**Loan Agreement between Employer and Employee**

This Articles of Agreement made this the \_\_\_\_\_ Day of \_\_\_ \_\_

**BETWEEN**

Mr \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, resident of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as "The Borrower" (which expression shall include his/her heirs, executors, administrators, legal representatives and assigns) of the ONE PART

**AND**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_Ltd a Company Registered under the Indian Companies Act 1956 having its registered/principal office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ hereinafter referred to as "the Company" (which expression shall include it's successor, in business and assigns) of the OTHER PART.

WHEREAS the Borrower applied/has applied to the Company for a loan/advance of Rs.\_\_\_\_\_\_\_\_/- (Rupees\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) for the purpose acquisition of residential house and has agreed to avail of the loan on the basis of the policy of the Company.

AND WHEREAS the Company has advanced/has agreed to advance Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) under the terms and conditions of the Company's manual.

NOW IN CONSIDERATION OF THE GRANT OF THE ABOVE ADVANCE IT IS AGREED in the premises as follows :

1. The borrower's proposal together with the letter of sanction communicated to him/her by the Company shall be deemed to constitute the basis of this agreement for the loan to be advanced by the Company hereunder and the Borrower hereby warrants the correctness of each and every one of the statements and particulars therein contained and undertakes to carry out the proposals therein set forth.

2. The borrower hereby agrees that the said advance shall be governed by the terms contained herein as well as those mentioned in the Company's manual. The borrower further agrees that he/she will also abide by the terms and conditions of the sanction of loan communicated to him/her which forms a part of this agreement being **Annexure-1** and also to the rules for such loan which are in force and to be revised/amended/added from time to time by the Company.

3. The disbursement of the amount of the loan shall be at the absolute discretion of the Company and shall be co-related with the requirement of loan. At the discretion of the Company, the Company may credit the entire/part of the loan amount to the account of the borrower (/Savings Bank A/c) maintained in single names to enable the borrower to utilize the loan for which the said loan has been sanctioned by the Company.

4. The borrower expressly agrees and undertakes that the said loan is to be utilised exclusively for the purposes set forth in the borrower's proposal and as per the terms of sanction of the Company and for no other purpose. The borrower shall submit to the Company within a reasonable time, satisfactory proof of the proper utilisation of the amount of the loan.

5. The borrower shall repay the amount of loan together with interest by way of deduction from salary as per arrangement/sanction letter which forms part of the agreement being **Annexure-1** hereof in equated or agreed rate of monthly installment as mentioned in the letter of sanction till the entire loan with interest is fully liquidated effective from \_\_\_\_. This monthly installment of deduction from salary also includes interest component.

6. The Company shall charge interest @ \_\_\_% per annum on Fixed Rate basis at monthly rest as mentioned in the letter of sanction **(annexure-2)** on the outstanding debit balance calculated on Monthly rest basis. The repayment period should not exceed more than five years or sixty installments.

7. The Company shall be at liberty to charge at its own discretion penal rate of interest on the outstanding loan amount for any default or irregularity on the part of the borrower/(s) which in the opinion of the Company warrants charging of such penal rate of interest for such period as the Company may deem fit.

8. Notwithstanding anything herein or in the security documents contained, the whole advance and / or the entire outstanding balance shall become forthwith due and payable by the borrower or his/her heirs, legal representatives and/or nominees to the Company and the Company will be entitled to enforce its security upon the happening of any of the following events namely :

a) the borrower ceasing to be in service by way of retiring, resigning or being discharged from the service or otherwise or upon the demise of the borrower or ceasing to be in business;

b) the occurrence of any circumstance which in the opinion of the Company is prejudicial to or impairs, imperils or depreciates or is likely to depreciate the security given to the Company;

c) the occurrence of any event which in the opinion of the Company will adversely affect in any manner the capacity of the borrower to repay the loan;

The decision of the Company with regard to happening any of the aforesaid event will be conclusive and binding on the borrower.

9. The borrower/s hereby agrees that in case of death/cessation of business/ service or otherwise the Company may at its discretion continue the loan provided sufficient collateral securities are furnished by the legal heirs/surviving borrower/s or some satisfactory arrangement for repayment of the loan acceptable to the Company has been made in this regard.

10. The borrower further undertakes that in the event of cessation of his/her service whether by way of retirement, resignation, death or by operation of law or for any other reasons , whatsoever, the Company will be at liberty/discretion to write to his/her employer to appropriate/set off any amount which may then be payable by his/her employers to him/her by way of terminal benefits/exgratia and any other payment, whatsoever that may be outstanding to the credit of his/her a/c towards repayment of the balance that may be then outstanding and payable by the borrower/s to the Company in respect of his loan a/c together with applicable rate of interest upto the date of repayment. Any such appropriation/ set off shall be conclusive and binding on the borrower/his/her Estate.

The borrower further agrees that till the entire dues are adjusted by way of recovery from his/her employer or otherwise his/her liability to make repayment of the entire dues with applicable interest upto the date of payment in respect of his/her loan a/c shall remain valid.

11. The undertakings, authority and agreement herein contained shall be irrevocable so long as the borrower continues to be liable to the Company in respect of his/her loan a/c covered by this agreement.

12. The borrower/s further declares that he/she has understood all the terms and conditions relating to the sanction of his/her loan agree to abide by the same and also by the rules and regulations/guidelines which may be issued in future from time to time and in the event of failure of the borrower/s to do so, the Company will have a right to recall the advance.

13. The borrower/s irrevocably and unconditionally agree and undertake to bind himself/herself/themselves his/her/their executors, administrators, Estates and assigns for re-payment of the outstanding dues in the loan account.

IN WITNESS whereof the Borrower by himself/herself set his/her hands the deed on the \_\_ day of \_\_\_\_ 20\_\_.

Witnesses:
1.

**BORROWER**

Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2.

**COMPANY**
Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Designation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_