

[Date]

[Solicitors' Firm]

Dear Sirs

Re: INSTRUCTIONS TO PREPARE A LEGAL CHARGE

1. We wish to advise you that we have agreed to extend banking facilities to the Borrower on the terms and conditions set out below and pursuant to the contents of the facility letter which has been accepted by our customers (a copy of which is annexed hereto for your handling).
2. On your satisfactory title investigation, please prepare the security document(s) over the following property in our favour pursuant to the following terms and particulars:

(a) Property

[•]

- Subject to an existing tenancy with a monthly rental income of HK\$[•] expiring on [•] and our consent has been obtained before execution of the Security Documentation.
- The Property is or will be occupied by the Mortgagor. Please ensure that in view of the legal implications of the decision made in the case of *Wong Chim Ying v. Cheng Kam Wing* (Civil Appeal No. 75 of 1990), all necessary steps in accordance with the best practice as recommended by The Law Society of Hong Kong will be taken to protect our interest as the first mortgagee of the Property.

(b) Mortgagor

[•]

(c) Borrower

[•]

(d) Security Documentation

- First Legal Charge in the 2-Party / 3-Party Model Mortgage Deed⁽¹⁾ to secure general banking facilities [for an unlimited amount].
- Deed of Guarantee and Indemnity in our favour to be executed by [•] with an unlimited extent / to the extent of HK\$[•].

(e) Interest

[•]% per annum.

(f) Repayment Term

[•]

(g) Legal Costs

All professional charges and other expenses incurred are to be borne by the Mortgagor and/or the Borrower.

(h) Prepayment Charges

- (i) For partial prepayment, [•]% on the prepaid amount; and
- (ii) For full prepayment, the higher of [•]% on the loan amount and HK\$[•].

Partial Prepayment shall be a whole multiple of HK\$[•].

(i) Insurance

The charged Property must be covered by fire insurance for:

- the loan amount and any interest owing on it
- the cost of reinstating the Property in the event of fire or other serious damages,

through [•] or an insurance company acceptable to us at the cost of the Mortgagor and/or the Borrower.

3. In respect of title deeds, please note that they:

⁽¹⁾ The Model Mortgage Deed is in the form issued by the Steering Committee of the Project on Standardization of Mortgage Origination Documents in Hong Kong convened by The Hong Kong Mortgage Corporation Limited (the “Standardization Project Committee”).

- will be sent to you by the Mortgagor upon your request
 - are already in your safe custody
 - are enclosed for your receipt and acknowledgement
 - are to be collected from the [Vendor's Solicitors] / [existing Mortgagee's Solicitors] Messrs. [●]
4. On signing of the Security Documentation, please collect on our behalf of the sum of HK\$[●] being our handling charges / insurance fee / valuation fee.
 5. Subject to our specific written confirmation, this instruction is only valid for [●] days from the date of this letter.
 6. Please send us the following documents for our review and approval before drawdown:
 - (a) A signed solicitors' completion certificate in the form issued by the Standardization Project Committee, a copy of which is enclosed for your use.
 - (b) Specimen signature and certified copy of Hong Kong Identity Card / Business Registration Certificate or other identification document of the Mortgagor / Borrower.
 - Copy of an up-to-date land search of the Property obtained from the appropriate Land Registry.
 7. **Remarks**
 - A. Please advise the Mortgagor / any third party surety to instruct his / her own independent solicitors.
 - B. [(a) Special relationship between the Mortgagor, the Borrower and the Guarantor: [●].
 - (b) Please arrange with the Mortgagor and the relevant party(ies) for execution of the Security Documentation. We would request that you follow the relevant procedures as advised by The Law Society of Hong Kong including providing relevant information and clearly advising the potentially unduly influenced party the nature of the document that he/she is signing and keeping written record, in both Chinese and English (duly signed by the relevant party), of the steps taken.
 - (c) We enclose, for your reference, a copy of the Warning Notice(s) duly signed by the Mortgagor; Borrower; Guarantor.

(d) We enclose for your reference, the following financial information of the Borrower: [●].]

Please note that it is your duty to actually take all relevant steps and accurately record the steps taken.

Yours faithfully
For and on behalf of

[name of mortgagee]