

**Conveyancing Scenario
Sample clauses for facility letters**

**SCHEDULE 1
PAPT PROVISIONS FOR CONVEYANCING SCENARIOS 1A AND 1B¹**

This Schedule 1 applies if (a) the Facility is in scope for PAPT for S&P and the Borrower and the Seller agree to adopt PAPT for S&P, (b) the Facility (or part thereof) will be applied towards the purchase of the Property and (c) there is an existing mortgage over the Property.

1. DEFINITIONS²

1.1 Definitions in this Schedule 1

[Note: We note that some of the terms used in the paragraphs below are not defined here (e.g. "Property", "Borrower", "Bank", "Business Day", "Loan" and "Transaction"). Such terms should already be defined in the main facility letter.]

"**Authorized Institution**" or "**AI**" means a Bank, a restricted licence bank or a deposit-taking company as defined in the Banking Ordinance (Cap. 155).³

"**Bank Advice**" means a document issued by the Bank in respect of the completion of an internal fund transfer.

"**BMI-Buyer Contract**" means an agreement in respect of the adoption of PAPT for S&P in the Transaction signed by the Borrower and addressed to the Bank, which contains the clauses as further described in the PAPT Document for S&P.

"**CHATS**" means Hong Kong Dollar Clearing House Automated Transfer System.

"**CHATS Advice**" means a document issued automatically and provided in printable-by-the-Bank-only format by HKICL to the Bank on the CHATS interface immediately after a payee receives payment from a payor via CHATS.

"**CHATS Advice Correction Notice**" has the meaning given to that term in paragraph 3.6.

"**Consent**" has the meaning given to that term in paragraph 2(b).

"**Drawdown Day**" has the meaning given to that term in paragraph 3.2.

"**Drawdown Day Cut-off Time**" means [5:30] pm on Drawdown Day.

¹ These sample clauses assume that other conditions precedent required by the Bank in connection with the financial close of the financing will be addressed in other provisions of the Bank's facility letters and/or in the instructions from the Bank to the Bank's solicitors.

² Users to adapt the terminology used throughout this document to your own standard form(s) of facility letters. For example, some banks refer to themselves as "we" in facility letters, whereas some refer to themselves as the "Bank".

³ RLB, DTC, money lender or other companies offering property mortgage lending are excluded from the initial stage of PAPT for S&P.

"**Future Buyer**" has the meaning given to that term in paragraph 4.1(a).

"**HKICL**" means Hong Kong Interbank Clearing Limited.

"**Key Information**" means (i) the names of the sender's bank and the receiver's bank, (ii) Remittance Amount and currency, and (iii) settlement date and time set out in the CHATS Advice.

"**Mortgage Institution**" refers to an AI, a money lender as defined in the Money Lenders Ordinance (Cap. 163) or other companies offering property mortgage lending, regardless of whether it is a HKD Clearing Member of the CHATS or not.⁴

"**Mortgagor**" has the meaning given to that term in paragraph 3.7(b), provided that if the Mortgagor and the Borrower are the same person or entity, references to "Mortgagor" in this Schedule 1 shall be construed as "Borrower" accordingly.

"**PAPT for Refinancing**" means the Payment Arrangements for Property Transaction, as described in further detail in the document entitled "Payment Arrangements for Property Transactions (the "PAPT")" dated 20 July 2022 issued by the Hong Kong Association of Banks (as amended and/or supplemented from time to time) in respect of refinancing transactions.

"**PAPT for S&P**" means the Payment Arrangements for Property Transaction, as described in further detail in the PAPT Document.

"**PAPT Document for S&P**" means the document entitled "Payment Arrangements for Property Transactions (the "PAPT") – Sale & Purchase Scenario ("PAPT for S&P")" dated [●] 2024 issued by the Hong Kong Association of Banks (as amended and/or supplemented from time to time).

"**Redemption Amount**" means the outstanding amount of loan (including principal and interest) secured by the Seller's Mortgage as of Drawdown Day.

"**Remittance Amount**" has the meaning given to that term in paragraph 3.3(a).

"**Seller**" means the seller of the Property.

"**Seller's Mortgage**" means the existing mortgage over the Property; such mortgage is to be discharged in full on the Drawdown Day.

"**Seller Mortgage Institution**" has the meaning given to that term in paragraph 2(b).

"**SMI Borrower**" means the borrower under the existing mortgage loan granted by the Seller Mortgage Institution, which is secured by the Seller's Mortgage, **provided that** if the SMI Borrower is the Seller, references to "SMI Borrower" in this Schedule 1 shall be construed to refer to the "Seller".

⁴ RLB, DTC, money lender or other companies offering property mortgage lending are excluded from the initial stage of PAPT for S&P.

"Transaction Closing Time" means 5 pm on Drawdown Day or such other agreed time which is earlier than 5 pm on Drawdown Day, whereby completion of the property sale and purchase transaction will take place by solicitors' undertaking.

1.2 **Construction**

Any reference to the singular form of "Borrower", "Mortgagor", "Seller" or "SMI Borrower" shall include its plural form and vice versa. Any references to the masculine gender in this Facility Letter shall include the feminine and neuter genders and vice versa.

2. **APPLICATION OF PAPT for S&P**

Where the Borrower and the Seller agree to adopt PAPT for S&P:

- (a) the Borrower agrees that the Loan shall be paid in the manner described in paragraph 3 below (except where the consent of the Borrower as described in paragraph 2(b) below is withdrawn in accordance with paragraph 2(b) below or the agreement of the Borrower as described in paragraph 2(c) below is withdrawn in accordance with paragraph 2(c) below, in which case PAPT for S&P shall cease to apply);
- (b) the Borrower hereby expressly consents that the Bank and the Bank's solicitors may disclose the financing arrangement set out in this Facility Letter (the "**Consent**"), including the amount of the Loan that will be applied towards paying the balance of the purchase price for the Property (or such part thereof), to the Seller, Seller's solicitors, the Mortgage Institution in whose favour the existing mortgage has been granted (the "**Seller Mortgage Institution**") and the Seller Mortgage Institution's solicitors and SMI Borrowers, to the extent strictly necessary and solely for the purpose of effecting the PAPT for S&P and his agreement to adopt PAPT for S&P. The Borrower may, by a notice in writing to the Bank, withdraw the Consent any time up to 5 Business Days before the Drawdown Day. If the Borrower withdraws the Consent, the Bank has a right to vary the terms of this Facility Letter at no cost to the Bank; and
- (c) the Borrower agrees that he shall sign or has signed a BMI-Buyer Contract, which (among others) contains the Borrower's agreement to adopt PAPT for S&P. The Borrower may withdraw his agreement to use PAPT for S&P any time up to 5 Business Days before the Drawdown Day, in which case the Bank has a right to vary the terms of this Facility Letter at no cost to the Bank.⁵

3. **LOAN REMITTANCE**

- 3.1 Notwithstanding anything to the contrary in this Facility Letter, this paragraph 3 applies only if PAPT for S&P applies to the financing arrangement contemplated by this Facility Letter.

⁵ The Bank should ensure the Buyer has signed the BMI-Buyer Contract at the time of signing of the facility letter unless it has already received the duly signed BMI-Buyer Contract by such time.

- 3.2 Subject to the conditions set out in this Facility Letter, the Bank shall disburse the Loan to the Borrower (the day on which the Loan is disbursed by the Bank pursuant to this Facility Letter, the "**Drawdown Day**").
- 3.3 Subject always to paragraphs 3.4 to 3.8 below, and subject further to (1) the Borrower giving drawdown directions to the Bank (through the Bank's solicitors) in respect of the Loan which are acceptable by the Bank no later than [5] Business Days prior to the Drawdown Day and (2) the satisfaction of all the conditions precedent (if any) to drawdown under this Facility Letter, the Bank shall:
- (a) arrange for the proceeds of the Loan to be disbursed and applied in accordance with the drawdown directions. In particular, the Bank shall arrange for the transfer of the Loan amount less any fees in connection with the Mortgage / Loan to be funded by the proceeds of the Loan amount, including any mortgage insurance premium or fire insurance premium payable by the Borrower (if applicable) (the "**Remittance Amount**") before 12 noon on the Drawdown Day to the Seller Mortgage Institution by the following means:
 - (i) where the Bank and the Seller Mortgage Institution are different Mortgage Institutions, via CHATS; or
 - (ii) where the Bank and the Seller Mortgage Institution are the same Mortgage Institution, by internal fund transfer; and
 - (b) where the transfer of the Remittance Amount is made via CHATS pursuant to paragraph 3.3(a)(i) above, upon receipt of the CHATS Advice in respect of the transfer of the Remittance Amount, (i) check all details contained in the CHATS Advice and (where applicable) take such steps as set out in paragraph 3.6 below and (ii) send the CHATS Advice (through the Bank's solicitors) and, if applicable, the CHATS Advice Correction Notice to the Seller Mortgage Institution's solicitors (or through the Seller's solicitors, as the case may be) by the Transaction Closing Time; and
 - (c) where the transfer of the Remittance Amount is made by internal fund transfer pursuant to paragraph 3.3(a)(ii) above, send the Bank Advice (through the Bank's solicitors) to the Seller Mortgage Institution's solicitors (or through the Seller's solicitors, as the case may be) by the Transaction Closing Time.

The Bank is entitled to act on and rely on the drawdown directions given by the Borrower to the Bank (through the Bank's solicitors), unless such directions are revoked in writing by the Borrower with reasonably sufficient advance notice to the Bank.

- 3.4 The Bank shall not be obliged to comply with its obligations under paragraph 3.3 above if the Bank has received written notice from the Borrower that the Borrower wishes (in its sole discretion) to revoke its drawdown directions.
- 3.5 After the relevant Remittance Amount has been effected via CHATS pursuant to paragraph 3.3(a)(i) above:
- (a) if the Seller Mortgage Institution is notified in writing by its solicitors or the Seller's solicitors that the completion of the sale and purchase of the Property

has fallen through, or if the Seller Mortgage Institution has not received CHATS Advice by the Drawdown Day Cut-off Time, the Bank shall receive a refund from the Seller Mortgage Institution; and

- (b) if the Bank does not receive the CHATS Advice:
 - (i) the Bank shall promptly contact HKICL to resolve the issue and to arrange for a re-issuance of the CHATS Advice to the Bank; and
 - (ii) (A) if the Bank then receives a re-issued CHATS Advice, the Bank shall proceed as usual in accordance with the PAPT Document for S&P and no refund or re-initiating of a new CHATS payment shall be required; or
 - (B) if the Bank is still unable to receive any re-issued CHATS Advice, the Bank shall promptly request the Seller Mortgage Institution to confirm whether the Seller Mortgage Institution has received the relevant Remittance Amount.

3.6 When checking the details contained in the relevant CHATS Advice pursuant to paragraph 3.3(b) above, if the Bank discovers any errors in relation to any information in the CHATS Advice other than the Key Information, to the extent that the Redemption Reference is incorrect, the Bank shall issue a correction notice ("**CHATS Advice Correction Notice**") addressed to the Seller Mortgage Institution with a copy provided to the Bank's solicitors and Seller Mortgage Institution's solicitors (or the Seller's solicitors, whichever applicable), stating the correct information. A CHATS Advice that has been duly corrected with a CHATS Advice Correction Notice in such manner shall be deemed a CHATS Advice for the purpose of this Facility Letter.

3.7 It is a condition precedent to any drawdown under the Facility that:

- (a) the Bank has received from the Borrower all necessary information to enable the Bank to perform its obligation relating to drawdown (including (i) the SMI Borrower's name, (ii) the name of the Seller Mortgage Institution, (iii) the Redemption Reference of the Seller Mortgage Institution, (iv) the Redemption Amount payable to the Seller Mortgage Institution and (v) the Remittance Amount); and
- (b) (where the balance of the purchase price for the Property is paid partly with the Loan and partly with the own funds of the mortgagor(s) named under the Mortgage (the "**Mortgagor**")) the Mortgagor shall pay such part of the balance which is to be settled by his own funds by cashier's order(s), which shall be arranged by the Mortgagor or any third party paying on behalf of the Mortgagor and shall be made available to the Borrower's solicitors by no later than 1 Business Day before Drawdown Day (or any other time on or before the Drawdown Day as may be agreed between the Borrower and the Borrower's solicitors).

3.8 The Borrower agrees and acknowledges that where exceptional circumstances or last minute issues arise which make it not feasible for the Bank to carry out the arrangements in paragraph 3.3 above or result in the Mortgagor not being able to

arrange for cashier's order(s) as described in paragraph 3.7(b) above, the Borrower authorises its solicitors (if applicable) and the Bank to liaise with the Seller, Seller's solicitors, Seller Mortgage Institution, Seller Mortgage Institution's solicitors, and/or any other related parties to agree on other means of payment so as to proceed to drawdown on the Drawdown Day.

4. FUTURE PAPT TRANSACTIONS

4.1 The Mortgagor agrees that where (1) it engages in a future conveyancing or refinancing transaction over the Property where the Loan is to be settled; and (2) the PAPT for S&P or the PAPT for Refinancing (whichever applicable) applies to such transaction:

(a) in the case of a future conveyancing transaction where the title to the Property is being transferred from the Mortgagor to a new legal owner (the "**Future Buyer**"):

(i) the Mortgagor shall seek the agreement of the Future Buyer to agree that any sale proceeds payable to the Mortgagor (as vendor of the Property) by the Mortgage Institution providing a facility to the Future Buyer/Future Buyer's borrower shall be paid to the Bank by way of (1) CHATS or direct transfer or (2) any other means acceptable to the Bank, whereupon the Bank shall distribute any surplus (the amount by which the remittance amount exceeds the then redemption amount of the Loan (including principal and interest)) to an account of the Mortgagor; and

(ii) where the Property is in negative equity, the Borrower shall pay to the Bank any negative equity by way of (1) cashier's order arranged by or on behalf of the Borrower or the Mortgagor or (2) any other means acceptable to the Bank; or

(b) in the case of a future refinancing transaction:

(i) any remittance amount payable to the Bank by the incoming Mortgage Institution shall be paid to the Bank by way of (1) CHATS or direct transfer or (2) any other means acceptable to the Bank; and

(ii) any part of the redemption amount of the Loan not covered by the loan provided by the incoming Mortgage Institution shall be paid by way of (1) a cashier's order arranged by or on behalf of the Borrower, (2) the Bank debiting the amount from the Borrower's repayment account with the Bank or (3) any other means acceptable to the Bank; and

4.2 ⁶the Mortgagor hereby irrevocably appoints and instructs the Bank to act as the Mortgagor's agent to use the PAPT Dedicated Account of the Bank to hold, on behalf of the Mortgagor:

⁶ Users to check if your Facility Letter binds the Buyer / Mortgagor (being the owner of the Property). If not, you may wish to consider whether this clause 4 needs to be included in your Mortgage Deed (or any other document to which the Buyer / Mortgagor is party).

- (a) (in the case of a conveyancing transaction where the Property is being sold by the Mortgagor) any sale proceeds payable to the Mortgagor after completion; and
- (b) (in the case of a refinancing transaction) any remittance amount payable to the Bank by the incoming Mortgage Institution.

SCHEDULE 2
PAPT PROVISIONS FOR CONVEYANCING SCENARIO 2

This Schedule 2 applies if (a) the Facility is in scope for PAPT for S&P and the Borrower and the Seller agree to adopt PAPT for S&P, (b) the Facility (or part thereof) will be applied towards the purchase of the Property and (c) there is no existing mortgage over the Property

1. DEFINITIONS⁷

1.1 Definitions in this Schedule 2

[Note: We note that some of the terms used in the clauses below are not defined here (e.g. "Property", "Borrower", "Bank", "Loan" and "Transaction"). Such terms are likely already defined in the main facility letter.]

"**Bank Advice**" means a document issued by the Bank in respect of the completion of an internal fund transfer.

"**BMI-Buyer Contract**" means an agreement in respect of the adoption of PAPT for S&P in the Transaction signed by the Borrower and addressed to the Bank, which contains the clauses as further described in the PAPT Document for S&P.

"**CHATS**" means Hong Kong Dollar Clearing House Automated Transfer System.

"**CHATS Advice**" means a document issued automatically and provided in printable-by-the-Bank-only format by HKICL to the Bank on the CHATS interface immediately after a payee receives payment from a payor via CHATS.

"**CHATS Advice Correction Notice**" has the meaning given to that term in paragraph 3.63.6.

"**Consent**" has the meaning given to that term in paragraph 2(b).

"**Drawdown Day**" has the meaning given to that term in paragraph 3.13.2.

"**Drawdown Day Cut-off Time**" means [5:30] pm on Dday.

"**Future Buyer**" has the meaning given to that term in paragraph 4.1(a).

"**HKICL**" means Hong Kong Interbank Clearing Limited.

"**Key Information**" means (i) the names of the sender's bank and the receiver's bank, (ii) Remittance Amount and currency, and (iii) settlement date and time set out in the CHATS Advice.

⁷ Users to adapt the terminology used throughout this document to your own standard form(s) of facility letters. For example, some banks refer to themselves as "we" in facility letters, whereas some refer to themselves as the "Bank".

"**Mortgagor**" has the meaning given to that term in paragraph 3.7(b), provided that if the Mortgagor and the Borrower are the same person or entity, references to "Mortgagor" in this Schedule 2 shall be construed as "Borrower" accordingly.

"**PAPT for Refinancing**" means the Payment Arrangements for Property Transaction, as described in further detail in the document entitled "Payment Arrangements for Property Transactions (the "PAPT")" dated 20 July 2022 issued by the Hong Kong Association of Banks (as amended and/or supplemented from time to time) in respect of refinancing transactions.

"**PAPT for S&P**" means the Payment Arrangements for Property Transaction, as described in further detail in the PAPT Document for S&P.

"**PAPT Document for S&P**" means the document entitled "Payment Arrangements for Property Transactions (the "PAPT") – Sale & Purchase Scenario ("PAPT for S&P")" dated [●] 2024 issued by the Hong Kong Association of Banks (as amended and/or supplemented from time to time).

"**Remittance Amount**" has the meaning given to that term in paragraph 3.3(a).

"**Seller**" means the seller of the Property.

"**Seller's Account**" means a bank account in Hong Kong in the name of the Seller.

"**Seller's Account Maintainer**" means a bank in which the Seller's Account is held and is a participating institution of CHATS.

"**Transaction Closing Time**" means 5 pm on Drawdown Day or such other agreed time which is earlier than 5 pm on Drawdown Day, whereby completion of the property sale and purchase transaction will take place by solicitors' undertaking.

1.2 **Construction**

Any reference to the singular form of "Borrower", "Mortgagor" or "Seller" shall include its plural form and vice versa. Any references to the masculine gender in this Facility Letter shall include the feminine and neuter genders and vice versa.

2. **APPLICATION OF PAPT for S&P**

Where the Borrower and the Seller agree to adopt PAPT for S&P:

- (a) the Borrower agrees that the Loan shall be paid in the manner described in paragraph 3 below (except where the consent of the Borrower as described in paragraph 2(b) below is withdrawn in accordance with paragraph 2(b) below or the agreement of the Borrower as described in paragraph 2(c) below is withdrawn in accordance with paragraph 2(c) below, in which case PAPT for S&P shall cease to apply);
- (b) the Borrower hereby expressly consents that the Bank and the Bank's solicitors may disclose the financing arrangement set out in this Facility Letter (the "**Consent**"), including the amount of the Loan that will be applied towards paying the balance of the purchase price for the Property (or such part thereof),

to the Seller, Seller's solicitors and Seller's Account Maintainer, to the extent strictly necessary and solely for the purpose of effecting the PAPT for S&P and his agreement to adopt PAPT for S&P. The Borrower may, by a notice in writing to the Bank, withdraw the Consent any time up to 5 Business Days before the Drawdown Day. If the Borrower withdraws the Consent, the Bank has a right to vary the terms of this Facility Letter at no cost to the Bank; and

- (c) the Borrower agrees that he shall sign or has signed a BMI-Buyer Contract, which (among others) contains the Borrower's agreement to adopt PAPT for S&P. The Borrower may withdraw his agreement to use PAPT for S&P any time up to 5 Business Days before the Drawdown Day, in which case the Bank has a right to vary the terms of this Facility Letter at no cost to the Bank.⁸

3. LOAN REMITTANCE

- 3.1 Notwithstanding anything to the contrary in this Facility Letter, this paragraph 3 applies only if PAPT for S&P applies to the financing arrangement contemplated by this Facility Letter.
- 3.2 Subject to the conditions set out in this Facility Letter, the Bank shall disburse the Loan to the Borrower (the day on which the Loan is disbursed by the Bank pursuant to this Facility Letter, the "**Drawdown Day**").
- 3.3 Subject always to paragraphs 3.4 to 3.8 below, and subject further to (1) the Borrower giving drawdown directions to the Bank (through the Bank's solicitors) in respect of the Loan which are acceptable by the Bank no later than [5] Business Days prior to the Drawdown Day and (2) the satisfaction of all the conditions precedent (if any) to drawdown under this Facility Letter, the Bank shall:
 - (a) arrange for the proceeds of the Loan to be disbursed and applied in accordance with the drawdown directions. In particular, the Bank shall arrange for the transfer of the Loan amount less any fees in connection with the Mortgage / Loan to be funded by the proceeds of the Loan amount, including any mortgage insurance premium or fire insurance premium payable by the Borrower (if applicable) (the "**Remittance Amount**") before 12 noon on the Drawdown Day to the Seller's Account Maintainer by the following means:
 - (i) where the Bank and the Seller's Account Maintainer are different Mortgage Institutions, via CHATS; or
 - (ii) where the Bank and the Seller's Account Maintainer are the same Mortgage Institution, by internal fund transfer; and
 - (b) where the transfer of the Remittance Amount is made via CHATS pursuant to paragraph 3.3(a)(i) above, upon receipt of the CHATS Advice in respect of the transfer of the Remittance Amount, (i) check all details contained in the CHATS Advice and (where applicable) take such steps as set out in paragraph 3.6 below, and (ii) send the CHATS Advice (through the Bank's solicitors) and, if

⁸ The Bank should ensure the Buyer has signed the BMI-Buyer Contract at the time of signing of the facility letter unless it has already received the duly signed BMI-Buyer Contract by such time.

applicable, the CHATS Advice Correction Notice to the Seller's Account Maintainer through the Seller's solicitors by the Transaction Closing Time.

- (c) where the transfer of the Remittance Amount is made by internal fund transfer pursuant to paragraph 3.3(a)(ii) above, send the Bank Advice (through the Bank's solicitors) to the Seller's Account Maintainer through the Seller's solicitors by the Transaction Closing Time.

The Bank is entitled to act on and rely on the drawdown directions given by the Borrower to the Bank (through the Bank's solicitors), unless such directions are revoked in writing by the Borrower with reasonably sufficient advance notice to the Bank.

3.4 The Bank shall not be obliged to comply with its obligations under paragraph 3.3 above if the Bank has received written notice from the Borrower that the Borrower wishes (in its sole discretion) to revoke its drawdown directions.

3.5 After the relevant Remittance Amount has been effected via CHATS pursuant to paragraph 3.3(a)(i) above:

- (a) if the Seller's Account Maintainer is notified in writing by its solicitors or the Seller's solicitors that the completion of the sale and purchase of the Property has fallen through, or if the Seller's Account Maintainer has not received CHATS Advice by the Drawdown Day Cut-off Time, the Bank shall receive a refund from the Seller's Account Maintainer; and

- (b) if the Bank does not receive the CHATS Advice:

- (i) the Bank shall promptly contact HKICL to resolve the issue and to arrange for a re-issuance of the CHATS Advice to the Bank; and

- (ii) (A) if the Bank then receives a re-issued CHATS Advice, the Bank shall proceed as usual in accordance with the PAPT Document for S&P and no refund or re-initiating of a new CHATS payment shall be required; or

- (B) if the Bank is still unable to receive any re-issued CHATS Advice, the Bank shall promptly request the Seller's Account Maintainer to confirm whether the Seller's Account Maintainer has received the relevant Remittance Amount.

3.6 When checking the details contained in the relevant CHATS Advice pursuant to paragraph 3.3(b) above, if the Bank discovers any errors in relation to any information in the CHATS Advice other than the Key Information, to the extent that the payment detail is incorrect, the Bank shall issue a correction notice ("**CHATS Advice Correction Notice**") addressed to the Seller's Account Maintainer with a copy provided to the Bank's solicitors and the Seller's solicitors, stating the correct information. A CHATS Advice that has been duly corrected with a CHATS Advice Correction Notice in such manner shall be deemed a CHATS Advice for the purpose of this Facility Letter.

3.7 It is a condition precedent to any drawdown under the Facility that:

- (a) the Bank has received from the Borrower all necessary information to enable the Bank to perform its obligation relating to drawdown (including (i) the name of the Seller's Account Maintainer, (ii) the payment detail of the Seller's Account Maintainer and (iii) the Remittance Amount; and
- (b) (where the balance of the purchase price for the Property is paid partly with the Loan and partly with the own funds of the mortgagor(s) named under the Mortgage (the "**Mortgagor**")) the Mortgagor shall pay such part of the balance which is to be settled by his own funds by cashier's order(s), which shall be arranged by the Mortgagor or any third party paying on behalf of the Mortgagor and shall be made available to the Borrower's solicitors by no later than 1 Business Day before Drawdown Day (or any other time on or before the Drawdown Day as may be agreed between the Borrower and Borrower's solicitors).

3.8 The Borrower agrees and acknowledges that where exceptional circumstances or last minute issues arise which make it not feasible for the Bank to carry out the arrangements in paragraph 3.3 above or result in the Mortgagor not being able to arrange for cashier's order(s) as described in paragraph 3.7(b) above, the Borrower authorises its solicitors (if applicable) and the Bank to liaise with the Seller, Seller's solicitors, Seller's Account Maintainer, and/or any other related parties to agree on other means of payment so as to proceed to drawdown on the Drawdown Day.

4. **FUTURE PAPT TRANSACTIONS**

4.1 The Mortgagor agrees that where (1) it engages in a future conveyancing or refinancing transaction over the Property where the Loan is to be settled and (2) the PAPT for S&P or the PAPT for Refinancing (whichever applicable) applies to such transaction:

- (a) in the case of a future conveyancing transaction where the title to the Property is being transferred from the Mortgagor to a new legal owner (the "**Future Buyer**"):
 - (i) the Mortgagor shall seek the agreement of the Future Buyer to agree that any sale proceeds payable to the Mortgagor (as vendor of the Property) by the Mortgage Institution providing a facility to the Future Buyer/Future Buyer's borrower shall be paid to the Bank by way of (1) CHATS or direct transfer or (2) any other means acceptable to the Bank, whereupon the Bank shall distribute any surplus (the amount by which the remittance amount exceeds the then redemption amount of the Loan (including principal and interest)) to an account of the Mortgagor; and
 - (ii) where the Property is in negative equity, the Borrower shall pay to the Bank any negative equity by way of (1) cashier's order arranged by or on behalf of the Borrower or the Mortgagor or (2) any other means acceptable to the Bank; or
- (b) in the case of a future refinancing transaction:

- (i) any remittance amount payable to the Bank by the incoming Mortgage Institution shall be paid to the Bank by way of (1) CHATS or direct transfer or (2) any other means acceptable to the Bank; and
- (ii) any part of the redemption amount of the Loan not covered by the loan provided by the incoming Mortgage Institution shall be paid by way of (1) a cashier's order arranged by or on behalf of the Borrower, (2) the Bank debiting the amount from the Borrower's repayment account with the Bank or (3) any other means acceptable to the Bank; and

4.2 ⁹the Mortgagor hereby irrevocably appoints and instructs the Bank to act as the Mortgagor's agent to use the PAPT Dedicated Account of the Bank to hold, on behalf of the Mortgagor:

- (a) (in the case of a conveyancing transaction where the Property is being sold by the Mortgagor) any sale proceeds payable to the Mortgagor after completion; and
- (b) (in the case of a refinancing transaction) any remittance amount payable to the Bank by the incoming Mortgage Institution.

⁹ Users to check if your Facility Letter binds the Buyer / Mortgagor (being the owner of the Property). If not, you may wish to consider whether this clause 4 needs to be included in your Mortgage Deed (or any other document to which the Buyer / Mortgagor is party).