

Legal Kit – Smart Loan Against Property (SmartLAP) Credit Facility

List of Bank Security Documents

- 1. Facility Advice Letter (FAL)
- 2. Demand Promissory Note
- 3. Agreement for SmartLAP Credit Facility

Initials of all borrower(s)

Full signature of all borrower(s)



FACILITY ADVICE LETTER

_____ (Name of customer)

_____ (Address of customer)

_____ (Address of customer)

_____ (Address of customer)

Date: _____

Dear Sir/Madam,

Sub.: Your Smart Loan Against Property (SmartLAP) Credit Facility application.

Thank you for applying for a SmartLAP Credit Facility (SLCF) from The Hongkong and Shanghai Banking Corporation Limited, India (HSBC/Bank).

We are pleased to inform you that your application for SLCF against the security of your property situated at _____

_____ (said property) (property address), has been approved as per terms indicated below, subject to you providing us with such documents as are detailed hereinafter and executing documents including but not limited to the Agreement for SLCF and fulfilling the terms and conditions detailed therein:

Purpose of SLCF :
Property price : ₹
 Amount of SLCF sanctioned : ₹
Security : Creating such security as may be required by HSBC from time to time.
Tenure of SLCF (Months) :
Interest rate type : Floating
Current interest rate : 3-month Marginal Cost of Fund based Lending Rate (MCLR)# + _____% p.a. (Margin) = _____% p.a.
 3-month Marginal Cost of Fund based Lending Rate (MCLR)# : _____% p.a.
Equated Monthly Instalment : ₹
Processing fees : ₹
Non-utilization Fee/ Commitment Fee : _____% p.a. fees on amount above the _____% of the SLCF sanctioned amount.

In the event if the Excess Funds in the SLCF account are more than _____% of the SLCF sanctioned amount (Threshold limit), then the Bank may at its sole discretion charge a Non-utilization/Commitment fee of ___% p.a. on the balance amount maintained over and above the Threshold.

Example – If Non-utilization/Commitment fees is 1%, original sanctioned SLCF amount is ₹20,00,000/- and limit defined as 25% i.e. ₹500,000/- In this scenario if the fund in the SLCF account is ₹600,000, then the Non-utilization/Commitment fees of 1% will be charged on ₹100,000. (This is for illustration purpose only)

Late payment charges :
a) Cheque dishonour charges : A penal charge of ₹250 per month is payable in case of delayed instalments on account of cheque, Standing Instruction (SI) dishonour.
b) Penal interest : Penal interest of _____% p.a. over and above the regular interest charged as specified by the Bank on the delayed instalments/overdue amount on account of cheque, Standing Instruction (SI) dishonour.

Prepayment charges : Nil

Note: For processing prepayment requests, you are required to send HSBC a written instruction communicating your desire to prepay with your intent of wanting to reduce the loan tenure or EMI. In case no clear instruction is received to reduce loan tenure or EMI, we will by default reduce the loan tenure based on the prepayment amount received. In case excess funds/ amounts are received towards the loan account without any written instructions from you to prepay, the amount will be credited to the SmartLAP account and will impact the available balance in the account.

The fees/charges and interest rates specified in the facility Advice Letter are non-refundable and the rates of the same shall be changeable at the sole discretion of the Bank.





You have to submit the following:

- a) Letter of Authority to us to debit your HSBC Account every month for the EMI amount.
- b) The second copy of this letter duly signed to confirm your acceptance of the same.

Please Note:

The Bank at its discretion may re-initiate evaluation of legal and technical of the above said property and certain other verifications such as credit checks (CIBIL), physical and telephonic verifications. In case the Bank notices any unsatisfactory findings of the said evaluation or verification, the Bank shall immediately withdraw this facility sanctioned herein.

The interest rate on your Floating Rate Smart LAP is linked to HSBC's published 3-month Marginal Cost of Fund based Lending Rate (MCLR) and will be reset on a three monthly basis. The 3-month MCLR is published by the Bank at the beginning of every month, which will be the benchmark rate for loans that are disbursed in that month.

The floating rate of interest on all the loans disbursed by the bank will be reset at an interval of 3 months from the month of loan disbursal. It will be reset against the 3-month MCLR published by the Bank in the month of reset. The reset will be done by the 7th calendar day of the month. (refer to the example below)

A revision in the applicable rate of interest will lead to a revision in the Equated Monthly Instalment (EMI) or the loan tenure at the Bank's discretion. The revised loan interest rate will be notified to you by SMS, or E-mail or letter as per the Bank's prevailing policy; however SMS will be the preferred mode. Though the current benchmark rate applicable to your loan is the 3-month MCLR, the bank reserves the right to change the benchmark rate to a different maturity MCLR, with due notice to you.

The applicable rate of interest on your loan is the 3-month MCLR plus the margin (spread). The margin charged to you will not be increased throughout the tenure of the loan, except on account of deterioration in the credit risk profile of the borrower.

Example: Loans disbursed during Month 1 will be benchmarked against the 3-Month MCLR of Month 1. For all loans disbursed during Month 1, the interest will be reset in Month 4 against the 3-Month MCLR published at the beginning of Month 4 (by the 7th calendar day of Month 4). The interest rate will continue to be reset every 3 months, i.e. in Month 7, 10 of the year and so on.

Similarly, all loans disbursed in Month 2 will be reset against the 3-Month MCLR published at the beginning of Month 5 (by 7th calendar day of the Month 5). This will continue to be reset every 3 months, i.e. in Month 8 and Month 11 of the year, and so on.

This facility Advice Letter is an advice of the terms and conditions of the above facility. Nothing contained in this letter should be deemed to create any right or obligation whatsoever on the Bank to provide the facility/disbursements under the said facility, and you shall be required to execute appropriate documents as may be required by HSBC for availing the said facility.

Please be advised that applicable indirect taxes would be recovered on all our fees and charges and any other amount liable to tax under prevailing 'Indirect Tax Laws'. Please note that basis Goods and Services Tax (GST) regulations and notified GST rates, Central GST and State/Union Territory GST or Inter-State GST, as applicable, would apply on our fees and charges with effect from 1 July 2017.

In addition to the terms and conditions as mentioned herein above, all other terms and conditions as contained in the pre-approval letter duly accepted by you shall be valid and binding as if the said terms and conditions are reproduced here in verbatim.



Please contact Mr./Ms. _____ on _____ (Telephone nos.) for any assistance.

Thanking you for choosing an HSBC SmartLAP Credit Facility.

Yours faithfully,

Manager

We endorse our signature herein below as a token of our acceptance to the above mentioned terms and conditions.



Signature



Signature



Signature



Demand Promissory Note

₹ _____

Place: _____

Date: DD/MM/YYYY

On Demand I/we _____ (name of customer(s)) jointly and severally promise to pay to The Hongkong and Shanghai Banking Corporation Limited, India (Bank) or order _____ the sum of ₹ _____ (Rupees _____) with interest at the rate of _____ percent per annum with monthly rests for value received, provided that the Bank shall at any time and from time to time be entitled to give notice to me/us of its intention to charge (change the interest) and may thereafter charge interest at such modified rates as the Bank may specify.



₹1 (Revenue stamp)



LETTER OF CONTINUITY

The Hongkong and Shanghai Banking Corporation Limited, India _____ Branch.

Whereas The Hongkong And Shanghai Banking Corporation Limited, India (hereinafter referred to as the Bank) have agreed to grant me/us _____ or continue granting me/us a credit facility for an amount not exceeding

₹ _____ (Rupees _____ only) or such lesser sum and for so long as in the Bank's sole discretion may be deemed fit AND WHERE AS I/we in consideration of granting/continuing the said credit facility have signed and delivered to the Bank my/our demand promissory note dated _____ for the sum of ₹ _____ drawn in the Bank's favour.

I/We _____ HEREBY AGREE

AND UNDERTAKE that the aforesaid promissory note and/or any other promissory note to be hereafter executed by me/us in favour of the Bank is to stand and is to be regarded as a CONTINUING SECURITY and will be enforceable for any or all moneys which are now or which may at any time hereafter become due and owing by me/us to the Bank either on the account or accounts above referred to or any other account notwithstanding the existence of a credit balance in the said account or accounts at any time or any partial payments or any fluctuations of accounts.

SIGNED AND DELIVERED BY

Name: _____



Signature of the borrower(s)



Signature of the co-borrower(s)

Dated at _____ this _____ day of _____, _____.



AGREEMENT FOR SMART LOAN AGAINST PROPERTY (SMARTLAP) CREDIT FACILITY

This Agreement for SmartLAP Credit Facility (SLCF) made on the day, month and year set out in the annexure hereto between the borrower(s) whose name and address is stated in the annexure below, hereinafter called the 'borrower(s)' (which expression shall unless the context otherwise requires, include his/her heirs, executors, administrators) of One Part;

AND

The Hongkong and Shanghai Banking Corporation Limited, India a banking company incorporated under the Companies Ordinance of the Hong Kong Special Administrative Region (HKSAR), having its registered office at 1, Queen's Road Central, Hong Kong and having its India Corporate Office at 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001 (hereinafter referred to as 'Bank/HSBC' which expression shall unless repugnant to the context or meaning thereof be deemed to include a reference to its successors and assigns) of the Second Part;

The borrower(s) and bank are hereinafter collectively referred to as 'Parties' and individually as the 'Party'.

WHEREAS the undersigned borrower(s) hereby agrees to avail from the Bank and the Bank agrees to grant/extend to the borrower(s), a SmartLAP Credit Facility (SLCF), details whereof are contained in annexure hereto, on the terms and conditions contained herein subject to the borrower(s) executing such documents and creating such security mentioned below as may be required by the Bank from time to time.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY MUTUALLY AGREED, DECLARED, CONFIRMED AND RECORDED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS

Definitions

1. 'Additional Interest' shall mean interest charged by the Bank on overdue amounts for delay in payment.
2. 'Agreement' shall mean this SLCF Agreement entered into between the borrower(s) and the Bank.
3. 'Annexure(s)' means the annexures to this Agreement as amended/modified to from time to time, which form an integral part thereof.
4. 'Annual Fee' means a 1% fee levied on the limit outstanding of the SLCF. This fee will be levied annually, on the anniversary date of disbursement of the SLCF.
5. '3-month Marginal Cost of Fund based Lending Rate (MCLR)' or '3-month MCLR' means the internal benchmark lending rate announced by the Bank from time to time.
6. 'Borrower(s)' shall mean and include any person(s)/entity to whom the Bank has agreed to grant the facility including any co-borrower(s) whose details are given at the end of this Agreement and who have received the SLCF pursuant to this Agreement and unless repugnant to the context or meaning thereof be deemed to include his/her/its/their heirs, legal representatives, successors, permitted assigns, executors, receivers, administrators as the case may be.
7. 'Electronic Information' shall mean such information which has been sent via electronic media including but not limited to Short Messaging Services (SMS), e-mail or other such means.
8. 'Equated Monthly Instalment (EMI)' means the amount of monthly payment consisting of principal and interest necessary to amortise the SLCF amount with applicable interest within such period as may be determined by the Bank from time to time. The EMI of your loan is calculated based on 372 days in a year.
9. 'Floating Rate of Interest/Floating Rate' shall mean the Bank's 3-month Marginal Cost of Fund based Lending Rate (MCLR) plus the margin mentioned in the Facility Advice Letter.
10. 'Outstanding Amount', shall mean and include the principal amount of the SLCF together with accrued interest, additional interest, all other charges and dues payable by the borrower(s) to the Bank in accordance with the terms and conditions of this Agreement/schedule of charges and interest and as reflected in the books and records maintained by the Bank in its normal course of business.
11. 'Limit Outstanding' means the principal portion (limit defined on system) that is outstanding as of that day. This is not inclusive of any interest or principal portion of the ledger balance that is overdue for payment. The limit is reduced on a monthly basis in line with the principal payment expected.
12. 'SLCF' shall mean the SmartLAP Credit Facility amount as entered in the Annexure A hereto.
13. 'Prepayment' means premature repayment as per the terms and conditions laid down by the Bank in that behalf and in force at the time of prepayment.
14. 'Property' shall mean the property more specifically described in the Annexure A appearing below with all the common areas/easements/privileges/development rights/benefits/fixtures and fittings/buildings and structures, present and future, all tangible and/or intangible properties, all accretions, additions, accessories, fixtures and fittings, buildings, structures constructed or erected thereon, whether owned, acquired/occupied or to be owned/acquired/occupied by the borrower(s) (whether financed by the Bank in whole or in part, or not and/or such property(ies) as may be substituted instead of or added to such property(ies) or both, with the Bank's consent.
15. 'Rate of Interest (ROI)' means the rate of interest referred in the Agreement and as varied from time to time in terms of this Agreement.



16. 'Repayment' means the repayment of the principal amount of the SLCF, interest thereon, commitment and/or any other charges, premium, fees or other dues payable in terms of this Agreement to the Bank.
17. 'Standing Instructions' hereinafter referred to as ('SI') mean written instructions given by the borrower(s) to the Bank to debit the account of the borrower(s) maintained in the Bank for the amount of the EMI, more particularly set out in Annexure A.
18. 'Title Deeds' means all the documents of title, evidences, deeds and writings in respect of the said property deposited/to be deposited with the Bank and more particularly set out in Annexure B.
19. 'Post Disbursal Document(s) (PDD)' means document(s) which are required to be submitted by the borrower after the disbursement of the loan.
20. Any expression not defined in the Agreement but defined in the General Clauses Act, 1897, shall carry the statutory meaning or interpretation.
21. Loan Against Property – A secured loan that is repaid in regular payments over a set period of time.

Interpretation

In this Agreement, unless the context otherwise requires:

1. A reference to a sub-clause, section or a schedule of this Agreement shall denote a reference to such sub-clause, section or schedule as specified, of this Agreement;
2. The singular includes the plural (and vice versa);
3. Reference to a gender shall include references to the female, male and neuter genders.
4. Equated Monthly Instalment (EMI) and interest calculation: The EMI of the loan is calculated based on 372 days in a year. The interest will be computed on the outstanding ledger balance on a monthly basis based on the actual number of days. The principal amount will be the difference between the EMI and the interest amount calculated for the month.

ARTICLE 1 Terms and Conditions

- 1.1 The SLCF will be utilised for the purpose for which it is sanctioned as per the facility Advice Letter and granted as per SLCF Agreement.
- 1.2 The SLCF will be repaid by the borrower(s) by way of EMIs and at the rate of interest, arrived in accordance with the terms and conditions of this Agreement. The borrower(s) shall also pay such processing fees, other costs, charges and expenses as detailed hereinafter. Each EMI shall be calculated on the basis of monthly rests and the Bank shall be entitled to vary/modify the EMI including increasing the amount of one or more EMIs in the event of changes in the interest rate on the SLCF.
The Bank shall be at liberty not to grant additional limits at its sole discretion after review of the account and facilities.
- 1.3 The borrower(s) shall not be entitled to cancel the SLCF granted under this Agreement or refuse to accept the disbursements or make withdrawals under the present Agreement. Any cancellation of the SLCF granted under the present Agreement shall be subject to the payment of the prepayment charges as mentioned in the annexure and as may be required by the Bank from time to time. The interest rate on your Floating Rate SmartLAP is linked to HSBC's published 3-month Marginal Cost of Fund based Lending Rate (MCLR) and will be reset on a three monthly basis. The 3-month MCLR is published by the Bank at the beginning of every month, which will be the benchmark rate for loans that are disbursed in that month. The floating rate of interest on all the loans disbursed by the bank will be reset at an interval of 3 months from the month of loan disbursal. It will be reset against the 3-month MCLR published by the Bank in the month of reset. The reset will be done by the 7th calendar day of the month. (refer to the example below). A revision in the applicable rate of interest will lead to a revision in the Equated Monthly Instalment (EMI) or the loan tenure at the Bank's discretion. The revised loan interest rate will be notified to you by SMS, or E-mail or letter as per the Bank's prevailing policy; however SMS will be the preferred mode. Though the current benchmark rate applicable to your loan is the 3-month MCLR, the bank reserves the right to change the benchmark rate to a different maturity MCLR, with due notice to you. The applicable rate of interest rate on your loan is the 3-month MCLR plus the margin (spread). The margin charged to you will not be increased throughout the tenure of the loan, except on account of deterioration in the credit risk profile of the borrower.
Example: Loans disbursed during Month 1 will be benchmarked against the 3-Month MCLR of Month 1. For all Loans disbursed during Month 1, the interest will be reset in Month 4 against the 3-Month MCLR published at the beginning of Month 4 (by the 7th calendar day of Month 4). The interest rate will continue to be reset every 3 months, i.e. in Month 7, 10 of the year and so on.
Similarly, all loans disbursed in Month 2 will be reset against the 3-Month MCLR published at the beginning of Month 5 (by 7th calendar day of the Month 5). This will continue to be reset every 3 months, i.e. in Month 8 and Month 11 of the year, and so on.
- 1.4 The Bank would fix the EMI or vary the amount of EMI or the amount of principal/interest or increase/decrease the tenure of the SLCF as per the system adopted by the Bank in this regard, notwithstanding anything appearing in the annexure attached hereto.



- 1.5 Interest recovery - The interest will be computed based on the outstanding ledger balance on monthly basis. This interest amount will be debited to the SLCF account itself thereby recovering the interest component of the EMI. Excess funds over and above the EMI deposited by the customer into the account (Excess Funds) will result in saving of interest as the account will compute interest only on the net debit/ledger balance on a daily basis. This interest offset enables the customer to reduce the interest paid and thereby resulting in a reduced tenure of the SLCF. If the customer had not deposited any funds into the SLCF account for EMI recovery, then the interest debited will show as an unauthorised overdraft and the account will be shown as a delinquent account.
- Notwithstanding anything contained herein above, in the event the Excess Fund in the SLCF account are more than the Threshold limit then the Bank may at its sole discretion charge Non-utilization/Commitment fee as mentioned and agreed in the Facility Advise Letter.
- The Customer acknowledges that the bank has discretion to change Non-utilization/Commitment fee or 'Threshold Limit' basis internal review with prior notification to the customer.
- 1.6 Principal recovery - The principal amount of the EMI will be recovered by auto reducing the SLCF limit on a monthly basis. The principal amount will be the difference between the EMI and the interest amount calculated for the month.
- 1.7 Annual fee recovery - Annual fee would be computed based on the limit outstanding on an annual basis, on the anniversaries of the loan. This annual fee will be debited to the SLCF account on loan anniversary date. If the customer had not deposited any funds into the SLCF account for annual fee recovery, then the annual fee debited will show as an unauthorised overdraft and the account will be shown as a delinquent account.
- 1.8(a) The borrower(s) acknowledges the right of the Bank to charge additional interest, charges as deemed appropriate from time to time or recall the loan along with interest, costs, charges, etc. in the event of the customer failing to submit all/any Post Disbursal Documents.
- 1.8(b) The borrower(s) shall deposit the title documents relating to the property as may be required by the Bank, within 30 days from the date of closure of the loan of erstwhile Bank in BT cases or from the date of demand by the Bank. Without prejudice to the Bank's other rights, in case of any delay by the borrower(s) beyond 60 days to comply with the aforesaid requirement, the borrower(s) shall be liable to pay additional interest rate of 1% over and above the prevailing interest rate charged on the Loan. In case of delay beyond 90 days the additional interest rate shall be 2% over and above the prevailing interest rate charged on the Loan. The Bank will charge such additional Interest rate till the date of submission of the required documents by the borrower(s) and issuance of Acknowledgment receipt by the Bank. Such additional interest rate shall be deemed to form part of the outstanding Loan. The borrower(s) acknowledges the right of the Bank to charge additional Interest rate in the event of borrower(s) failing to submit required documents as mentioned above. The right to charge additional interest rate will not restrict the Bank from taking other actions or remedies as available and mentioned in this agreement.

2. Security

- 2.1 The borrower(s) shall deposit with the Bank all the title deeds as listed in Annexure B hereto with respect to the property mentioned in the Annexure A hereto with an intent to create a security towards the said SLCF, as required by the Bank and in such form and manner as the Bank may in its sole discretion determine to secure due repayment and discharge by the borrower(s) to the Bank of the said SLCF together with interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the borrower(s) to the Bank.
- 2.2 The borrower(s) shall not sell, charge, lease, surrender, assign, transfer, let, further encumber or otherwise howsoever alienate, transfer, create interest in favour of any other person or deal within the said property/security so created or any part thereof or permit any charge, encumbrance or lien of any kind whatsoever to be created over such property/security during the continuation of the obligations under this Agreement.
- 2.3 The said property shall be insured with an insurance company against loss by fire, earthquake, floods and other damages with The Hongkong and Shanghai Banking Corporation Limited, India, as the beneficiary, and the relevant municipal taxes, dues to the government and outgoings of the co-operative society and all kinds of dues connected with the said property would be paid in time and nothing shall be done which will adversely affect the security in any manner whatsoever.
- 2.4 All security furnished by the borrower(s) to the Bank shall remain a continuing security to the Bank, binding upon the borrower(s) and shall:
- Not be discharged by any intermediate payment by the borrower(s) or any settlement of accounts by the borrower(s);
 - Be in addition to and not in derogation of any other security which the Bank may at any time hold in respect of the borrower(s)'s dues;
 - Be available to the Bank until all accounts between the Bank and the borrower(s) are ultimately settled.
- 2.5 The following documents will be submitted by the borrower(s) to the Bank:
- All receipts for payment of dues to the builder/society/limited company.
- Evidence that all consents, approvals and permissions required for availing the SLCF and/or creation of security have been obtained or evidence to the effect that these are not required.
 - Evidence of a subsisting contract for the sale of the flat from the builder/society/limited company in favour of the borrower(s).



- c. Policies duly assigned in favour of the Bank/Fire insurance policy with respect to the flat.
 - d. Such additional documents and in such form and manner and within, such times as may be prescribed by the Bank from time to time.
- 2.6 The borrower(s) shall notify the Bank regarding the change in his/her/their status as a Resident/Non-Resident Indian. The borrower(s) also undertakes and agrees to pay the interest on the SLCF, free from any deduction whether on account of tax or otherwise. Should any applicable law at any time require any deduction or withholding to be made from a payment, borrower(s) liability in respect of the payment shall be for a revised amount such that after making of such deduction or withholding, the net payment shall be equal to the amount which the Bank would have received, had no such deduction or withholding been made. Borrower(s) also confirms that any withholding tax obligation, in respect of the interest payable on the SLCF whether under the Indian law or the laws of any other country where he may reside, would be his responsibility. The borrower(s) shall hold the Bank harmless and fully indemnified for any claim which may be made in this regard, by any tax authorities and undertake to pay forthwith any such demands which the Bank may become liable to pay. If the borrower(s) fails to pay the amount so demanded by the Bank, then the borrower(s) hereby authorises the Bank to enforce the security created in their favour to avail this SLCF, for the purpose of recovery of the said tax amount.
- 2.7 The borrower(s) shall also notify the Bank regarding his/her/their change of residential address, mobile number due to relocation or any other reason and shall intimate and get the new address, mobile number updated in the Bank's system within one week of such a change.

3. Conditions for Disbursement

- 3.1 Disbursements under the SLCF shall be made subject to fulfilment and compliance of the Agreement for SLCF and all other standard documents and writings executed by the borrower(s) and as specified by the Bank, including the following:
- a. No event of default has occurred or is subsisting;
 - b. The borrower(s) furnishing the evidence that the disbursement requested is required by the borrower(s) for the purpose for which the SLCF was initially approved;
 - c. The borrower(s) furnishing such documents, evidences and writings as may be required in connection with the requested disbursement;
 - d. No circumstances shall have occurred which in opinion of the Bank may make it impossible for the borrower(s) to fulfil the obligations under documents executed as per Agreement for SLCF and other standard documents executed by the borrower(s) for availing the SLCF;
 - e. The borrower(s) delivering the evidence to the Bank's satisfaction that all consents, approvals and permissions required to avail the SLCF and to comply with all documentation related to availing the SLCF, including creation of security is completed;
 - f. The borrower(s) having furnished copy of the insurance policy in respect of the property(ies) endorsed in favour of the Bank as loss payee.
- 3.2 The disbursement shall be deemed to have been made to the borrower(s) on the date of the Cheque or the Payment advice as the case may be, under which such disbursement shall have been made irrespective of the date on which the disbursement may have been received or in terms of the SLCF which shall be made by the Bank through a 'Pay order' duly crossed and marked 'A/c Payee only'. Therefore the interest on the SLCF shall accrue in favour of the Bank from the date of the cheque/ payment advice/pay order/transfer by the Bank as the case may be, irrespective of the time taken for the transit/collection/realisation by the borrower(s).

4. Charges Payable to the Bank

- 4.1 The borrower(s) shall pay to the Bank interest at the rate of interest stipulated by the Bank from time to time at its sole discretion notwithstanding the ruling rate of interest appearing in the annexure attached hereto.
- 4.2 The borrower(s) acknowledges and confirms that notice given by Bank on his address registered with the Bank, with respect to any change in the rates/charges to the borrower(s) shall be treated as sufficient and reasonable notice to the borrower(s) and the Bank is not duty bound to issue any further notice of changes to the borrower(s).
- 4.3 The borrower(s) shall pay or reimburse to the Bank all types of taxes, charges, duties, processing fees, stamp duties, and penalties, if any, registration charges, etc., as are payable in connection with the SLCF and this Agreement and the security created or to be created in connection with the SLCF availed of by the borrower(s) from the Bank.
- 4.4 The borrower(s) will give suitable Standing Instructions to debit his/their saving/current account to recover the EMIs and the said Standing Instructions shall be irrevocable during the tenure of the SLCF. The borrower(s) shall be duty bound to pay the EMI on the due dates. Any delay in payment of the EMI on the due dates shall authorise the Bank to charge from the borrower(s) a penal interest as per the policy of the Bank.
- 4.5 The borrower(s) will give suitable Standing Instructions to debit his/her/their saving/current account to recover the applicable annual fee and the said Standing Instructions shall be irrevocable during the tenure of the SLCF. The borrower(s) shall be duty bound to pay the annual fee on the due date mentioned in the FAL. Any delay in payment of the annual fee on the due dates shall authorise the Bank to charge from the borrower(s) a penal interest as per the policy of the Bank.



- 4.6 In the event, the borrower(s) is desirous of prepaying or foreclosing any part of the SLCF or paying any part of the EMIs before their due date, then such payment or foreclosure shall be subject to the borrower(s) paying such charges/fees as may be required by the Bank in its sole discretion. All such payment or foreclosure shall be made from the same savings/current account from which the Standing Instructions for EMI payments have been issued.
- 4.7 The borrower(s) will further furnish at his/their own cost and expenses, details of the pre-disbursal and post-disbursal documents as required by the Bank for the SLCF granted/to be granted including the No Objection Certificate, there solutions passed by the society, the lien letters issued by the co-operative housing society and the letters of guarantee, if any, in this regard. In the event, the borrower(s) does/do not submit the required post disbursal documents as and when called upon by the Bank, the Bank shall be authorised to levy penal charge as specified by the Bank from time to time.
- 4.8 In the event of Borrower(s) being desirous of switching his his/her/their loan from SLCF to Loan Against Property or within different variants of SLCF or otherwise, the borrower(s) may do so if so permitted by the Bank at such time and on execution of such supplemental documents as may be required by the Bank and on payment of the conversion charges of 0.50 % of the principal outstanding or current account limit whichever is higher at the time of conversion or charges as applicable and revised by the bank from time to time.

5. Authorisation to Bank

- 5.1 The borrower(s) hereby authorises the Bank to do the following acts:
- To create a charge and security of the borrower(s)'s right, title and interest in such of the assets of the borrower(s) as mentioned in clause 2.1 of this Agreement and for this purpose to execute such documents for and on behalf of the borrower(s) and pay all the necessary stamp duty, and penalties, if any to the government and to do all such acts, deeds and things, including approaching all the necessary authorities and/or persons, whether government, semi-government or otherwise, as may be required in this regard.
 - To sign further MOUs, Agreements, sale deeds, deeds of transfer, deeds of modification/confirmation, share transfer forms and other documents for and on behalf of the borrower(s) to enforce the security and complete the sale without any specific orders and decrees.
 - To do all other deeds, matters and things incidental to and connected with the creation of security for the SLCF as the Bank may consider necessary.

6. Recovery and Remedies of Bank

6.1 Events of default

The following acts as set out below, shall each constitute an 'Event of Default' by the borrower(s):

- Default (including but not limited to payment default) has occurred in the performance of any covenant, condition or arrangement under this Agreement.
- Failure by the borrower(s) to furnish to the Bank such information/documents as may be required by the Bank from time to time.
- Breach of any terms and conditions of the Agreement for SLCF or any another standard documents related to the SLCF availed by the borrower(s).
- Borrower(s) becoming subject to insolvency, bankruptcy, reorganisation, liquidation proceedings.
- Property so secured with the Bank is liable to be confiscated, attached, taken into custody by any official, authority, or is subject to any execution proceedings.
- Property is endangered or has suffered total loss/damage due to any accident or the property goes under redevelopment.
- If the borrower(s) is unable or has admitted in writing its inability to pay any of its indebtedness as they mature or when due.
- If becomes unlawful for the borrower(s) or any person (including the Bank) to perform any of their respective obligations under this Agreement.
- If the security is in jeopardy or ceases to have effect.
- Any event which is likely to have the effect of the borrower(s) not being in position to service the SLCF.
- An event of default, howsoever, described (or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition or any combination of the foregoing would constitute an event of default) occurs under any other Agreement or document relating to any indebtedness of the borrower(s) with the Bank or if, any other lenders of the borrower(s) including financial institutions or banks with whom the borrower(s) has entered into Agreements for financial assistance or any part thereof.
- Any other event, which in the Bank's sole opinion is likely to have materially adverse effect on the ability of the borrower(s) to make payments under this Agreement.

The decision of the Bank as to whether or not an event of default has occurred shall be final and binding upon the borrower(s).

6.2 The Bank shall be entitled:

- To recall the entire outstanding amount of the SLCF disbursed at any time at its own discretion, without prejudice to any other rights, if it has reason to believe that the SLCF was procured by improper declaration/information or the security offered is inadequate or affected in any way due to non-payment of dues, improper maintenance or for any other reason of whatsoever nature.



- b) To outsource the services of any agent for the purpose of procuring the SLCF applications, processing the SLCF requests, make detailed studies of the financial papers, disburse the SLCF, complete the legal requirements, if any, for and in relation to the creation of security including representing the borrower(s) before regulatory authorities, co-operative housing society or elsewhere and appoint collection agents for recovering all the dues from the borrower(s).
- c) To assign the debt, whether in full or part along with the underlying security, in favour of one or more entities on such terms and conditions at the Bank's discretion, without seeking consent of the borrower(s).
- d) To declare all sums outstanding amount under the SLCF including the principal, interest, costs, charges, expenses to become due and payable forthwith, if the value of the property or any security (including the guarantees) created or tendered by the borrower(s), in the sole discretion and the decision of the Bank, depreciates entitling the Bank to call for further security and if the borrower(s) fails to give such security.
- e) To insure against fire the property(ies) offered as security against any eventuality on behalf of the borrower(s) and recover the premium and other associated charges paid by the Bank to the insurance company from the borrower(s).
- f) To recover from the borrower(s) any or all types of taxes, charges, duties, processing fees, PDD penal interest and penalties, if any, registration charges, etc., as are payable in connection with the SLCF and this Agreement and the security created or to be created in connection with the SLCF availed by the borrower(s) from the Bank and paid by the Bank.
- g) To forthwith call upon the borrower(s) to repay the SLCF and all outstanding amounts to the Bank, in the event of default or any event which after a lapse of time is capable of becoming an event of default and in such case it shall be the obligation of the borrower(s) to immediately repay the outstanding amounts to the Bank. In case of default by the borrower(s) to immediately repay the outstanding amounts, the Bank shall be entitled, without prejudice to the other rights and remedies available to the Bank under this Agreement and/or in law, to enforce security created by the borrower(s) in favour of the Bank in terms of this Agreement. The Bank may give a reasonable period to the borrower(s) for repayment of the outstanding amounts as per its internal policies.
- h) To and shall have absolute power and authority to use its discretion to sell and dispose of the security or any part thereof by private treaty or public auction, without (as far as may be) the intervention of the court, as and when the Bank may, in its absolute discretion, deem fit and to apply the net proceeds of such sale in satisfaction of the outstanding amounts.
- i) The borrower(s) hereby agrees and undertakes not to raise any dispute as to the value at which the security is sold and transferred by the Bank and the decision made by the Bank shall be final and binding on the borrower(s). The Bank shall not be liable for any loss arising due to the sale or transfer of the security under this clause.
- j) In the event of death of the borrower(s) during the continuance of this Agreement, (i) the borrower(s)'s estate, effects, heirs, executors, administrators and legal representatives will jointly and/or severally continue to be bound by this Agreement, (ii) the borrower(s)'s estate, effects, heirs, executors, administrators and legal representatives will jointly and/or severally continue to be liable for full repayment of all the moneys payable and/or due hereunder by the borrower(s), and (iii) the Bank shall have the right to terminate the facility and/or recall all or any portion of the facility balance.

6.3 The terms of this Agreement shall continue to be binding on the borrower(s) till such time that all outstanding amounts are not repaid to the Bank.

7. Repossession

(a) Notice period before taking possession

In the event of default by the borrower/co-borrowers notice would be issued for recovery of the outstanding dues on the loan account in accordance with the provisions of applicable laws for debt recovery in the country. The Notice will be sent to the mortgaged property address and other addresses provided by the Borrower.

(b) Circumstances under which the notice period can be waived

The Bank shall be entitled to recall the entire outstanding of the Loan disbursed at any time at its own discretion without assigning any reason and without prejudice to any other rights, if it has reason to believe that the Loan was procured by improper declaration/information or the property offered is inadequate or affected in any way due to non-payment of dues, improper maintenance of the property, breach of any internal policies of the Bank, or for any other reason of whatsoever nature.

(c) The procedure for taking possession of the property

The Bank would follow the procedures laid down under the debt recovery laws including but not limited to The Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), Debt Recovery Tribunal Act, Civil Procedure Code etc. (Debt Recovery Laws) or laid down under any statute/regulation for taking possession of the property and attaching and selling the property.

(d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property

The Bank/competent authority appointed under the extant applicable laws shall issue a notice to the borrower as prescribed hereunder and/or under the applicable laws giving the borrower an opportunity to repay the loan amount before the sale/ auction of the property.

(e) The procedure for giving repossession to the borrower

In the event the outstanding dues are paid in full prior to the sale of the property under the recovery proceedings, the Bank shall handover possession of the property back to the borrower(s). The property documents will be released to the borrower(s) within 30 days of receipt of the outstanding dues.



(f) The procedure for sale/auction of the property

The Bank/appropriate authority would follow the due procedure as prescribed under the various Debt Recovery Laws for the sale and auction of the property which has been repossessed by the Bank.

8. Cross Default

The borrower(s), unconditionally and irrevocably, agree(s), confirm(s) and acknowledge(s) that any default by the borrower(s) under any other credit facility Agreement or arrangement with the Bank or its successors-in-interest or with any of the affiliates or group companies of the Bank, shall be deemed to be a default under this Agreement for this present loan and vice versa entitling Bank to recall this facility and/or all other fund based or non-fund based facilities advanced to me. The Bank shall in the event of such default be entitled to exercise any or all its rights under this Agreement and/or other Agreements entered into by me with the Bank.

9. Cross Collateralisation

Any security(ies) furnished by the borrower(s), under any other Agreement entered into/to be entered into with the Bank, shall be deemed to be the security(ies) under this Agreement.

The borrower(s) hereby agree(s) and accept(s) that in the event of default in respect of any credit facilities granted by the Bank to the borrower(s) all the securities provided under this Agreement or under any other Agreement entered into/to be entered into with the Bank shall operate as a continuing security for all the obligations/facilities extended to and availed by the borrower(s) from the Bank or and that the same shall continue to vest in the Bank till the time any of the said obligations/facilities are open and have not been closed/liquidated or confirmed by the Bank as closed/liquidated notwithstanding the existence of a credit balance in the said account or partial payment or fluctuation of accounts.

10. Insolvency

If the borrower(s) commit(s) an act of insolvency or if the borrower(s) is/are declared insolvent or bankrupt or if a liquidator, receiver or official assignee is appointed in respect of any property or estate of the borrower(s) or if the borrower(s) make(s) any application for declaring himself/herself insolvent or if an application for declaring the borrower(s) as an insolvent/bankrupt is made or any order is passed by any court, tribunal, quasi-judicial authority or any other competent authority for taking the borrower into insolvency, then in any of these events the entire outstanding amount under the facility shall forthwith become due and payable by the borrower(s) to the Bank.

11. Lien and Set Off

- 11.1 Notwithstanding anything herein contained, the Bank shall have an overriding lien over all the security(ies)/monies of the borrower(s) which are in the control/possession of the Bank. This right of lien shall not be affected by any reason whatsoever.
- 11.2 The borrower(s) hereby authorise(s) the Bank to apply any credit balance to which the borrower(s) may be entitled under any SLCF/facility(ies), in satisfaction of any sum due and payable herein but remaining unpaid. The Bank shall also have the right of set off in respect of any amount standing to the credit of borrower(s) in any/all of the SLCF/facility(ies) availed/to be availed from the Bank.
- 11.3 It is hereby agreed and understood that in the event the borrower(s) default(s) in payment of the outstanding amount and other charges mentioned herein, then without prejudice to the right of termination provided herein, the Bank shall be entitled to set off its dues against any monies in its possession/control and due from it to the borrower(s) whether by way of deposits or otherwise.

12. Effective Date of the Agreement for SLCF

- 12.1 This Agreement shall not create any right, duty or obligation of whatsoever nature unless the same has been accepted by HSBC. HSBC shall be deemed to have accepted its rights, duties and obligations contained herein upon execution of this Agreement by HSBC.
- 12.2 The Agreement shall be binding on the borrower(s) and the Bank on and from the date of execution hereof. This Agreement shall be deemed to be in full force and effect till such time as all monies due and payable to the Bank under this Agreement have been repaid in full, together with all interests, costs, charges due and payable thereon.

13. Miscellaneous

- 13.1 The Bank may at its sole discretion make available, or discontinue the provision of alerts and other information through electronic media, whether by way of Short Messaging Services (SMSes), e-mail or other such means, ('Electronic Information') to the borrower(s) in connection with his/her SLCF account. The borrower(s) agrees that in case any such facilities are provided to the borrower(s), the Bank's then applicable rules and regulations, by whatsoever name called, or such facilities shall be deemed to be incorporated herein. The borrower(s) accepts that the electronic information may contain certain information relating to the borrower(s) and his/her SLCF account and hereby authorises the Bank to send such information, even if the borrower(s) does not specifically request for the same, if the Bank deems that it is relevant. The borrower(s) acknowledges that the Bank may use the services of third party service providers, such as cellular service providers for the purposes of sending the electronic information, and accordingly authorises the Bank to make available, information relating to the borrower(s) and his/her SLCF account to such third party service providers. The borrower(s) acknowledges that the facility as mentioned above, is dependent on the services of the third party service providers, and that the Bank neither makes any representation nor provides any warranty with respect to the quality of the service provided by such third party service providers nor does it guarantee the timely delivery, accuracy or security of the contents of the Electronic Information. The Bank shall not be liable for any non-delivery, delays, errors, loss,



distortions, interception or misuse of the information by unauthorised persons, during or after the transmission of the electronic information to the borrower(s) and shall not be liable for any non-performance by the third party service providers. The borrower(s) acknowledges and understands that the electronic information will be provided only in India and in case of SMS alerts only to the subscribers of certain select cellular service providers, at certain select regions. The borrower(s) understands and acknowledges that any miscommunication or failure in receipt of any electronic information shall not be deemed to be a waiver or modification of the obligations of the borrower(s) as per the terms and conditions of this Agreement. The borrower(s) shall independently verify the authenticity and accuracy of the contents of any electronic information from the Bank.

- 13.2 The borrower(s) agree(s) that the Bank shall be free to disclose his/her/their name(s) and/or other details to person(s)/agency(ies) situated in India or abroad which are duly authorised by the Bank to assist in the Bank's operations or for offering of services/products or for prevention of fraud (directly/indirectly) or to Credit Information Bureau (India) Limited (CIBIL) or any other licenced/authorised bureaus, and any other agency authorised in this behalf by the regulator, to the regulator, or to entity(ies) engaged in debt collection/recovery or to legal practitioner(s), and to whomsoever the Bank in its interest, deems it fit and appropriate. The borrower(s) agree and accept that the Bank may need to share or transfer data or information about the borrower(s) to any third party service provider, whether located overseas or in India, who provides outsourced services to the Bank in connection with the operation of the Bank's business, in accordance with the applicable guidelines of the Reserve Bank of India. Any such sharing or transfer of information will be done strictly on a confidential basis and the Bank will endeavour to maintain strict confidentiality of such information. However, the Bank or such third party service providers, whether located in India or overseas, may disclose information if required or permitted by any law, rule or regulation or at the request of any public or regulatory authority or if such disclosure is required for the purposes of preventing fraud.
- 13.3 If any of the borrower(s) is a Non-Resident Indian/PIO, the borrower(s) shall abide by and fulfil the provisions of Foreign Exchange Management Act, 1999, as amended from time to time and all other applicable laws with respect to purchasing, retaining, using, selling immovable property in India and repatriating proceeds outside India and the borrower(s) shall indemnify and keep indemnified the Bank in that behalf.
- 13.4 Exchange Rate Warning: If at any time your mortgage is in a currency that is different from the currency in which you are paid or from which you repay your mortgage, then there is a risk that changes in the exchange rate will affect the amount you owe and the amount of your interest and principal payments. If this applies to you, you should regularly check the exchange rate to ensure that you are still comfortable with the amount you owe and with the amount of interest and principal you pay. If you are not comfortable then you may want to consider reducing the amount of your mortgage, re-financing the mortgage or repaying it early. You should consider speaking with an independent financial adviser before making changes to your mortgage arrangements.
- 13.5 The borrower(s) declares that all the amounts including the amount of own contribution paid/payable in connection with the property as well as the security for the SLCF facility is/shall be through legitimate source and does not/shall not constitute an offence of Money Laundering under the Prevention of Money Laundering Act, 2002.

14. Stamp Duty

The borrower(s) hereby agrees that the Bank shall have the authority to debit any of the borrower's account(s) with the Bank to recover the amounts incurred by the Bank towards any payments made by the Bank, such as stamp duty, additional stamp duty, penalty, registration charges and/or any other charges and duties on and in relation to the Agreement, the security documents or any other documents, whether at the time of execution or thereafter.

15. Governing Law and Jurisdiction

The provisions of this Agreement shall be governed by, and construed in accordance with Indian law and the parties hereby expressly agree that the courts at _____ shall have exclusive jurisdiction in relation to all matters concerning and relating to this Agreement.

In witness whereof the borrower(s) has/have executed these presents on the _____ day of _____ at _____

Signed and delivered by the
Within named borrower(s)

Signature: [borrower(s)]

Signed and delivered by
The Hongkong and Shanghai Banking Corporation Limited, India
(Authorised signatory)



ANNEXURE A

1. The name(s) of the borrower(s)

- i. _____
 ii. _____
 iii. _____

2. Address of the borrower(s)

- i. _____
 ii. _____
 iii. _____

3. SmartLAP Credit Facility

The amount of SLCF, ₹ _____
 (Rupees _____ only)

4. Tenure of SLCF (Months) :

5. Security : Creating such security as may be required by HSBC from time to time.

6. Details of the property :

Address of the property

7. Interest rate type :

Floating

Current interest rate p.a. :

3-month Marginal Cost of Fund based Lending Rate (MCLR) +
 _____% p.a. (Margin) = _____% p.a.

8. 3-month Marginal Cost of Fund based Lending Rate (MCLR) :

_____ % p.a.

9. Equated Monthly Instalment :

₹ _____

10. Non-utilization Fee :

_____ % p.a fees on amount above the _____ % of the SLCF
 Commitment Fee sanctioned amount.

In the event if the Excess Funds in the SLCF account are more than _____ % of the SLCF sanctioned amount (Threshold limit), then the Bank may at its sole discretion charge a Non-utilization/Commitment fee of _____ % p.a. on the balance amount maintained over and above the Threshold.

Example – If Non-utilization/Commitment fees is 1%, original sanctioned SLCF amount is ₹20,00,000/- and limit defined as 25% i.e. ₹500,000/- In this scenario if the fund in the SLCF account is ₹600,000, then the Non-utilization/Commitment fees of 1% will be charged on ₹100,000. (This is for illustration purpose only)

11. Late payment charges :

a. Cheque dishonour charges :

A penal charge of ₹250 per month is payable in case of delayed instalments on account of cheque, Standing Instruction (SI) dishonour.

b. Penal interest :

Penal interest of _____ % p.a. over and above the regular interest charged as specified by the Bank on the delayed instalments/overdue amount on account of cheque, Standing Instruction (SI) dishonour.

12. Prepayment charges :

Nil

Note: For processing prepayment requests, you are required to send HSBC a written instruction communicating your desire to prepay with your intent of wanting to reduce the loan tenure or EMI. In case no clear instruction is received to reduce loan tenure or EMI, we will by default reduce the loan tenure based on the prepayment amount received. In case excess funds/ amounts are received towards the loan account without any written instructions from you to prepay, the amount will be credited to the SmartLAP account and will impact the available balance in the account.





13. The amount of other charges payable:

i. Processing fees, ₹ _____

The fees/charges and interest rates specified are non-refundable and the rates of the same shall be changeable at the sole discretion of the Bank.



Signature: [borrower(s)]



ANNEXURE B

List of Original Title Deeds

Pre-disbursal title deeds:

In exchange title deeds:



Signature: [borrower(s)]

