

**FORM No.3-A**

**Form of Mortgage Deed to be executed when the property is  
freehold and is held in the joint names of husband and wife**

**[ Rule 5 (a) ]**

This Indenture made this \_\_\_\_\_ day of \_\_\_\_\_ two thousand \_\_\_\_\_ and  
between \_\_\_\_\_ son/daughter of  
of at present

employed as \_\_\_\_\_ in the **O/o DC(MSME), Ministry of Micro, Small & Medium Enterprises, Govt. of India** at \_\_\_\_\_ and  
\_\_\_\_\_ his/her, wife/husband hereinafter jointly referred to as "The Mortgagors" which expression shall unless excluded by or repugnant to the subject or context, include their respective heirs, executors, administrators and assigns of the ONE PART and THE PRESIDENT OF INDIA (hereinafter called THE MORTGAGEE which expression shall unless excluded by or repugnant to the subject or context include his successors in office and assigns) of the OTHER PART.

WHEREAS THE MORTGAGORS are the *sole* and absolute and *sole* beneficial owners and are seized and possessed of or otherwise well and sufficiently entitled to the land and/or house hereditaments and premises hereinafter described in the Schedule hereunder written and for greater clearness delineated on the plan annexed hereto and thereon shown with the boundaries thereof coloured \_\_\_\_\_ and expressed to be hereby conveyed, transferred and assured (hereinafter referred to as "the said Mortgaged property").

AND WHEREAS \_\_\_\_\_ one of the Mortgagors (herein referred to as Applicant Mortgagor) applied to the MORTGAGEE for an advance of Rs \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for the purpose of enabling the SAID APPLICANT MORTGAGOR

<sup>1</sup>(1) to purchase land and to construct a house there on or (to enlarge living accommodation in the existing house on the said hereditaments);

<sup>1</sup>(2) to construct a *house* on the said hereditaments or (to enlarge living accommodation in the house on the said hereditaments);

<sup>1</sup>(3) to purchase a ready-built afore said house/flat.

AND WHEREAS the Mortgagee agreed to advance to the Mortgagor the said sum of Rs \_\_\_\_\_ (insert full amount) vide the Ministry/Office Letter No. **G/26029/\_\_\_\_/200\_\_**, dated \_\_\_\_/\_\_\_\_/200\_\_, a copy of which is annexed to these presents for the purpose aforesaid on the terms and conditions set forth therein, etc.

AND WHEREAS one of the conditions for the aforesaid advance is that the, Mortgagors should secure the repayment of the said advance and due observance of all the terms and conditions contained in the Rules to regulate the grant of advances to Central Government servants for building, etc., of houses issued by the Government of India, Min. of Works, Housing and Supply with their OM. No. H-II-27 (5)/54, dated the 12th April, 1956 (hereinafter referred to as the said Rules which expression where the context so admits include any amendment hereof or addition thereto for the time being in force), by a mortgage of the property described in the Schedule hereunder written.

AND WHEREAS THE MORTGAGEE

<sup>1</sup> Mention whichever is applicable.

<sup>2</sup> [ has sanctioned to the APPLICANT MORTGAGOR an advance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) on \_\_\_\_\_] and in the manner provided in the said Rules upon having the repayment of the loan with interest and the observance of all the terms and conditions contained in the said Rules as hereinafter mentioned secured in the manner hereinafter appearing:

AND WHEREAS THE APPLICANT MORTGAGOR is to receive from the Mortgagee the aforesaid advance in the following instalments:

1Rs. \_\_\_\_\_ already received on \_\_\_\_\_

1Rs. \_\_\_\_\_ on the execution of this indenture by the Mortgagors in favour of the Mortgagee.

<sup>3</sup> Rs. \_\_\_\_\_ when the construction of the house reaches plinth level.

<sup>2</sup> (Rs. \_\_\_\_\_ when the construction of the house reaches roof level, provided the Mortgagee is satisfied that the development of the area in which the house is built is complete in respect of amenities such as water supply, street lighting, roads, drainage and sewerage.)

NOW THIS INDENTURE WITNESSETH as follows:

(i) (a) In pursuance of the said Rules and in consideration of the said advance sanctioned/paid by Mortgagee to the APPLICANT MORTGAGOR pursuant to the provisions contained in the said Rules, the MORTGAGORS DO hereby covenant with the MORTGAGEE that the MORTGAGORS shall always duly observe and perform all the terms and conditions of the said Rules and shall repay to the MORTGAGEE the said advance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) by <sup>4</sup> \_\_\_\_\_ monthly instalments of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) from the pay of the APPLICANT commencing from the month of \_\_\_\_\_ Two thousand and \_\_\_\_\_ or from the month following the completion of the house, whichever is earlier, and the APPLICANT hereby authorizes the Mortgagee to make deductions from his/her monthly pay/leave salary/subsistence allowance of the amount of such instalments and the APPLICANT MORTGAGOR shall after paying the full amount of the advance also pay interest due thereon in <sup>5</sup> \_\_\_\_\_ monthly instalments in the manner and on the terms specified in the said Rules, provided that the APPLICANT MORTGAGOR shall repay the entire advance with interest in full before the date on which he/she is due to retire from service, failing which the Mortgagee shall be entitled to enforce this security of the mortgage at anytime there after and recover the balance of the advance then due together with interest and costs of recovery by sale of the mortgaged property or in such other manner as may be permissible under the law. It will, however, be open to the APPLICANT MORTGAGOR, to repay the amount in a shorter period.

(i) (b) In pursuance of the said Rules and in consideration of the said advance sanctioned/paid by the MORTGAGEE to the APPLICANT MORTGAGOR pursuant to the provisions contained in the said Rules, the APPLICANT MORTGAGOR hereby covenant with Mortgagee that the APPLICANT MORTGAGOR shall always duly observe and perform all the terms and conditions of the said Rules and shall repay to the MORTGAGEE the said advance of Rs. \_\_\_\_\_ from the pay of the APPLICANT MORTGAGOR commencing from the month of \_\_\_\_\_ 20\_\_\_\_ or from the month

<sup>2</sup> Mention whichever is applicable.

<sup>3</sup> The language will be modified if the mode of repayment is different from what is prescribed in Rule 5.

<sup>4</sup> This will not be more than 180.

<sup>5</sup> This will not be more than 60.

following the completion of the house, whichever is earlier, till the date of his superannuation and then the balance remaining outstanding on his superannuation together with the interest on the amount advanced from the date of the advance to the date of repayment from his Gratuity/Death-cum-Retirement Gratuity and the applicant Mortgagor hereby authorizes the Mortgagee to make deductions from his monthly pay/leave salary/subsistence allowance of the amount of instalments and from his Gratuity/Death-cum-Retirement Gratuity of such of the balances remaining unpaid at the date of his death/retirement/superannuation as hereinbefore mentioned, failing which the Mortgagee shall be entitled to enforce this security of the mortgage at any time thereafter and recover the balance of the advance then due together with interest and costs of recovery by sale of the mortgaged property or in such other manner as may be permissible under the law. It will, however, be open to the APPLICANT MORTGAGOR to repay the amount in a shorter period.

NOTE.- [ *Delete* Clause (i) (a) or (i) (b), whichever is inapplicable. ]

(2) If the APPLICANT MORTGAGOR shall utilize the advance for a purpose other than that for which the advance is sanctioned or if the APPLICANT MORTGAGOR shall become insolvent or shall cease to be in service for any reason other than normal retirement, superannuation or if he/she dies before repayment of the advance in full, or if the APPLICANT MORTGAGOR shall fail to observe or perform any of the terms, conditions and stipulations specified in the said Rules and on his/her part to be observed and performed then and in any such cases the whole of the principal amount of the advance or so much thereof as shall then remain due and unpaid shall become payable forthwith to the MORTGAGEE with interest thereon at <sup>6</sup> \_\_\_\_\_ per cent per annum calculated from the date of the payment by the MORTGAGEE of the first instalment of the said advance. Notwithstanding anything contained herein, if the Principal Mortgagor utilizes the advance for a purpose other than that for which the advance is sanctioned, it shall be open to the Mortgagee to take such disciplinary action against the APPLICANT MORTGAGOR as may be appropriate under the Rules of Service applicable to the Principal Mortgagor.

(3) In further pursuance of the said Rules and for the consideration aforesaid and to secure repayment of the aforesaid advance and interest as shall at any time or times hereinafter be due to the MORTGAGEE under the terms of these presents, the MORTGAGORS do hereby grant, convey, transfer, assign and assure unto the MORTGAGEE ALL AND SINGULAR the said Mortgaged property fully described in the Schedule hereunder written together with buildings erected or to be erected by the MORTGAGORS on the said Mortgaged property or materials for the time being thereon with all rights, easements and appurtenances to the said Mortgaged property or any of them belonging TO HOLD the said Mortgaged property with their appurtenances including all erections and building erected and built or to be erected and built hereafter on the said Mortgaged property or materials for the time being thereon unto and to the use of the Mortgagee absolutely forever free from all encumbrances. SUBJECT NEVERTHELESS to the Proviso for redemption hereinafter contained NAMELY that if the MORTGAGORS shall duly pay to the MORTGAGEE the said principal sum and interest hereby secured in the manner therein provided and also the other moneys (if any) determined to be payable by the MORTGAGORS to the MORTGAGEE under the terms and conditions of the said Rules, then the MORTGAGEE will at any time thereafter upon the request and at the cost of the MORTGAGORS recover, retransfer and reassure the said Mortgaged property unto and to the use of the Mortgagors or as they may direct.

(4) AND IT IS HEREBY EXPRESSLY AGREED AND DECLARED that if there shall be

<sup>6</sup> Normal rate of interest to be charged under the Rules.

any breach by the MORTGAGORS of the covenants on their part therein contained or if the APPLICANT MORTGAGOR shall become insolvent or shall cease to be in service for any reason other than normal retirement/superannuation or if he/she dies before all the dues payable to the Mortgagee under these presents together with interest thereon shall have been fully paid off or if the said advance or any part thereof becomes payable forthwith under these presents or otherwise

then and in any of such cases it shall be lawful, for the MORTGAGEE without intervention of the Court to sell the said Mortgaged property or any part thereof either together or in parcels and either by public auction or by private contract with power to buy in or rescind any contract for sale and resell without being responsible for any loss which may be occasioned thereby and to do and execute all such acts and assurances for effectuating any such sale as the MORTGAGEE shall think fit AND IT IS HEREBY declared that the receipt of the MORTGAGEE for the purchase money of the premises sold or a)ly part thereof shall effectually discharge the purchaser or purchasers there from AND IT IS HEREBY declared that the MORTGAGEE shall hold the money to arise from any sale in pursuance of the aforesaid power upon TRUST in the first place thereout to pay all the expenses incurred on such sale and then to pay moneys in or towards the satisfaction of the moneys for the time being owing on the Security of these presents and the balance, if any, to be paid to the Mortgagors.

(5) The MORTGAGORS hereby covenant with the MORTGAGEE as follows:

(a) That the MORTGAGORS now have in themselves good right and lawful authority to grant, convey, transfer, assign and assure the Mortgaged property unto and to the use of the MORTGAGEE in manner aforesaid.

(b) That the APPLICANT MORTGAGOR shall carry out the construction of the house/addition to living accommodation in the aforesaid house exactly in accordance with the approved plan and specifications on the basis of which the above advance has been computed and sanctioned unless a departure therefrom is permitted by the Mortgagee. The APPLICANT MORTGAGOR shall certify, when applying for instalments of advance admissible at the plinth/roof level that the construction is being carried out in accordance with the plan and estimates furnished by him to the MORTGAGEE, that the construction has reached plinth/roof level and that the amount already drawn out of the sanctioned advance has actually been used on the construction of the house. He/She will allow the Mortgagee to carry out either by himself or through his representative an inspection to verify the correctness of the aforesaid certificates. If a false certificate is furnished by the APPLICANT MORTGAGOR, he/she will be liable to pay to the Mortgagee forthwith the entire advance received by him/her together with interest thereon at \_\_\_\_\_<sup>7</sup> per cent per annum and further will also be liable to appropriate disciplinary action under the rules of service applicable to the APPLICANT MORTGAGOR.

(c) That the APPLICANT MORTGAGOR shall complete the construction of the house/additions to living accommodation in the aforesaid house within eighteen months of \_\_\_\_\_<sup>8</sup> unless an extension of time is allowed in writing by the Mortgagee. In case of default, the Principal Mortgagor shall be liable to repay forthwith the entire amount advanced to him together with interest calculated under the said Rules in one lumpsum. The APPLICANT MORTGAGOR shall report to the Mortgagee the date of completion of the house and furnish a certificate to the Mortgagee that the full amount of the advance has been utilized for the purpose for which it was sanctioned.

**NOTE.**-*Clauses (b) and (c) are not applicable when the advance is for the purchase of ready-built houses/flats or for repayment of loans taken by an applicant for the construction or purchase of a house/flat.*

<sup>7</sup> Normal rate of interest to be charged under the Rules <sup>8</sup> Here mention the date on which the first instalment 'of the advance is paid to the Principal Mortgagor

(d) That the Mortgagors shall immediately insure the house at their own cost, with the Life Insurance Corporation of India, for a sum not less than the amount of the aforesaid advance and shall keep it so insured against loss or damage by fire, flood and lightning as provided in the said rules till the advance is fully repaid to the Mortgagee and deposit the policy of insurance with the Mortgagee. The Mortgagors shall pay regularly the premium in respect of the said insurance from time to time and will then be required to produce to the MORTGAGEE the premium receipts for inspection. In the event of failure on the part of the MORTGAGORS to effect the insurance against fire, flood and lightning, it shall be lawful but not obligatory for the MORTGAGEE to insure the said house at the cost of the MORTGAGORS and add the amount of the premium to the outstanding amount of the advance and the APPLICANT MORTGAGOR shall thereupon be liable to pay interest thereon as if the amount of the premium had been advanced to him as part of the

aforesaid advance at \_\_\_\_\_ till the amount is repaid to the MORTGAGEE OR is recovered as if it were an amount covered by the security of these presents. The MORTGAGORS shall give a letter to the Mortgagee as often as required, addressed to the Insurer, with which the house is insured with a view to enable the Mortgagee to notify to the insurer the fact that the Mortgagee is interested in the insurance policy secured.

(e) That the Mortgagors shall maintain the aforesaid house in good repair at their own cost and shall pay all the Municipal and other local rates, taxes and all other outgoings in respect of the mortgaged property regularly until the advance has been repaid to the Mortgagee in full. The Mortgagors shall also furnish to the Mortgagee an annual certificate to the above effect.

(f) The Mortgagors shall afford full facility to the Mortgagee for carrying out inspections' after completion of the house to ensure that it is main tained in good repair until the advance has been repaid in full.

(g) The APPLICANT MORTGAGOR shall refund to the Mortgagee any amount together with interest, if any, due thereon drawn on account of the advance in excess of the expenditure incurred, for which the advance was sanctioned.

(h) That the Mortgagors shall not during the continuance of these presents charge, encumber, alien or otherwise dispose of the mortgaged property. However, if the Mortgagors covenant to create a second mortgage in favour of any other financial institution, they shall not do so without obtaining the prior permission of the Mortgagee and on the consent being given, the draft of the second mortgage will be submitted to the Mortgagee for approval:

Provided, always that in the event of the Mortgagors creating a second mortgage on the same premises only by deposit of title deeds in favour of a financial institution including HDFC or a Bank, the Mortgagee may, at the written request of the Mortgagor and the financial institution concerned to this Mortgagee, hand over such documents of title to the said premises as are in possession of the Mortgagee, to the said financial institution for the sole purpose of creating the said proposed second mortgage.

It is a strict condition that before the said documents of title are handed over by the Mortgagee to the said financial institution as hereinbefore provided, that the said financial institution and the Mortgagor shall assure and undertake to the Mortgagee in writing in such form as may be determined by this Mortgagee that

(i) the said documents of title shall be held and retained by the financial institution concerned only as a second mortgage subject and subordinate to the rights of this Mortgagee hereunder;

(ii) the said financial institution shall not at any time or for any reason part with such

title deeds without written consent of this Mortgagee first had and obtained and on such conditions as may be imposed by this Mortgagee at its discretion;

(iti) after at any time, the said financial institution ceases to be second Mortgagee of the said premises, the said financial institution shall be obliged to return the said title deeds to this Mortgagee only, whether or not any demand in this behalf is made by this Mortgagee;

(iv) the said financial institution shall produce or cause to be produced the said title deeds as and when required by this Mortgagee for any reason whatsoever regardless of whether the said proposed second mortgage due to be in existence or otherwise discharged; this will be in the understanding that as soon as the purpose is served, the same shall be returned by the Mortgagee to the financial institution, to be dispensed subject to these conditions;

(v) nothing in these provisions shall be construed to create any financial or other obligations or liabilities in this Mortgagee *vis-a-vis* the said financial institution or shall in any manner alter, abridge or abrogate the rights of this Mortgagee hereunder, who shall always be and continue to be the paramount Mortgagee.

(i) Notwithstanding anything contained herein, the Mortgagee shall be entitled to recover the balance of the advance with interest remaining unpaid at the time of the retirement or death preceding retirement of the Applicant Mortgagor from the whole or any specified part of the gratuity that may be sanctioned to him.

**SCHEDULE ABOVE REFERRED TO (To be filled in by Mortgagors)**

IN WITNESS WHEREOF THE MORTGAGORS have hereunto set their hands.

**Signed by the Mortgagors** (.....)  
(.....)

In the presence of

1st witness :  
Address :  
Occupation :

2nd witness :  
Address :  
Occupation :

Signed by Shri \_\_\_\_\_, \_\_\_\_\_ Director in the **O/o DC(MSME), Ministry of Micro, Small & Medium Enterprises, Govt. of India** for and on behalf and by order and direction of the President of India.

In the presence of 1st  
Witness : Address :  
Occupation :

2nd Witness :  
Address :  
Occupation :