

HPV-PER (to be stamped as a Hypothecation Agreement)

Hypothecation of Motor Vehicle Agreement

This agreement executed thisday of20.. at.....in favour of The Karur Vysya Bank Limited, a Banking Company registered under the provisions of the Indian Companies Act, 1913 having its Registered Office at Erode Road, Karur - 639 002 and a Branch at.....(hereinafter called 'the bank' which expression shall include its successors and assigns)

BY

(Borrower name & constitution),
(hereinafter referred to as the 'Borrowers' which expression shall include his/her/their heirs / executors/ administrators / successors and assigns);

Whereas the Borrower has approached the bank with a request to purchase a motor vehicle more fully described in schedule hereto for personal use and the borrower has requested the bank to grant and the bank has agreed to grant loan on the terms, conditions and covenants herein contained or contained in any other document connected to the loan.

LOAN/LIMIT: Loan/Limit of Rs. (Rupees Only).

PURPOSE: The loan/ credit facility shall be utilized by the Borrower for the below mentioned purpose only and not for any other purpose. borrower/s further agree/s that notwithstanding anything contained in this agreement, the Bank shall have the right to recall the entire loan amount together with interest and other charges or any part thereof and/or withdraw the concessions if any, such as reduced rate of interest, subsidy, in case the loan amount is/has been used for any purpose other than for which it has been sanctioned or if the bank apprehends or it has reason to believe that the borrower/s has/have violated or is violating the condition.

Purpose: To purchaseMotor Vehicle

REPAYMENT: The Term Loan along with interest, will be repayable by equated instalments as stipulated in the Schedule given below, provided that in case of default in payment of any one instalment or any part thereof or any other irregularity on the part of the borrower/s, the entire balance then outstanding with interests, costs, commissions and charges shall, if the bank so chooses, at once become due and payable.

- i. That if the total amount repayable to the Bank is increased on account of any upward change in rate of interest, or levy of taxes or whatsoever that may be levied on the EMIs by the Government etc., the Borrower agrees to pay the increased amount of loan and the number of instalments shall automatically stand increased correspondingly.

- ii. If the Borrower has handed over post dated cheques (PDC) to the bank towards repayment, and the Borrower agrees to handover sufficient number of additional PDC to cover the increased EMI.
- iii. If the Borrower has made arrangements for electronic credit of the instalments, Borrower agrees to keep the instructions in force till the additional instalments are also repaid

Rate of Interest: The borrower agrees to pay interest @ % (Fixed/Floating) which is % over and above the Base Rate of the Bank, (Present Base Rate = ... %), compounded at monthly rests, together with all costs, charges, etc.

The interest will be calculated based on the daily balances in the loan accounts, such interest being added to the balance outstanding at the end of each calendar month, and the said interest, if unpaid, will become part of the amount advanced {(i.e.) the principal as mentioned above} and bear interest at the same rate.

The borrower hereby undertakes to pay the interest accrued in the loan account during the holiday period, if allowed, as and when debited.

If the Bank, at the request of the borrower or as per RBI guidelines, expressly waives payment of interest during the moratorium period, the interest accrued during the moratorium period will be capitalized and added to the principal sum on commencement of the repayment period and the same shall be repaid along with principal as per the agreed repayment period.

Revision of interest rate: The Borrower agrees that Bank may review and revise the Base Rate at any time or as per guidelines of RBI issued from time to time. The Borrower further agrees that the Bank may change the customer specific charges or the term premium or the risk premium at any time; and consequent to such revision in the Base rate or other charges/premium, if the lending rate changes, the borrower agrees to pay the interest at the revised floating lending rate.

Such revision in Base rate/ lending rate as notified by the Bank in its Notice Board or Website or through other channels of mass communication shall be sufficient notice and the Borrower waives individual notice of the change.

Interest Rate Re-set:

Borrower agrees that the Bank is at liberty to re-set the fixed/floating lending rate due to change in the internal credit rating given to the borrower or variation in the credit rating done by any other external credit rating agency, or due to changes in the economic environment or changes in RBI Guidelines or due to any other reason, once in .. year/s, which the borrower agrees to pay. It is further agreed by the Borrower that any improvement in credit rating or economic environment etc., does not entitle the borrower to claim reduction in the lending rate automatically. It is further agreed that the Borrower is liable to pay the agreed rate of interest till the date of re-set.

TERM LOAN PRE-PAYMENT IN EMI LOANS: If the borrower wishes to pay any instalment or part thereof ahead of the agreed repayment schedule (henceforth called as pre-payment), borrower is entitled to do so either under "Partial Pay-off" method OR under "Advance payment" method.

Partial pay off method: The prepaid amount will be credited to the loan account and reduces the principal outstanding. However, Borrower should continue regular repayment of future instalments. The repayment terms of the loan will be rescheduled by either keeping the term as fixed or EMI amount as fixed, as per the option of the customer.

Advance payment method: The prepaid amount would be kept in RPA (Repayment pending appropriation) account and it will not result in reduction of principal amount. As and when the future installments fall due, the amount available in 'Repayment pending appropriation' account would be appropriated towards such dues.

TERM LOAN PRE-PAYMENT IN NON-EMI LOANS: Pre-payment can be made only under 'Advance payment' method. The prepaid amount would be kept in RPA (Repayment pending appropriation) account and it will not result in reduction of principal amount. As and when the future installments fall due, the amount available in 'Repayment pending appropriation' account would be appropriated towards such dues.

It is hereby agreed that the Borrower can chose either of the options at the time of pre-payment but once the option is exercised, it cannot be changed later.

PRE-CLOSURE: In case the revision in interest rate on the re-set date is not acceptable to the borrower, and if the Borrower wishes to prepay the entire dues and close the loan, the borrower shall inform their intention to the Bank within 15 days from the date of issuance of notice by Bank, and an option is given to the borrower to pre-pay and close the loan without any prepayment charges, within 3 months from the date of notice given by Bank, if the prepayment is made from their own resources.

PRE-CLOSURE CHARGES: If the borrower wants to pre-pay any instalment or close the loan due to any other reason other than increase in the lending rate and if the funds remitted for such pre-closure/pre-payment are not from their own resources, pre-closure charges of .. % shall be paid on the amount so prepaid, (ahead of what has been mentioned in the enclosed repayment schedule) which shall be payable along with such pre-payment.

PENAL INTEREST: The borrower/s agree/s that the Bank is entitled to charge penal interest @ % p.a. in case of default in paying the instalments/ interest dues on the due dates, and the penal interest would be charged on the amount overdue and for the overdue period, till the defaulted amount is repaid and account regularized.

The borrower/s agree/s that the Bank is also entitled to charge such penal interest in the event of non-adherence to any of the terms and conditions contained in the sanction communication or for any irregularity or breach of terms contained in this agreement or violation of Reserve Bank of India directives/Bank rules and agree/s to pay interest at such enhanced rates on the outstanding balance for the period of such default or for such period as the irregularity or breach continues, provided that the charging and payment of such enhanced rate of interest shall be without prejudice to the other rights or remedies of the Bank, either under this agreement or by law, to proceed against the borrower and/or the security/ies for such irregularity or breach.

Notice regarding charging of overdue interest is waived by the Borrower/s.

SECURITY: In consideration of the above promises and consideration of the bank lending the BORROWERS as aforesaid the BORROWER hereby hypothecates in favour of the bank the vehicle to be purchased out of the bank loan as described in the schedule (hereinafter referred to as the hypothecated Vehicle/s which expression shall also include motor vehicle/car or any/all of the vehicles mentioned in the schedule) as security for the due repayment by the BORROWER to the Bank or the balance due to the bank at any time or ultimately on the closing of the lending facilities provided by the Bank to the BORROWER and also for the repayment of all debts and liabilities mentioned in this agreement.

The borrower hereby undertakes to get the vehicle registered with Road Transport Authority by incorporating Bank's hypothecation clause and further undertake to deliver a copy of the Registration Certificate (RC) of the vehicle to the within 7 days from the date of registration of the said vehicle.

The borrower further declares that he has not done or knowingly suffered or been party or privy to anything whereby he is in anyway prevented from hypothecating the Vehicle/s mentioned in the schedule and the borrower will whenever called upon by the bank do all such acts and things and make or execute all such documents or papers as may be necessary for more particularly assuring out of the purpose of this agreement.

INSURANCE: That the hypothecated vehicles and/ or other movables and also the mortgaged assets owned by the borrower/ guarantor/mortgagor shall at all times during the currency of the security and so long as any money shall remain due and owing under the loans be maintained in good and workable condition and insured and kept insured by and at the request of the borrower/s against theft, fire, accident and such other risks as may be required by the bank or be required by law to the full extent of the value thereof in an insurance company approved by IRDA, in the name of the Bank or in the name of the borrower/s and assign it to the Bank and in either case the policies shall be handed over to the Bank. The Borrower/s shall duly and punctually pay the premium on the policies atleast one week before the same shall become due or payable and handover the receipt to the Bank within seven days of payment and the borrower/s agree/s not to raise at any time any dispute as to the extent of the insurable interest of the Bank.

If the borrower/s make/s any default in effecting such insurance as aforesaid or in renewing any policy or in payment of such premia, it shall be lawful but not obligatory for the Bank to effect such insurance for full value or to renew or to pay such premia and to keep the hypothecated properties insured and to debit the expenses incurred by the Bank for the purpose to the borrowers' said loan/cash credit/overdraft/current account with the bank and the same shall be treated as advances secured by this agreement. In such an event, the Bank will, at its discretion, take a suitable policy appropriate to the nature of securities. In case the Borrower wishes to cover additional risks, they may do so by paying the additional premia and get the endorsements.

It is specifically agreed that the non-renewal of insurance policy by the bank due to any reason shall not be questioned by the borrower since it is the primary obligation of the borrower to ensure that the hypothecated movables are sufficiently insured at all times.

All sums received under any such insurance as aforesaid shall, after deducting therefrom of all expenses, be applied in or towards the liquidation of the balance due to the Bank for the time being and in the event of there being a surplus, it shall be credited to the loan a/c. The borrower/s agree/s that if any moneys under any such insurance are received by the borrower/s, he/they will pay the same forthwith to the bank.

Other terms & conditions:

The borrower authorizes the Bank to debit his/her Current/SB Account No.....for Rs.....towards the margin contribution and remit a total sum of Rs..... (Rupees only) to the vendor/dealer/distributor/manufacture of the vehicle, at their sole risk and responsibility, towards the sale price of the vehicle, as per the Quotation/Proforma Invoice submitted by the Borrower.

The hypothecated Vehicle/s and all sales realization and insurance proceeds thereof shall be held as properties specially appropriated to this security and the BORROWER will not create any mortgage, charge, lien or encumbrance affecting the same or any part thereof nor do anything which would prejudice this security. The BORROWER hereby expressly agrees and undertakes to hold the hypothecated Vehicle/s as agent and trustee of the bank until sale of the Vehicle/s and insurance proceeds and after sale, the sale proceeds thereof shall be held in trust by the BORROWER on behalf of the bank to be handed over to the bank on demand. The security afforded by this agreement shall remain in force until all amounts due to the bank by the borrower are fully paid or adjusted.

The borrower shall not, without prior written permission of the bank, sell or otherwise part with the hypothecated Vehicle/s or any of them, where with such permission of the bank the hypothecated Vehicle/s or any of them are sold or disposed of by the borrower the value of such Vehicle/s shall be paid to the bank of other Vehicle/s of equal value be substituted by the Vehicle/s so sold or disposed of with the written approval of the bank.

Subject to the conditions contained herein, the borrower shall be at liberty to use or utilize the Vehicle/s mentioned to the schedule in the ordinary course of plying the same.

It shall be the duty of the borrower to take out and keep in force all permits and licenses required to be taken by any law for the time being in force for the purpose of maintaining and containing the plying of the vehicle described in the schedule. Whenever required by the bank the borrower shall do everything necessary for transferring to and effectively vesting in the bank or any of its officers or nominees for the purpose of realizing the balance or other amounts due to the Bank.

That the borrower/s shall duly and punctually perform and observe all rents, rates, taxes, assessments and other outgoing whatsoever covenants and obligations which ought to be paid or observed or performed by the borrower/s in respect of the property in which any of the hypothecated properties/securities may from time to time be kept / stored/ situated.

That this agreement is not to prejudice the rights and remedies of the bank against the borrower/s irrespective and independent of this agreement in respect of any other advances made or to be made by the bank to the borrower/s.

Inspection: The borrower shall permit the bank their officers or nominees from time to time at all times to enter upon the premises wherein the hypothecated Vehicle/s or any of them may for the time being and to review, inspect and value the same or to take possession thereof and to render to the banker its officer or nominees such facilities as may be required for any of the purpose aforesaid.

The borrower shall punctually pay all taxes, rates and other outgoing in relation to the hypothecated Vehicle/s or the premises or the carriages wherein the hypothecated Vehicle/s may keep or keeps the same free from distress, attachment or the like.

Events of default:

Notwithstanding anything contained hereinbefore regarding repayment of dues, by instalments, the entire amount of the loan with interest and charges or the balance outstanding in the account shall at the option of the Bank become due and payable by the borrower to the Bank and the Bank will be entitled to realize the same and enforce the pledged/mortgaged securities or securities otherwise charged to the Bank, at the cost of the borrower upon the happening of any of the following events and after demand in writing namely:

- a) Any instalment of principal or interest or any part thereof in respect of the said loan being unpaid for a period of 30 days after the respective due date of repayment.
- b) Any representation or statement in the borrower's loan application being found to be materially false or incorrect.

- c) The borrower committing any breach or default in performance or observance of any term or condition contained in this agreement or in the loan application /attachment or distraint of other process being enforced or levied upon the whole or any part of the borrower's property whether secured to the Bank or not.
- d) The borrower being declared insolvent or committing an act of insolvency.
- e) If the borrower/mortgagor, without the consent in writing of the Bank, creates or attempt to create any further charge or mortgage or any encumbrance on the securities and immovable properties charged /mortgaged to the Bank.
- f) If any event or circumstance shall occur which shall in the opinion of the Bank is prejudicial to or may endanger Bank's security.
- g) If the Borrower fail/s to carry out and perform any of his obligations under these presents.

As to the occurrence of the above events, decision of the Bank shall be conclusive and binding on the Borrower.

Consequences of Default: On the occurrence of any of the events of default, it shall be lawful for the Bank, to recall the loan and demand the borrower to repay the entire outstanding dues at once, notwithstanding the time period allowed for repayment in instalments.

Right to recall: On the occurrence of any of the events of default, it shall be lawful for the Bank, to recall the loan and demand the borrower to repay the entire outstanding dues at once.

Right to enforce security: On the occurrence of any of the events of default, it shall be lawful for the Bank, with a view to obtain possession, at all times and without assigning any reason and without any previous notice to the borrower/s but at the borrower/s risk and expense, to enter any place where hypothecated vehicles or any of them may be kept and take charge and/or possession of all or any part of the hypothecated properties and the borrower/s shall afford every facility for placing and shall place the hypothecated properties and every part thereof as the Bank may require in the exclusive possession of and in the exclusive control of the bank in such manner that such possession and control shall be apparent and indisputable.

The borrower/s shall on demand deliver to the bank, the keys of any place in which any of the hypothecated properties may from time to time be stored, failing which the Bank may forcibly enter the premises and take possession of the vehicle. The Borrower shall bear all the cost and expenses of or in connection with sending a representative of the bank to such place or places to inspect the said securities and the fees and the expense of an appraiser or valuer. Any moneys payable by the borrower/s (under this clause) shall until payment by the borrower/s be treated as advance secured by this agreement and be debited to the borrower/s

in the said loan account and be payable accordingly and such payment be treated as an advance secured by this agreement.

That the bank shall not be in any way liable or responsible for any loss, damage or depreciation which the hypothecated properties may suffer or sustain on any account whatsoever while the same are in the possession of the Bank during the continuance of this agreement or thereafter and all such damage or depreciation shall be wholly on account to the borrower/s howsoever the same has been caused nor shall the bank be responsible for any shortage resulting from theft or pilferage or otherwise howsoever notwithstanding that the hypothecated properties may be in the possession of or under the control of the Bank.

It shall be lawful for the Bank at any time after taking possession of the hypothecated vehicle to sell either by public auction or by private contract subject to such conditions as the Bank shall think fit or otherwise dispose of or deal with any of the hypothecated properties or any part or parts thereof and to enforce, realize, settle compromise and to deal with any rights or claims regarding any of the hypothecated securities without being bound to exercise or non-exercise thereby and notwithstanding there may be any pending suit or other proceedings against the borrower/s, the borrower/s under take/s to transfer and deliver to the bank all relative contracts, securities and documents. The borrower hereby agree/s that the bank shall have power without consulting the borrower to settle any claim by any other person on the hypothecated vehicle and the borrower/s shall be bound by the bank's decision and that any loss, damage or costs or expenses that may arise or caused by such decision shall be at the risk and on account of the borrower/s.

That the borrower/s agree/s to accept without question in and out of court as conclusive proof of the amount realized by any such sale as aforesaid and or any sum claimed to be due from the borrower/s to the bank under this agreement of the costs and expenses incurred in connection therewith a statement of account made out from the papers and/or books of the bank and signed by the principal officer or any other duly authorized officer of the bank without the production of any other voucher, document or paper.

That the Bank shall apply the net proceeds of sale of the hypothecated vehicles in satisfaction so far as the same shall extend to the balance due to the Bank on the said loan/credit facilities of the borrower/s or so much thereof as shall remain unpaid including interest at the rates aforesaid until payment and including all costs as between attorney and client, charges and expenses actually incurred by the bank on any account whatsoever including sales tax. If the net sum realized by such sale be insufficient to cover the balance due to the bank, the borrower/s shall be liable forthwith on production to the borrower/s of an account to be prepared and signed (which shall be conclusive to pay the balance appearing due to the bank. Without prejudice to such obligation of the borrower/s, the bank shall be entitled (but shall not be bound) to apply any other money or monies in the hands of the bank standing to the credit of or belonging to the borrower/s, or any money which the borrower/s may then or at any time thereafter be entitled to draw from the bank under any loan, cash credit, overdraft or any other arrangement

or goods the properties of the borrower/s stored in the bank's premises or godown in or towards payment of the balance for the time being due to the bank, and in the event of such money or monies being insufficient for the discharge in full of such balance, the borrower/s shall be liable forthwith on production to the borrower/s of an account to be prepared and signed (which shall be conclusive) to pay the balance appearing due to the bank thereon provided always that nothing herein contained shall be to negative or otherwise prejudicially affect the right of the bank which it is hereby expressly, agreed that the bank shall have to recover from the borrower/s the balance for the time being remaining due from the borrower/s to the bank upon the said loan/credit facilities notwithstanding that all or any hypothecated properties/ securities may not have been realized.

That in the event of there being a surplus available of the net proceeds of such sale after payment in full of the balance due to the bank it shall be lawful for the bank to retain and apply the said surplus together with any other money or monies belonging to the borrower/s for the time being in the hands of the Bank in or under whatever accounts, as far as the same shall extend against in or towards payment for liquidation of any or all other monies which shall or may become due from the borrower/s whether solely or jointly with any other person or persons, firm or company to the bank by way of loans discounted bills, letters of credit, guarantees, charges of any other debts or liabilities including bills, notes, credits and other obligations current though not then due or payable or other demands legal or equitable which the law of set off of mutual credit would in case admit and whether the borrower/s shall become or be adjudicated bankrupt or insolvent or be in liquidation or otherwise with interest there on from the date on which any and all advances in respect thereof shall have been made at the rate or respective rates at which the same shall have been so advanced.

That if after the settlement of all claims of the bank against the borrower/s any surplus shall remain the bank shall pay such surplus to the borrower/s.

That the borrower/s agree/s that the securities held under the loans as aforesaid shall also be held as security for any other loans or liability of the borrower/s to the bank.

Provided always that nothing herein contained shall be deemed to negate qualify or otherwise prejudicially affect the right of the bank (which it is hereby expressly agreed that the bank shall always have) to recover from the borrower the balance for the time being remaining due to the bank by the borrower notwithstanding that all or any of the hypothecated Vehicle/s may not have been realized.

Notice: That any notice in writing required to be served on the borrower/s shall be deemed to be sufficiently served if addressed to the borrower/s at the address given and left at such address or forwarded by post. A notice sent by post shall be deemed to be given at the time when in the course of post it will be delivered at the address to which it is sent. If for any reason the borrower/s cannot be given any such notice the same may be inserted once in an advertisement in one of the local dailies shall be deemed to be sufficient notice.

Right of set-off: Borrower hereby unconditionally and irrevocably authorize the bank to pre-close and adjust from and out of any type of deposit he/they hold or to be held with your Bank towards the loan account of the Borrower.

The Borrower also hereby undertake and agree that the Bank will have the right to exercise its lien over the Jewels/goods pledged with a further authority that the Bank at its discretion can sell the Jewels/ goods pledged and after appropriating the sale proceeds towards the Jewel Loan/ Pledged Account, the surplus can be credited to the vehicle loan account of the Borrower.

Processing charges: Simultaneously with the execution of this agreement, the Borrower shall pay to the Bank the sum specified in the Schedule as non-refundable processing charges.

Right to assign: The Bank shall be entitled at its sole discretion to sell, assign, discount or transfer the Bank's right and obligations under this agreement to any person(s) / institution(s) of the Bank's choice in whole or in part and in such manner and on such terms as the Bank may decide. Any such sale assignment or transfer shall conclusively bind the Borrower. The Borrower shall not be entitled to directly or indirectly assign the benefit or obligation of this agreement. No prior notice of assignment need be given to the borrower.

That if the amount repayable to the Bank is increased on account of any upward change in rate of interest, or levy of taxes or whatsoever that may be levied on the EMIs by the Government or the transaction hereunder or which are or may become payable by the Bank by virtue of entering into this agreement, the number of installments shall automatically stand increased correspondingly and the Borrower agrees to handover sufficient number of additional PDC to cover the increased EMI.

That the Bank shall be entitled to re-compute the EMIs if the Bank varies the interest rate and the Borrower agrees to pay the increased amount of loan on account of any upward change in rate of interest.

It is specifically agreed that the Bank will be at liberty to engage/employ recovery/ seizure agents to seize the hypothecated vehicles in the event of default by the Borrower.

Disclosure: The Borrower hereby agree as a pre-condition of the loan/advances given by the bank that in case the Borrower commits default in the repayment of the loan/ advances or in the repayment of 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 their name or the names of its directors/partners/ proprietors as defaulter in such manner and through such medium as the bank or Reserve Bank of India in their absolute discretion may think fit.

The Borrower understand that as a pre condition, relating to grant of loans/advances /other Non funded based credit facilities to them, the Bank requires their consent for the disclosure by the bank, the information and data relating to Borrower,

obligation assumed/to be assumed by the Borrower in relation thereto and default, if any committed in discharge thereof.

Accordingly, The Borrower hereby agree and give consent for the disclosure by the bank of all or any such:

- a) Information and data relating to the Borrower
- b) The information or data relating to any credit facility availed of/to be availed, by the Borrower
- c) Default if any committed by the Borrower, in discharge of such obligation

as the Bank may deem appropriate and necessary to disclose and furnish to credit information Bureau (India) Ltd., and to any other agency authorized in this behalf by RBI.

The Borrower declares that the information and data furnished by them to the bank are true and Correct.

The Borrower undertake that:

- a) the credit information Bureau (India) Ltd, and any other agency so authorized may use, process the said information and data disclosed by the bank in the manner as deemed fit by them and
- b) the credit Information Bureau (India) Ltd and any other agency so authorized may furnish for consideration the processed information and data or products thereof prepared by them to banks/financial institutions and other credit grantors or registered users, as may be specified by the Reserve Bank of India in this behalf.

Jurisdiction: Any dispute or difference arising in respect of the loan shall be referred to the Courts at the place where the loan was disbursed.

SCHEDULE OF REPAYMENT

SCHEDULE OF HYPOTHECATED VEHICLE

Sl. No.	Make/Model Trade Year Name	New or once used	Type of body	H.P.	Engine No.	Chassis No.

Signature/s of borrower/s