# **Car Loan Agreement**

This Vehicle Loan and Security Agreement is made on this the ……. day of …………… 20…, between the Borrower and the Lender for a car Loan of Rs……………... lacs (Rupees ………………… lacs only).

1. **Definitions.–** In this agreement, unless there is anything repugnant in the subject or context:

(1) “Borrower” means Mr./ Mrs. **……………………………R/o ………………………………..** and where the subject or the context so admits includes her/his heirs and other legal representatives.

(2) “Debt” includes every component of the Borrower’s indebtedness towards the Lender.

(3) “Hypothecated Vehicle” means the motor vehicle being a **VEHICLE NAME AND COLOUR** to be purchased by the Borrower with the help of the Vehicle Loan and hypothecated to the Lender under this Agreement.

(4) “Indebtedness” means the sum total of all the liabilities/obligation of the Borrower towards the Lender at any given point of time on account of the outstanding Vehicle Loan and the interest including penal interest, interest tax, service tax, charges, expenses, costs, etc., if any, chargeable/ charged against Borrower or debited to the Vehicle Loan account of the Borrower with the Lender, and includes Indebtedness of the Borrower in any other account with the Lender.

(5) “Interest” includes the interest payable to the Lender by the Borrower in respect of the Vehicle Loan in accordance with Article 3 hereof.

(6) “Lender” means The Jammu & Kashmir Bank Ltd., a banking company incorporated under the *then* J & K Companies Regulation, No. XI of, 1977 (*Samvat* era), having his registered office at Corporate Headquarters, M. A. Road, Srinagar, Kashmir, and a branch office/ business unit at **……………………………**and includes such other branch where the Borrower may have any individual or joint account or where her/his Vehicle Loan account may be transferred, and also, when the subject or the context so admits, its officers, agents, successors and assigns.

(7) “Margin Money” means the prescribed amount of margin money already paid or to be brought in up-front by the Borrower for purchasing the Hypothecated Vehicle (i.e …………..%).

(8) “Prescribed” means prescribed by the Lender in the Sanction Letter.

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(9) “Purpose” means and includes the prescribed purpose of financing the Hypothecated Vehicle.

(10 “Sanction Letter” means the letter of the Lender whereby the Vehicle Loan is sanctioned to the Borrower, and includes any modification, renewal and copy thereof.

(11) “Vehicle Loan” means a term loan facility of Rs ………….. lacs (Rupees …………… lacs only) to be allowed by the Lender to the Borrower as mentioned in article 2 hereof, and includes any part or portion thereof.

(12) Scheme Means: Banks’ Winter Carnival for Purchasing of Fresh Car.

**2. Amount/ Purpose/ Disbursement Of The Vehicle Loan:**

(a) The Borrower hereby agrees to avail from the Lender, and the Lender hereby agrees to provide to the Borrower, the Vehicle Loan on the terms and conditions as hereinafter appearing.

(b) The Borrower shall use the proceeds of the Vehicle Loan together with the Margin Money for the Purpose for which the Vehicle Loan has been sanctioned. The Borrower shall be liable under law for any diversion of the funds of the Vehicle Loan or the Margin Money.

(c) Any escalation in the cost of the Hypothecated Vehicle shall be borne by the Borrower. The Lender shall under no circumstances be liable to grant/ provide any additional loan to the Borrower for the Purpose.

(d) The Vehicle Loan shall be disbursed by the Lender, after the Margin Money has been deposited by the Borrower up-front, by issuing account payee Draft or Pay Order in favour of the dealer/ supplier of the Hypothecated Vehicle, *viz*., M/S peaks Auto Pvt Ltd.

**Interest:**

1. The Borrower shall pay interest **@ ………………………….% (fixed) per annum** on the Vehicle Loan or any other rate of interest as may be prescribed by the bank. The said interest shall be charged by the Lender with monthly rests or at such other rests as may be prescribed by the Lender from time to time, and shall be serviced by the Borrower accordingly. The interest shall be calculated for each month for actual number of days in that month on the basis of a year of 3651/4 days. The interest as aforesaid shall also be payable by the Borrower on every other amount that may be debited by the Lender to any the Vehicle Loan account of the Borrower. And any amount mentioned in this Article remaining unpaid shall bear same interest as the Vehicle Loan.

(c) Besides the interest as aforesaid the Lender shall also be entitled to recover from the Borrower interest tax, if any, which may be levied or imposed by, or payable to, any Authority regardless of whether the same is payable by or for the account of Lender or the

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Borrower; and accordingly the Lender shall be entitled to increase the rate of interest by an amount equal to the amount of such tax payable on the amount of interest.

1. **Amortisation:**

(a) The Vehicle Loan together with the interest shall be repaid by the Borrower through the prescribed number of monthly installments of the prescribed amount/s, the first installment to be due and payable one month after disbursement.

(b) Any other amount mentioned in this Agreement shall be payable by the Borrower and recoverable by the Lender as and when the same is debited by the Lender to the Vehicle Loan account of the Borrower.

(c) All the payments shall be made by the Borrower at the Lender’s said branch where the Vehicle Loan accounts of the Borrower are maintained, or at such other place as may be permitted by the Lender. If the due date for any payment by the Borrower happens to be Saturday, Sunday or a Bank Holiday at the place of payment, the immediately preceding working day shall be deemed to be the due date.

**5. Event Of Default & its Consequences:**

(a) Any of the following events shall, and shall be deemed to, constitute an “event of default”:-

*i*, the Borrower fails to serve interest in the Vehicle Loan accounts, or

*ii*, the Borrower fails to neglects to pay an installment of the Vehicle Loan or the interest on the Vehicle Loan in time, or

*iii*, the Hypothecated Vehicle disappear by clandestine removal to an unknown place, or

*iv*, the Borrower commits breach of any of the terms and conditions contained in this agreement or any other document governing the Vehicle Loan, or

*v*, any representation or statement made by the Borrower to the Lender in this Agreement or in any other document/ statement or otherwise is or turns out to be incorrect and misleading when the same was made, or

*vi*, any execution or distress is levied against or an encumbrance takes possession of, the whole or any part of the property, undertaking or assets of the Borrower, or

*vii*, any circumstances arise which materially and adversely affect the business or financial conditions of the Borrower or which give reasonable grounds in the opinion of the Lender for belief that the Borrower may not (or may be unable to) perform or comply with his obligations under this Agreement.

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(b) If an Event of Default occurs and remains un-remedied, the Lender may:-

i, issue a notice to the Borrower and declare the Vehicle Loan/ Debt to be due and upon such declaration the same shall become payable forthwith by the Borrower; the decision of the Lender regarding the occurrence of an event of default and/ or his remaining un-remedied for the said period to be final and binding on the Borrower, and/ or

ii, exercise against the Borrower any right, power or remedy permitted to it by law, either by suit, in equity or by action of law, or both, whether for specific performance of any covenant contained in this agreement or for an injunction against a violation of any of the terms of this agreement, or in aid of the exercise of any power granted in this agreement, and/ or

iii, (without prejudice to its statutory right of general lien or other similar right as a banker) combine or consolidate, without any notice to the Borrower, all or any of its accounts with, and liabilities to, the Lender and may set-off against or transfer/ appropriate/ apply any credit balances of these accounts (in whatever currency and however evidenced) to the payment of any of the liabilities of the Borrower towards the Lender in any respect, whether such liabilities be actual, contingent, several or joint; and pending any such action, to the extent necessary, to hold such amounts as collateral to secure such obligations and liabilities of the Borrower and may return as unpaid for insufficient funds any and all cheques and other items drawn against any such credits/ deposits so held as Lender in its sole discretion may elect.

(c) The Borrower shall be also liable to pay over and above the normal, sanctioned rate of interest, on the amount remaining unpaid for the period of default, penal/ additional interest at the prescribed rate.

(d) The rights and powers mentioned in this Article are in addition to, and not in derogation of, any other rights of the Lender under this Agreement or any other document or provision of law for the time being in force, and nothing herein contained shall be deemed to negate, qualify or otherwise prejudice the Lender’s right to recover his dues from the Borrower or his sureties and/ or to enforce any securities held by it.

**6. Hypothecation:**

(a) For the consideration aforesaid, the Borrower hereby hypothecates by way of first charge the Hypothecated Vehicle to the Lender as primary security for due repayment of the Vehicle Loan/ Debt. The Borrower reiterates that the Hypothecated Vehicle is/ shall be his absolute property, at her/his sole disposal and free from any prior charge or encumbrance; and declares that he has not done or knowingly suffered or been privy to anything whereby

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it is anyhow prevented from hypothecating the Hypothecated Vehicle to the Lender as security for the Vehicle Loan.

(b) The Borrower shall have the fact of hypothecation recorded in the Registration Certificate of the Hypothecated Vehicle and shall provide a copy of the same to the Bank. The said copy of the Registration Certificate of the Hypothecated Vehicle shall be deemed to be part of this Agreement, particularly for the purposes of identification of the Hypothecated Vehicle with reference to the specific numbers of its chassis, engine and registration.

(c) The security of hypothecation hereby created shall be in addition to any other security held or to be held by the Lender for the Vehicle Loan, and shall be a continuing security to remain in force until the Borrower finally adjusts his Vehicle Loan account and is discharged in full from his liability towards the Lender which may hold the Hypothecated Vehicle not only as security for the Vehicle Loan but also as a collateral for any other amount now or at any time to be due and payable to the Lender from the Borrower, whether singly or jointly with any other person.

(d) If at any time the Lender is of the opinion that the securities provided by the Borrower has become inadequate to cover sufficiently the Indebtedness of the Borrower, then on Lender advising the Borrower to that effect the Borrower shall provide and furnish such additional security as may be acceptable to the Lender to cover such deficiency.

**7. Trust Receipt:**

The Borrower hereby agrees and covenants with the Lender that during the currency of the Vehicle Loan/ subsistence of the Indebtedness/ hypothecation of the Hypothecated Vehicle he shall hold the Hypothecates Vehicle in trust exclusively for the Lender. The Borrower shall permit the Lender from time to time and at all reasonable times to enter upon any premises and precincts where the Hypothecated Vehicle may be and to view and inspect and value the same, and the Borrower shall render or cause to be rendered all necessary facilities for the said the said purposes. The Borrower further agrees that if at any time the Lender for any reason whatsoever asks for possession of the Hypothecated Vehicle from the Borrower, he shall deliver, or cause to be delivered, forthwith the Hypothecated Vehicle peacefully, without any resistance, obstruction, protest, demur or objection; the failure or neglect to do so shall render the Borrower liable for action under law for the time being in force relating to the breach of trust – both civil and criminal.

**8. Insurance:**

The Borrower shall at his own cost and expense obtain a full and comprehensive insurance cover for the Hypothecated Vehicle to the satisfaction of the Lender with the usual Bank clause in favour of the Lender and shall deliver all policies and receipts for the premiums paid to the Lender. If the Borrower fails to take the said insurance or deliver the policy or receipts as aforesaid, the Lender may in its discretion obtain at the Borrower’s

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cost an insurance cover for the Hypothecated Vehicle to the full or a less amount and for such risks as the Lender may deem necessary, provided always that in no case shall the Lender be bound to do so.

**9. Enforcement of Security.**

(a) In the event of default by the Borrower in repayment of the Vehicle Loan/ Debt or committing breach of any of the terms and conditions of this Agreement or any other document relating to the Vehicle Loan by whosoever executed, or on the occurrence of an event of default as mentioned in this Agreement and such event of default remaining un-remedied for a period of 10 days, the Lender shall be entitled, without any notice to the Borrower but at the Borrower’s risk and expense to enter and remain at any place where the Hypothecated Vehicle may be, seize and/ or sell or otherwise dispose of the same in any manner whatsoever and apply the net proceeds of such sale or disposal towards liquidation of the Vehicle Loan / Debt and discharge of the Borrower’s liability towards the Lender.

b) The Lender shall have all other incidental and ancillary rights and powers as may be necessary for effective exercise of the rights mentioned in this clause and the decision of the Lender regarding the commission of default by the Borrower shall be final.

(c) The Lender shall in no case be liable towards the Borrower or any other person for any loss or damage to the Hypothecated Vehicle whether or not the said Vehicle is in possession of the Lender at the time of such loss or damage. However, the Borrower shall keep the Lender indemnified against all suits, proceedings, claims, demands brought and made by any person against the Lender in connection with the Hypothecated Vehicle, and also against all losses, expenses and costs incurred by the Lender about such suits, proceedings, claims, demands.

**10. Appropriation:**

(a) All the payments received, at whatever time, by the Lender on the Borrower’s account shall be applied by the Lender towards discharge of the liability of the Borrower in such loan account of the Borrower as the Lender in its absolute discretion deems fit, notwithstanding the instruction, if at all any, of the Borrower to the contrary. The Borrower shall have no right whatsoever to instruct or advice appropriation of any amount to any particular account. In the Borrower’s account chosen by the Lender for appropriation of a payment received by it from or on behalf of the Borrower the amount received shall be applied by the Lender towards discharge of the debts due from the Borrower in that account in order of time whether those are or are not time barred under the law of limitation for the time being in force. And amongst the debts of same standing the expenses, costs, charges, etc. shall be adjusted first, the interest shall be adjusted next and the principal sum shall be adjusted at last.

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(b) If the proceeds of any insurance claim are less than the amount of Indebtedness of the Borrower, the Lender shall be at liberty to apply and adjust any other amount with the Lender standing to the credit of or belonging to the Borrower in liquidating the Indebtedness of the Borrower in the Vehicle Loan accounts. In the events of there being no such other amount of the Borrower or of such amount also being insufficient for discharge in full of the Borrower from his indebtedness in the Vehicle Loan accounts, the Borrower shall continue to be liable for payment of the shortfall; and nothing herein contained shall be deemed to negate, qualify or otherwise prejudice the rights of the Lender to recover from the Borrower the in the Vehicle Loan payable by the Borrower to the Lender even if the Hypothecated Vehicle may not have been realised or liquidated.

(c) In the event of there being a surplus available after liquidating the Borrower’s Indebtedness in the Vehicle Loan accounts, it shall be lawful for the Lender to retain and apply the said surplus together with any other money belonging to the Borrower (for the time being in the hands of the Lender in or under whatever account) in or towards payment of any other sums of money which shall be or may become due and payable by the Borrower, solely or jointly with any other person, to the Lender on account of any loan, discounted bills, letters of credit, guarantees, charges or other obligations (current though not then due or payable) or other legal or equitable demands which the Lender may have against the Borrower or which the law of set-off or mutual credit would in any case admit, whether the Borrower shall become or be adjudicated bankrupt or insolvent or be in liquidation, or otherwise.

1. **Acquisition Or Requisition:**

During the currency of the Vehicle Loan/ subsistence of the Indebtedness/ hypothecation of the Hypothecated Vehicle if the Hypothecated Vehicle is acquired or requisitioned by any lawful authority, the entire amount of compensation for such acquisition or requisition in lieu of the Hypothecated Vehicle shall be directly recoverable by the Lender exclusively on behalf of the Borrower and any amount so received shall, after deducting the expenses there-from, if any, be applied by the Lender towards discharge of the Debt and the appropriation shall be done in accordance with the provisions of Article 10 hereof. The said amount of compensation shall be hereby deemed to be assigned in favour of the Lender.

**12. Borrower’s Representations & Warranties:**

Besides what has been already disclosed in writing by the Borrower to the Lender, the Borrower hereby represents/ assures/ confirms, and shall be deemed to have represented, assured, and confirmed, to the Lender that:-

(a) the information provided by the Borrower in the loan application form or otherwise is true and correct and is a genuine part of the premise on the basis of which the Lender has sanctioned/ granted the Vehicle Loan, and the Borrower has not made any material

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alteration subsequent to the loan application to the Lender in respect of the Hypothecated Vehicle, nor has she created any charge or encumbrance not disclosed to the Lender;

(b) the Borrower has a valid and marketable title to the Hypothecated Vehicle, and is not party to any litigation which is not disclosed to the Lender and in which such title is questioned;

(c) the execution and delivery of this Agreement and performance of the obligations hereunder do not contravene any law, regulation or judgment/ decree applicable to the Borrower, or disregard/ contravene any covenant, condition or stipulation of any existing agreement to which the Borrower is a party; &

(d) the Borrower is not a defaulter of any bank or financial institution.

1. **Borrowers Undertakings:**

The Borrower hereby assures and undertakes, and shall be deemed to have assured and undertaken, that during the currency of the Vehicle Loan/ subsistence of the Indebtedness/ hypothecation of the Hypothecated Vehicle:-

*i*, the Borrower shall deal exclusively with the Lender, any dealings with any other bank or financial institution shall be only with the prior consent in writing of the Lender;

*ii*, the Borrower shall not change its constitution, without the prior permission in writing of the Lender;

*iii*, the Borrower shall keep the Lender informed in time of the happening of any event likely to have a material adverse effect on the Borrower’s business, as also of the remedial steps taken or proposed to be taken by it; &

*iv*, the Borrower shall not create any further charge on the Hypothecated Vehicle s, nor shall it do any such thing or act which would prejudice the security created in the favour of the Lender for securing the Vehicle Loan.

**14. Other Terms:**

(a) The Borrower during his Indebtedness shall bear all such imposts, duties and taxes as may be levied from time to time by the Government or other authority, pertaining to or in respect of the Vehicle Loan; and shall also bear all costs, charges and expenses including travelling expenses in anyway incurred by the Lender in connection with Vehicle Loan.

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(b) The Lender shall be entitled during the Borrower’s Indebtedness (even after a recovery suit) to affect the insurance of the Hypothecated Vehicle or the Borrower’s property hypothecated or charged to the Lender and also of third party’s property mortgaged as security for the Vehicle Loan and debit the premium/s to the Borrower’s Vehicle Loan account.

(c) The sums of money debited to the Borrower’s Vehicle Loan account under the clauses (a) and (b) of this Article shall be repayable by the Borrower forthwith and until such repayments shall bear interest at the same rate and with the same rests as the Vehicle Loan.

(d) Any notice/ request required/ permitted to be given/ made under this Agreement either to the Lender or the Borrower shall be in writing and signed an officer (except where electronically generated/ transmitted) and shall be deemed to have been duly given/ made when it shall be delivered by hand at the office, or sent by registered post, telegram, fax or electronic mail at last known address/ number, of the addressee. Unless otherwise advised, the respective registered addresses of the Lender and the Borrower shall be those given in this Agreement.

(e) The Borrower undertakes to keep the Lender comprehensively indemnified, defended, protected and harmless against all losses, damages, costs, expenses or liability (including, without limitation, the attorneys' fees) arising out of or in connection with the Vehicle Loan.

(f) Nothing in this Agreement or any other document between the Lender and the Borrower shall be deemed to negate, qualify or otherwise affect the Lender’s reserved right to alter by way of addition, deletion or modification any of the terms and conditions of the Vehicle Loan during its currency.

**15. Waiver:**

A waiver by the Lender shall be in writing. Neither the failure by the Lender on any occasion to insist upon the performance of the terms, conditions and provisions of this agreement, nor any time or indulgence granted by the Lender to the Borrower, shall act as a waiver of such breach or acceptance of any variation or relinquishment of any such right or other right under this agreement which shall continue to remain in full force and effect. If the Lender in its absolute discretion grants an indulgence to the Borrower and condones an event of default that has occurred, then subject to fulfillment of the conditions, if any, prescribed by the Lender for such indulgence and condonation, this agreement shall continue to be applicable as if no such event of default had ever occurred. If the Lender in its absolute discretion chooses not to exercise any of its rights or powers against, or grants any relaxation to, the Borrower, the same shall not be deemed a waiver on the part of the Lender of any of its rights or powers. No omission on the part of the Lender to take any action under this agreement shall be deemed to permit the Borrower to continue or repeat the breach or default in respect of which the Lender omits to take action. No exercise by

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the Lender of one right or remedy shall be deemed an election; and no delay by the Lender shall constitute a waiver, election, or acquiescence by it.

**16. Recall Of The Advance:**

If the Borrower fails to repay the Vehicle Loan / Debt and consequently the Lender classifies the Borrower’s Vehicle Loan account as a Non Performing Asset in accordance with the extant norms, then the Vehicle Loan/ Debt shall be deemed to have been recalled by the Lender and shall be repayable by the Borrower forthwith in one lump, anything to the contrary in Article 4 hereof notwithstanding.

**17. Disclosures About The Borrower:**

(a) The Borrower agrees and consents for the disclosure by the Lender of any information and data relating to the Borrower, the information and data relating to the Vehicle Loan or any credit facility and default, if any, committed by the Borrower as the Lender may deem appropriate and necessary, to Credit Information Bureau (India) Limited and any other Agency authorized in this behalf by the Reserve Bank of India. Credit Information Bureau (India) Limited and any other Agency so authorized may use, process the said information and data disclosed by the Lender in the manner as deemed fit by the them, and/or 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.

(b) The Borrower hereby also agrees that in case the Borrower commits defaults in the repayment of the Vehicle Loan/ Debt, the Lender and/ or the Reserve Bank of India shall have an unqualified right to disclose or publish the name and photograph of the Borrower as defaulters in such manner and through such medium as the Lender or the Reserve Bank of India in their absolute discretion may think fit.

(c) The Borrower hereby also agrees that the Lender may at his sole discretion disclose to any other bank or financial institution such information relating to the credit facilities granted to the Borrower as it deems fit.

**18. Upfront Fee & Expenses:**

The Borrower shall pay to the Lender a one-time, non-refundable, non-adjustable upfront fee equivalent to such percentage of the Vehicle Loan as may be prescribed by the Lender. The legal charges and costs of all documentation in relation to the Vehicle Loan shall also be borne by the Borrower.

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**19. Sale Of Financial Asset:**

(a) The Lender shall have the right to sell the any part or portion or whole of the Vehicle Loan on one or more occasions to any bank/s or financial institution/s or any other competent purchaser on such terms not inconsistent with the terms of this Agreement, as the Lender may deem fit.

(b) In the event of any such sale the Lender shall intimate the Borrower accordingly in writing whereupon the provisions of this Agreement shall be deemed to have been made as well between the Borrower and such purchaser.

**20. Interpretation:**

(a) This Agreement, not to be read in isolation, shall be construed jointly with any other documents between the Borrower and the Lender in connection with the Vehicle Loan, whether any such document is executed by the Lender, Borrower or some third person. The Sanction Letter shall be deemed to be part of this Agreement and everything prescribed shall be deemed to be hereby accepted by the Borrower.

(b) The provision of this Agreement and of all other documents referred to in clause (a) of this Article shall be severable and neither this Agreement nor any other said document shall become invalid by reason only of any provision hereof or that of any other said document being invalid or un-enforceable.

(c) Save and except where the contrary is the expressly intended, all the rights and powers conferred upon the Lender under this Agreement and the other documents referred to in clause (a) of this Article shall be in addition to, and not in derogation of, any other rights or powers of the Lender under any statute for the time being in force.

**\* \* \* \* \* \* \* \***

**Signed and delivered by the Borrower and accepted by the Lender.**

Witness.

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**………………………………**  B o r r o w e r

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*Accepted / Bank*