

Over Draft/Term Loan Agreement for Sovereign Gold Bonds

(To be stamped as an agreement as per the applicable stamp duty in respective states)

This Term Loan/Over Draft Agreement against Sovereign Gold Bond(SGB) made on this _____ day _____ of 2017 at _____

Between

Tamilnad Mercantile Bank Ltd, a scheduled commercial bank and a banking company within the meaning of Companies Act, 2013, having its registered office at No.57,Victoria Extension Road, Thoothukudi, Tamilnadu-628002 and having one of its Branch offices at _____, hereinafter referred to as '**Bank**' (which expression shall unless excluded by or repugnant to the context include its administrators, successors and assigns) of the first part.

And

Mr/Ms/Mrs _____, son of/wife of/daughter of _____ residing at _____

_____ hereinafter referred to as "**Borrower**" (which expression shall unless excluded by or repugnant to the context include its successors and assigns) of the second part.

The terms "Bank" and "Borrower" referred to above shall collectively be referred to as the parties and individually as party

Whereas the Bank is engaged, inter-alia, in the business of banking and has developed a loan product to lend against Sovereign Gold Bonds (SGB) issued by the Reserve Bank of India on behalf of Government of India

And whereas the minimum investment in the bond shall be one gram and it is capped at 500 grams per person per fiscal year

And whereas the tenor of the bond is 8 years with the exit option available from the 5th year onwards

And whereas, the Sovereign Gold Bonds carry sovereign guarantee and are classified as Government securities and can be dealt with as per the extant provisions of the Government Securities Act, 2006.

And whereas the Reserve Bank of India has permitted banks to lend against the SGBs during the tenor of the SGB.

And whereas the borrower has represented to the Bank that he/she is the holder of _____ number of Sovereign Gold Bonds having a total holding of _____ grams of gold, which is held in **Demat Form** with the following bank/banks as provided hereunder.

S.No.	Name of the Bank with its Branch name	Depository Participant ID (DPID)	Demat Account Number of Borrower
1			
2			
3			
4			
5			
6			
7			

And whereas the borrower has, for the purpose of his/her _____business/personal purpose applied to the Bank for an over draft/term loan on the security of the aforesaid gold bonds and offered the Bank to mark lien on the Sovereign Gold Bonds as security for the due repayment of the aforesaid loan. The details of SGBs held in Demat Form which is offered as security by the borrower is morefully described in Schedule-A of this Agreement.

And whereas the Bank has agreed to grant an over draft limit/term loan of Rs. _____ (Rupees _____ only) bearing interest at the rate of 3 months/6 months/ one year MCLR with _____rests and sanctioned the same vide letter dated _____.

And whereas the borrower has accepted the terms of sanction for the aforesaid loan/overdraft amount and returned to the Bank the letter of sanction dated _____duly signed.

Now it is hereby agreed by and between the parties as follows:

1. That the term loan shall be for a maximum period of 60 months and the borrower shall pay the equated monthly installment at the rate of Rs. _____ (Rupees _____ only) on or before the respective due date of the every month as per the agreed terms of sanction without fail and more clearly described in the Schedule-C hereunder, which is a part and parcel of this agreement.

2. That the over draft is for a period of 2 years and shall be payable on demand and can be renewed within the overall tenor of the SGBs, However, the monthly interest to be remitted immediately after it becomes due and no grace period is allowed.

3. That the borrower shall bring in a margin of 25% and the balance 75% shall be advanced by the Bank by way of term loan/over draft and the borrower shall maintain this ratio throughout the tenor of the loan/over draft. If there is any shortfall in the margin fixed by the Bank, based on the market value of the security, the borrower shall make good the shortfall immediately so that the loan to value(LTV) ratio is always maintained.

4. That the loan/over draft amount shall carry interest at the rate of 3 months/6months/ one year MCLR of _____ plus _____ as the case may be.

The rates under MCLR is subject to change from time to time as per the extant policy of the Bank/RBI Guidelines and any notice in respect of changes made thereto related to charging of various rates of MCLR in this regard posted in website/news paper publications/pamphlets/bank notice board shall be valid and binding on the borrower and the borrower is not entitled to plead ignorance of change in rates of interest on the ground that no personal notice has been served upon him/her.

5. That the borrower shall get the security of SGBs noted in favour of the Bank in the Books of Depository Participant/Authority and the Bank will disburse the loan amount/allow over draft only after getting the lien marking confirmation from the concerned Depository Participant/Authority.

6. That the borrower shall also execute an instrument of transfer in Form.-W in accordance with the provisions of the Government Securities Act, 2006 and the Government Securities Regulations, 2007 published in Part III Section IV of the gazette of India dated December,1,2007.

7. That the borrower agrees to pay to the Bank the handling charges and all other costs and expenses in connection with the sanctioning, disbursement etc., of the aforesaid loan amount and getting the lien noted with the Depository Participant/Authority without fail.

8. That the Bank shall accommodate the borrower from time to time by Overdraft as and when required by the borrower upto a maximum limit of Rs _____

(Rupees _____ only), inclusive of all interest and other charges , but nevertheless the liability of the borrower shall not be limited to the above maximum amount, if the borrowings inclusive of interest, costs, charges and expenses exceed the above agreed rate/ratio(To be applicable in case of overdraft only)

9. That it is agreed by the Borrower that the Bank shall be at liberty to refuse overdraft and stop making advances at any time without assigning any reasons whatsoever even without any prior notice in which event, the bank shall not be liable to pay any damages if suffered by the borrower on that account.

10. That in case of term loan, if three(3) consecutive installments are defaulted the Bank is entitled to recall the entire outstanding dues with interest, cost and other charges.

11. That the borrower agrees that before the expiry of the 5 years of the date of issuance of the SGBs, if the loan account turns into irregular/NPA, the Bank is entitled to submit Form No.W duly filled in by the borrower, to transfer the title of SGBs in favour of the Bank.

12. That before submitting Form NO.W as above, the borrower is entitled to get a demand notice for the repayment of the loan/overdraft amount and on his failure to do so within the time prescribed in the notice, the Bank is entitled to get the title of the SGBs transferred in its favour.

13. That the Bank is entitled to take steps for the disposal of the underlined SGBs for the liquidation of the loan/over draft amount at any point of time if the operation of the account is not satisfactory.

14. That the borrower authorizes the Bank to reimburse itself out of the proceeds of the SGBs all costs charges and expenses of keeping and selling the security and the Bank shall not be responsible for any loss arising out of such disposal by itself or through any brokers or auctioneers employed for the sale of the SGBs or in any other manner whatsoever in respect of said security

15. That the borrower agrees that if there is any short fall in recovering the outstanding dues even after the sale/transfer of the SGBs by the Bank, he shall immediately make the payment of the balance outstanding with interest, costs, etc., lest the Bank is

entitled to, at its sole discretion, initiate any legal proceedings for the recovery of the outstanding dues with interest, costs, expense etc., In the event of the death of the borrower, the Bank has got every right to recover the outstanding dues from his/her legal heirs/representatives.

16. That the borrower agrees that the Bank shall not be answerable or responsible for any depreciation in the value of the securities or any other changes or restrictions imposed by RBI or the Government, that may result in diminishing value of the securities during the currency of this loan

17. That the borrower further agrees that the present security of SGBs is not under lien or charge of any other Bank/FIs/other lending institutions and same will not be given to other banks or financial institutions etc until the present loan availed from the Bank is closed.

18. That the borrower agrees that even without first resorting to the sale or transfer of SGBs, Bank is entitled to exercise any other legal right or adopt any other legal recourse for the realization of outstanding dues from the borrower personally or from his other assets or both, at the sole discretion of the Bank.

19. That the borrower has executed a relative promissory note for the maximum limit/loan of Rs_____ (Rupees_____ only) carrying interest at the stipulated rate in favour of the Bank and has handed over the same to the Bank as security for repayment of any sum which may at any time be due to the Bank on the said term loan/overdraft account. In addition to the above, the borrower has also executed other loan documents in favour of the Bank as per “**Schedule-B.**”

In witness whereof, the Borrower above named has put his signatures and executed this agreement on the day, month and year first written above.

Witness:

1.

2.

(Borrower)

Schedule-A

(Details of Sovereign Gold Bonds offered as security).

- 1.Total Number of Bonds : _____
- 2.Value of Security : Rs.
- 3.Folio Number : _____ to _____
- 4.Net weight/Total Weight of Gold: _____ Grams.
- 5.Name of the Banks/FI in which the demat account is maintained with by the borrower:

S.No.	Name of the Bank with its Branch name	Depository ID (DPID)	Participant	Demat Account Number of Borrower
1				
2				
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Schedule-B

(List of Documents executed by Borrower)

- 1.Promissory Note dt.....
- 2.Take Delivery Letter dt.....
- 3.Form No.W dt.....
- 4.Form No.F. dt.....
- 5.Sanction ticket dt.....(duly signed by the borrower and accepted the terms)

Branch Manager

Borrower

Schedule-C

(Repayment schedule For Term Loan)

Date of Sanction:

Total No. of. Installments:

Date of First Installment Commenced on:

Date of Last Installment to be paid on:

Repayment schedule

Installment period	Cut off Date/Payment due date
1st	
2nd	
3rd	
4th	
5th	
6th	
7th	
8th	
9th	
10th	
11th	
12th	
13th	
14th	
15th	
16th	
17th	
18th	
19th	
20th	

(Note:Additional column may be added depending upon the installments due)

Branch Manager

Borrower