**Education Loan & Security Agreement**

This Education Loan and Security Agreement is made on **……………………..** at Srinagar between the Borrower and Co Borrower and the Lender for an Education Loan of **Rs…………….. Lac (Rupees …………………….. lacs).**

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

(1) “Assigned Income” means the future income of the Student to be receivable by her/him after completion of the Course in the form salary, allowances, perks, package, reimbursements by whatever name called from his native or foreign employer, whether private, corporate, government or semi-government, and includes the income of the Student which he may generate by self-employment or any-wise else, and which is assigned to the Lender under this Agreement.

(2) “Borrower/student” means **Mr /Ms. ……………………. S/D/o ……………..** r/o  **………………………**

(3) “Co-Borrower” means **…………………….. Son of ……………. resident of ……………………..**

4) “Course” means ….**Year …………… course and …………… Rotatory internship from ………………..**.

(5) “Debt” includes every component of the Borrower and Co Borrower’ indebtedness towards the Lender.

(6) “Education Loan” means an Education Loan facility of **Rs…… Lac** (**Rupees ……………. lacs**) only to be allowed by the Lender to the Borrower and Co Borrower as mentioned in article 2 hereof, and includes any part thereof.

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

(8) “Interest” includes the interest payable to the Lender by the Borrower and Co Borrower in respect of the Education Loan in accordance with Article 3 hereof.

(9) “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, branch office/ business unit **……….., and** includes such other branch where the Borrower and Co Borrower may have any individual or joint account or where the Borrower and Co Borrower’ Education Loan account may be transferred, and also, when the subject or the context so admits, its officers, agents, successors and assigns.

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(10) “**Margin Money**” means amount of money contributed/to be brought in up-front by the Borrower and Co Borrower which shall not be less than the difference between the total cost of the Course and the Education Loan. (i.e Rs……………../-)

(11) “**Prescribed**” means prescribed by the Lender in the Sanction Letter or otherwise.

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

(13) “Scheme means” under J&K Bank’s Education Loan Scheme***”***.

(14) Mortgage property means: **………………………….., “hereinafter called as Mortgage property” belongs to …………………………….**.

2. Amount/Purpose/Disbursement:

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

(b) The Borrower and Co Borrower shall use the proceeds of the Education Loan for completing the Course for which the same has been sanctioned. The Borrower and Co Borrower shall be liable under law for any diversion of the Education Loan or the Margin Money.

(c) Any escalation in the cost of completing the Course shall be borne by the Borrower and Co Borrower; the Lender shall not under any circumstances be liable or obliged to grant any additional loan to the Borrower and Co Borrower.

(d) The Education Loan shall be disbursed by the Lender, after the Margin Money has been deposited by the Borrower and Co Borrower, by issuing account payee Draft/s or Pay Order/s in favour of the institution where the Student is to pursue the Course.

3. Interest:

The Borrower and Co Borrower shall pay interest **@ ……………..% i.e ……………% per annum (floating/ fixed),** However a concession of ………..% on interest rate shall be granted as the applicant/Borrower is a ………………., as such the effective interest rate would be applicable …………..% i.e ………..% (floating/fixed) on the Education Loan or as such other rate/s as may be prescribed by the Bank from time to time. The said interest shall be charged by the Lender with monthly rests or at such other rests as may be prescribed, and shall be serviced by the Borrower and Co 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 and Co Borrower on every other amount that may be debited by the Lender to any the Education Loan account of the Borrower and Co Borrower. And any amount mentioned in this Article remaining unpaid shall bear same interest as the Education Loan.

4. Amortisation:

(a) There shall be a moratorium of the prescribed period on the repayment of the Education Loan. Nonetheless, the interest during the period of moratorium shall be recoverable from the Borrower and Co Borrower as and when applied.

(b) After the said period of moratorium the Education Loan with the interest shall be repaid by the Borrower and Co Borrower through prescribed number of monthly instilments of the prescribed amount/s.

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(c) Any other amount debited to the Education Loan account of the Borrower and Co Borrower shall be payable by the Borrower and Co Borrower and recoverable by the Lender as and when the same is debited to the said account, and till it is not paid shall bear the same interest as the Education Loan.

(d) All the payments shall be made by the Borrower and Co Borrower at the Lender’s said branch where the Education Loan account of the Borrower and Co Borrower is maintained, or at such other place as may be permitted by the Lender. If the due date for any payment by the Borrower and Co 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, be an “event of default”:-

*i*, the Borrower and Co Borrower fail to serve interest in the Education Loan account, or

*ii*, the Borrower and Co Borrower fail or neglect to pay the interest on, or the installment/s of, the Education Loan in time, or.

*iii*, the Student leaves the Course half way, or

*iv*, the Borrower and Co Borrower commit breach of any of the terms and conditions contained in this agreement or any other document governing the Education Loan, or any representation or statement made by the Borrower and Co 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.

(b) If an Event of Default occurs and is continuing, the Lender may:-

*i*, issue to the Borrower and Co Borrower a notice declaring the Education Loan and the accrued interest thereon to be due whereupon the same shall become payable forthwith by the Borrower and Co Borrower: the decision of the Lender regarding the occurrence of an event of default and its continuance to be final; and/ or

*ii*, (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 and Co Borrower, all or any of their 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 and Co 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, may hold such amounts as collateral to secure such obligations and liabilities of the Borrower and Co Borrower and to return as unpaid for insufficient funds any and all checks and other items drawn against any such credits/ deposits so held as the Lender in its sole discretion may elect.

(c) The Borrower and Co Borrower shall be also liable to pay over and above the prescribed normal rate of interest additional or peal interest on the amount remaining unpaid for the period of default, at such rate as is prescribed.

(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 its dues from the Borrower and Co Borrower or its sureties and/ or to enforce any securities held by it.

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6. Assignment:

(a) In consideration for the Education Loan the Student as the future beneficial owner hereby transfers and assigns/hypothecates unto, and to the use of, the Lender the Assigned Income free from any previous charge or encumbrance as primary security for due repayment of the Education Loan and also as security for payment and discharge of the Indebtedness of the Borrower and Co Borrower, to have and to receive the Assigned Income for the Lender’s exclusive use and benefit with absolute power, authority and liberty to enforce payment thereof by suit or otherwise. However, the Lender shall not be obligated to due for recovery of any part of whole of the Assigned Income, nor shall the Lender be responsible for any loss or damages that might arise from its failure to enforce payment of all or any of the Assigned Income.

(b) The Borrower and Co Borrower agree covenant and undertake that during the subsistence of the Indebtedness the Assigned Income may be received by the Lender directly. And any of the Assigned Incomethat will be received by the Student from his employer, that will be generated by the Student in case of self-employment, shall be held by the Student in trust for the Lender till any installment/s of the Education Loan or any other amount there-about payable upto, and from, the date of such receipt or generation, as the case may be, are paid by the Borrower and Co Borrower.

(c) The Borrower and Co Borrower undertakes that they shall give notice of assignment of the Assigned Income to the employer of the Student as and when required by the Lender, and shall at all times hereafter do, execute and perform all such other acts, deeds, things or writings as may be required from them by the Lender for realization of the Assigned Income. However, nothing herein shall be deemed to preclude the Lender from giving any such notice of assignment to any employer of the Student. The Borrower and Co Borrower covenant that the Student shall be lawfully entitled to the Assigned Income and confirm that he has not entered into any arrangement to the contrary with any person.

(d) The security of assignment hereby created shall be in addition to any other security held or to be held by the Lender for the Education Loan/ Debt and the Lender may hold the Assigned Income or any part thereof as primary security not only for the Education Loan but also as collateral security for any other amount now or at any time to be due and payable towards the Lender from the Borrower and Co Borrower or either of them, whether singly or jointly with any other person.

(f) The Lender shall be entitled to receive at any time and/ or from time to time the Assigned Income from the Student’s employer directly for and on behalf of the Student and the occurrence of an event of default shall not be a condition precedent for the Lender to demand, collect, receive and give effectual and valid discharge for the same to the Student’s employer.

7. Enforcement of Security.

(a) In the event of default by the Borrower and Co Borrower in repayment of the Debt or committing breach of any of the terms and conditions of this agreement or any other document relating to the Education 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 and Co Borrower but at the Borrower and Co Borrower’ risk and expense to take appoint receivers for all or any of the Assigned Income and/ or issue notices and demands to

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the employer of the Student, or assign all or any of the Assigned Assets, and/ or recover, receive or sue for recovery of the Assigned Income and issue receipts which shall be effective and valid discharge to the such employer against the Student.

(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 and Co Borrower shall be final.

8. Appropriation:

All the payments received, at whatever time, by the Lender from/ for the Borrower and Co Borrower shall be applied by the Lender towards discharge of the liability of the Borrower and Co Borrower in such loan account of the Borrower and Co Borrower as the Lender in its absolute discretion deems fit, notwithstanding the instruction, if at all any, of the Borrower and Co Borrower to the contrary. The Borrower and Co Borrower shall have no right whatsoever to instruct or advice appropriation of any amount to any particular account. In the Borrower and Co Borrower’ account chosen by the Lender for appropriation of a payment received by it the amount received shall be applied by the Lender towards discharge of the Debts due from the Borrower and Co 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.

9. Borrower and Co Borrower’ Representations & Warranties:

Besides what has been already disclosed in writing by the Borrower and Co Borrower to the Lender, the Borrower and Co Borrower hereby represent/ assure/ confirm, and shall be deemed to have represented, assured, and confirmed, to the Lender that:-

*i*, the information provided by the Borrower and Co 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 Education Loan;

*ii*, 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 and Co Borrower, or disregard/ contravene any covenant, condition or stipulation of any existing agreement to which either or both the Borrower and Co Borrower is/ are a party;

*iii*, the Borrower and Co Borrower are not in arrears of any public demands such as income tax, excise duty, value added tax or any other taxes and revenues except those contested in good faith;

*iv*, the Borrower and Co Borrower are not a defaulters of any bank or financial institution.

10. Borrower and co borrower’s Undertaking:

The Borrower and Co Borrower hereby assures and undertakes, and shall be deemed to have assured and undertaken, that during the subsistence of the Indebtedness:-

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

*ii*, all cheques drawn in the Education Loan limit account and/or debit/s raised therein will exclusively relate to the Course;

*iii*, the Borrower and Co Borrower shall not issue any guarantee or create in favour of third persons any charge or encumbrance on any of their assets/ income which are/ is charged/

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assigned in favour of the Lender, without the Lender’s prior consent in writing, nor shall they do any such thing or act which would prejudice the security created for the Education Loan.

11. OTHER TERMS:

(a) The Borrower and Co Borrower during the subsistence of the 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 Education Loan; and shall also bear all costs, charges and expenses including travelling expenses in anyway incurred by the Lender in connection with Education Loan.

(b) Any notice/ request required/ permitted to be given/ made under this agreement either to the Lender or the Borrower and Co Borrower shall be in writing and signed by 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 in writing, the respective registered addresses of the Lender and the Borrower and Co Borrower shall be those given in this Agreement.

(c) The liability of the Borrower and Co Borrower towards the Lender shall be joint and several and either of them shall be deemed for all purposes to be competent and an authorised agent of the other: anything done by or under the authority of one of the Borrower and Co Borrower shall be deemed to have been done by or under the authority of both of them:

Provided always that nothing herein contained shall be deemed to preclude or prevent the Lender from relieving, against some payment/s or otherwise, either of the Borrower and Co Borrower from his/ her liability without losing any of its rights against the other of the Borrower and Co Borrower.

(d) The Borrower and Co Borrower undertake 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 Education Loan.

(f) Nothing in this Agreement or any other document between the Lender and the Borrower and Co 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 Education Loan during its currency.

12. 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 and Co 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 Co 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 and Co Borrower,

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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 and Co Borrower to continue or repeat the breach or default in respect of which the Lender omits to take action. No exercise by 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.

13. Recall Of The Advance:

If on account of the Borrower and Co Borrower’ default the Lender has to classify the Borrower and Co Borrower’ Education Loan account as a Non Performing Asset in accordance with the norms existing at the relevant time, then the Education Loan shall be deemed to have been recalled and the same shall be repayable forthwith and in one lump by the Borrower and Co Borrower along with the interest etc., anything to the contrary in Article 4 hereof notwithstanding.

14. Disclosures About The Borrower and co borrower:

(a) The Borrower and Co Borrower agree and consent for the disclosure by the Lender of any information and data relating to the Borrower and Co Borrower, the information and data relating to the Education Loan or any credit facility and default, if any, committed by the Borrower and Co 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 and Co Borrower hereby also agrees that in case the Borrower and Co Borrower commits defaults in the repayment of the Education Loan/ Debt, the Lender and/ or the Reserve Bank of India shall have an unqualified right to disclose or publish the names and photographs of the Borrower and Co 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. And nothing herein contained shall be deemed to negate or qualify the Lender’s inherent right to ask/ demand by all genuine means for repayment of the Education Loan from the Borrower and Co Borrower.

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

15. Upfront Fee & Expenses:

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

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16. Sale OF FINANCIAL ASSET:

(a) The Lender shall have the right to sell the any part or portion or whole of the Education 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 and Co Borrower accordingly in writing whereupon the provisions of this Agreement shall be deemed to have been made as well between the Borrower and Co Borrower and such purchaser.

17. Interpretation:

(a) This agreement, not to be read in isolation, shall be construed jointly with any other documents between the Borrower and Co Borrower and the Lender in connection with the Education Loan, whether any such document is signed by the Lender, Borrower and Co Borrower or some third person. However, the provision of this agreement and of all such other documents shall be severable and neither this agreement nor any other said document shall become invalid by reason only of any provision hereof or thereof being invalid or un-enforceable.

(b) 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 and Co Borrower.

(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.

18. Repayment Schedule: the loan shall be repaid within a period of ………. years in ……….. equated monthly installments. The first installment shall commence after repayment holiday i.e course period plus one year after completing the course or after getting the job whichever is earlier and shall also pay the interest @ ……. i.e ……..% per annum (floating/ fixed), However a concession of ………% on interest rate shall be granted as the applicant/Borrower is a …………, as such the effective interest rate would be applicable …….. i.e ……..% (floating/ fixed).

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

(i) Mr/**Ms. ……………..**

**D/o ……………..**

(borrower)

(ii)  **……………**

**Son of ………….**

**Both residents of ……….**

(Co-borrower)

*Accepted for the* Lender: Br. Head, B/u **…………….**