducted from his/her Salary every month payable to him/her by his/her employer or to be deducted by the Bank from the Salary payable to the Borrower or arranged for payment of the monthly instalment in whatever manner deemed fit or by debit on the due dates from the Current /Savings Bank A/c with the Branch or any other branch of the Bank where the Borrower holds the account signly or jointly or by any other agreed means by the Borrower. This monthly instalment also includes interest component.
6. The Bank shall charge interest at the Fixed Rate/ Floating Rate basis as mentioned in the letter of sanction (Annexure – 2) on the outstanding debit balance calculated on daily product basis and debited in the concerned account every month as follows (delete whichever is not applicable);
  - a) **Fixed Rate of Interest:** Interest on the amount of the loan will be applied @\_\_\_\_\_ % with monthly rests calculated on the outstanding debit balance on daily product basis and debited in concerned account every month.
  - b) **Floating Rate of Interest** : Interest on the amount of the loan will be applied at the rate of BPLR (Benchmark Prime Lending Rate) Plus / Minus ..... % per annum (where BPLR stands for Benchmark Prime Lending Rate of the Bank declared from time to time) with monthly rest calculated on the outstanding debit balance on daily product basis and debited in the concerned account every month. Provided the Bank shall at any time or from time to time be entitled to change the rate of interest depending on the change of BPLR and such revised rate of interest shall be construed as agreed to be paid by the borrower/s. The borrower/s shall be deemed to have notice of change in the rate of interest whenever the changes are displayed / notified at / by the branch / published in the newspaper / made through entry of interest, charged in the statement of a/c. sent to the borrower/s.
7. The borrower agrees and undertakes that he/she will have no liberty to switch over from one option to the other with regard to application of interest as mentioned hereinabove during the pendency of the loan except when the Bank agrees to such switch over at certain additional fees.
8. The Bank shall be at liberty to charge at its own discretion penal rate of interest on the outstanding loan amount for any default or irregularity on the part of the borrower(s) which in the opinion of the Bank warrants charging of such penal rate of interest for such period as the Bank may deem fit.
9. If the loan amount sanctioned to the borrower is towards purchase of ready built house/flat, the first monthly instalment has to be paid after three months from the date of disbursement of the loan amount to the borrower. The subsequent monthly instalments are to be paid on an ongoing basis till liquidation of the loan amount. If the loan amount has been utilised by the borrower towards construction of house/flat, the borrower shall pay first such monthly instalment

one month after the month in which the house/flat has been completed or on the expiry of 12 months from the date of disbursement of the 1<sup>st</sup> instalment whichever is earlier and all such subsequent monthly instalment shall be paid on an ongoing basis before expiry of each subsequent month till liquidation of the loan amount along with interest thereon.

10. The borrower shall execute in favour of the Bank, a letter of authority addressed to his/her employer to recover and pay to the Bank the monthly instalment from his/her salary every month for appropriation towards repayment of his/her loan and interest where the Borrower is employed, and the same shall remain irrevocable so long as the borrower continues to be liable to the Bank in respect of his/her loan account.
11. The borrower shall create equitable mortgage of land/house/flat purchased by him/her out of the loan amount in favour of the Bank and shall execute such documents as would be required by the bank. Where creation of equitable mortgage is not feasible, the borrower will create legal mortgage by execution and registration of deed of mortgage conveying all his/her rights, title and interest in respect of the said flat/house/land purchased by him/her in such form/manner as may be approved by the Bank or in the alternative shall create equitable mortgage of any other property of adequate value in favour of the bank for securing the loan. In case it is not possible on the part of the borrower to create security by way of mortgage as aforesaid, the borrower shall arrange for furnishing other collateral securities to the Bank by way of pledge of bank's own Term Deposits, Insurance policy (by surrender value)/NSC/KVP/Relief Bond etc. acceptable to the Bank as security for the loan.
12. The borrower shall not assign, mortgage, charge or in any way encumber or alienate the said flat/house/land or any part thereof so long as the borrower remains indebted to the Bank in respect of his/her loan account. The borrower further undertakes to give prior intimation to the Bank before letting out / giving on lease and licence of the said flat./house. The borrower further agrees that in the event the flat/house is let out, the Bank shall be entitled to collect the rent of such property and appropriate the same towards its dues.
13. The borrower shall obtain and produce before the Bank a search and marketability and non-encumbrance certificate from the Advocate/Solicitor approved by the Bank, certifying that the borrower is having a clear and marketable title to the land/house/flat proposed to be purchased by him/her at his/her costs. The borrower shall also obtain a valuation certificate from an approved valuer and also proof of clearance of all municipal taxes etc. in respect of the land/house/flat proposed to be purchased by him/her at his/her costs. The borrower shall not undertake any unauthorised construction/alteration/modification on the said house property against which the Bank has sanctioned the loan so long as the borrower remains indebted to the Bank in respect of his/her loan amount.
14. The borrower/s hereby agrees that the Bank shall be at liberty to inspect the flat/house/land at any reasonable hours of the day. The borrower/s shall maintain the flat/house in good condition at his/her costs at all times so long as the borrower remain indebted to the Bank and he/she shall further ensure that the bank's security is not jeopardised in any way. The borrower shall further ensure that all charges payable to the Cooperative Society/Municipal Taxes/Cesses are paid by him promptly in respect of the said flat/house/land.
15. The borrower/s shall insure and keep insured in the name of himself/herself/themselves in case of joint borrowers and the Bank in respect of his/her house/flat against fire/flood/cyclone/earthquake and other risks for the value of the said house/flat as desired by the Bank from time to time. The borrower shall deliver copies of insurance Policies along with relevant papers to the Bank after the said Policy is obtained. If the borrower fails to effect such insurance, the Bank will be at liberty but not obliged to insure the said house/flat against the aforesaid calamities and debit the said insurance premium and other charges to the account of the borrower with the Bank. The borrower expressly agrees and declares that the bank shall be entitled to adjust, settle, compromise or refer to arbitration any dispute between the Insurance Company

and 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 him/her. The borrower further agrees that the Bank shall have a right to receive all money payable under the said insurance policy relating to any claim made thereunder and to give a valid receipt therefor and the amount so received by the Bank shall be conclusive and be credited to the loan a/c. of the borrower and the borrower shall not be entitled to raise any question with regard to the quantum of the amount which has been received from the Insurance company and credited to his loan account. The borrower will also not dispute his liability for the balance amount remaining due on such a/c. after such credit from the insurance company.

16. Notwithstanding anything herein or in the security documents contained, the whole advance and/or the entire outstanding balance shall become forthwith due and payable by the borrower or his/her heirs, legal representatives and/or nominees to the Bank and the Bank will be entitled to enforce its security upon the happening of any of the following events namely :
- a) the borrower ceasing to be in service by way of retiring, resigning or being discharged from the service or, otherwise or, upon the demise of the Borrower or, ceasing to be in business;
  - b) the occurrence of any circumstances which in the opinion of the bank is prejudicial to or impairs, imperils or depreciates or is likely to depreciate the security given to the Bank :
  - c) the occurrence of any event which in the opinion of the bank will adversely affect in any manner the capacity of the borrower to repay the loan ;
  - d) the occurrence of any default on the part of the borrower in paying the monthly instalment as per the sanctioned terms communicated by the Bank vide letter of sanction (Annexure-2) ‘

The decision of the Bank with regard to happening any of the aforesaid event will be conclusive and binding on the borrower.

17. The borrower/s hereby agrees that in case of death/cessation of business/service or otherwise the Bank may at its discretion continue the loan provided sufficient collateral securities are furnished by the legal heirs/surviving borrower/s or some satisfactory arrangement for repayment of the loan acceptable to the Bank has been made in this regard.
18. The borrower further undertakes that in the event of cessation of his/her service whether by way of retirement, resignation, death or by operation of law or for any other reasons, whatsoever, the Bank will be at liberty/discretion to write to his/her employer to appropriate / set off any amount which may then be payable by his/her Employers to him/her by way of terminal benefits/ex gratia and any other payment, whatsoever that may be outstanding to the credit or his/her a/c. towards repayment of the balance that may be then outstanding and payable by the borrower/s to the bank in respect of his loan a/c. together with applicable rate of interest upto the date of repayment. Any such appropriation / set off shall be conclusive and binding on the borrower/his/her Estate. The borrower further agrees that till the entire dues are adjusted by way of recovery from his/her employer or otherwise his/her liability to make repayment of the entire dues with applicable interest upto the date of payment in respect of his/her loan a/cs. shall remain valid.
19. The undertakings, authority and agreement herein contained shall be irrevocable so long as the borrower continues to be liable to the bank in respect of his/her loan a/cs. covered by this agreement.
20. The borrower further agrees that in case of default of payment of loan/advances or in the repayment of interest/agreed instalment of loan on due dates, Bank/RBI will have the unqualified rights to disclose/ publish his/her name as defaulter in such manner and through such medium as the Bank/Reserve Bank of India, in their absolute discretion, may decide.

21. The borrower shall furnish to the Bank all such information as would be reasonably required by the Bank for its satisfaction for compliance of the terms and conditions of advance and all such periodical reports and information at such time in such forms and containing such particulars as the Bank may call for the purpose of ascertaining the results of utilisation of the advance.
22. The borrower/s further declares that he/she has understood all the terms and conditions relating to the sanction of his/her loan agree to abide by the same and also by the rules and regulations / guidelines which may be issued in future from time to time and in the event of failure of the borrower/s to do so, the Bank will have a right to recall the advance.
23. The borrower/s irrevocably and unconditionally agree and undertake to bind himself/herself/ themselves his/her/their executors, administrators, Estates and assigns for re-payment of the outstanding dues in the loan account.

**IN WITNESS** whereof the Borrower by himself/herself set his/her hands the deed on the.....

..... day of ..... 200.....

**Borrowers :**

1. Signature .....

Name .....

Address .....

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2. Signature .....

Name .....

Address .....

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