

### FORM NO. 3

#### Form of Mortgage Deed to be executed when the property is freehold [ Rule 5 (a) ]

The indenture made this \_\_\_\_\_ day of \_\_\_\_\_ Two Thousand and \_\_\_\_\_ between \_\_\_\_\_ son / daughter of \_\_\_\_\_ at present employed as \_\_\_\_\_ in the Ministry / Office of \_\_\_\_\_ at \_\_\_\_\_ (hereinafter called 'THE MORTGAGOR' which expression shall unless excluded by or repugnant to the subject or context include his / her heirs, executors, administrators and assigns ) of the ONE PART AND THE PRESIDENT OF INDIA (hereinafter called 'THE MORTGAGOR' 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 Mortgagor is the absolute and sole beneficial owner and is 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 the MORGAGOR applied to the MORTGAGEE for an advance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for the purpose of enabling the MORTGAGOR-

<sup>1</sup>(1) to purchase land and to construct a house thereon 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 aforesaid house.

AND WHEREAS the Mortgagee agreed to advance to the Morgagor the said sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) (insert full amount), vide the Ministry / Office Letter No. \_\_\_\_\_ dated \_\_\_\_\_, 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 Mortgagor should secure the repayment of the said advance and on 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, Ministry of Works, Housing and Supply with their O.M. No.H II-27(5)/54, dated the 12<sup>th</sup> April, 1956 (hereinafter referred to as the "said Rules" which expression shall, where the context so admits include any amendment thereof or addition thereto for the time being in force) by a Mortgage of the property described in the schedule hereunder written.

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<sup>1</sup>mention whatever is applicable.

AND WHEREAS THE MORGAGEE

<sup>1</sup>(1) [has sanctioned to the MORTGAGOR an advance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ Only) payable by such instalments and in the manner as hereinafter appearing]

[ has paid to the MORTGAGOR an advance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) of \_\_\_\_\_ ] 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 MORTGAGOR is to receive from the Mortgagee the aforesaid advance in the following installments:-

<sup>1</sup> Rs. \_\_\_\_\_ already received on \_\_\_\_\_

<sup>1</sup> Rs \_\_\_\_\_ on the execution of this indenture by the Mortgagor in favour of the Mortgagee.

<sup>2</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:-

<sup>3</sup> (i) (a) In pursuance of the said Rules and in consideration of the said advance sanctioned / paid by the MORTGAGEE to the MORTGAGOR pursuant to the provisions contained in the said Rules the MORTGAGOR DOTH hereby covenant with the MORTGAGEE that the 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. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) by <sup>4</sup> \_\_\_\_\_ monthly installments of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) from the pay of the Mortgagor commencing from the month of \_\_\_\_\_ Two Thousand and \_\_\_\_\_, or from the month following the completion of the house, whichever is earlier and the Mortgagor hereby authorizes the Mortgagee to make deduction from his monthly pay / leave salary / subsistence allowance of the amount of such installments and the Mortgagor shall after paying the full amount of the advance also pay interest due thereon in <sup>5</sup> \_\_\_\_\_ monthly installments in the manner and on the terms specified in the said Rules, provided that the 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 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 Mortgagor to repay the amount in a shorter period.

<sup>1</sup>(i)(b) In pursuance of the said Rules and in consideration of the said advance sanctioned / paid by the MORTGAGEE to the MORTGAGOR pursuant to the provisions contained in the said Rules the MORTGAGOR DOTH hereby covenant with the MORTGAGEE that the 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. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) by \_\_\_\_\_ monthly installments of Rs. \_\_\_\_\_ from the pay of the Mortgagor commencing from the month of \_\_\_\_\_ 20\_\_\_\_, or from the month following the completion of the house, whichever is earlier, till the date of his superannuation and the balance then 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 Mortgagor hereby

installments and from his gratuity / death-cum-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 Mortgagor to repay the amount in a shorter period.

(ii) If the MORTGAGOR shall utilize the advance for a purpose other than that for which the advance is sanctioned, or if the 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 payment of the advance in full, or if the 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 case 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>2</sup> \_\_\_\_\_ per cent, per annum calculated from the date of the payment by the MORTGAGEE of the first installment of the said advance. Notwithstanding anything contained herein, if the 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 Mortgagor as may be appropriate under the Rules of service applicable to the Mortgagor.

(iii) 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 MORTGAGOR doth hereby grant, convey, transfer or 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 Mortgagor 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 for ever free from all encumbrances. SUBJECT NEVERTHELESS to the proviso for redemption hereinafter contained PROVIDED ALWAYS AND it is hereby agreed and declared by and between the parties hereto that if the MORTGAGOR shall duly pay to the MORTGAGEE the said principal sum and interest hereby secured in the manner herein provided and also the other moneys (if any) determined to be payable by the MORTGAGOR 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 MORTGAGOR reconvey, transfer and reassure the said Mortgaged property unto and to the sue of the Mortgagor or as he may direct.

(iv) AND IT IS HEREBY EXPRESSLY AGREED AND DECLARED that if there shall be any breach by the MORTGAGOR of the covenants on his / her part herein contained or if the 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 assurance 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 any part thereof shall effectually discharge the purchaser or purchasers therefrom AND IT IS HEREBY declared that the MORTGAGEE shall hold the moneys to arise from any sale in pursuance of the aforesaid power Upon TRUST in the first place thereof 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 Mortgagor.

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(v) The MORTGAGOR hereby convenants with the MORTGAGEE as follows :-

- (a) That the MORTGAGOR now hath in himself / herself good right and lawful authority to grant, convey, transfer, assign and assure the MORTGAGED property unto and to the use of MORTGAGEE in manner aforesaid.
- (b) That the Mortgagor shall carry out the construction of the house / additions 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 Mortgagor shall certify, when applying for installments 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 Mortgagor, he / she will be liable to pay to the Mortgagee forthwith the entire advance received by her / him together with interest thereon at \_\_\_\_\_<sup>1</sup> per cent, per annum and further will also be liable to appropriate disciplinary action under the rules of service applicable to the Mortgagor.
- (c) That the Mortgagor shall complete the construction of the house / additions to living accommodations in the aforesaid house within eighteen months of \_\_\_\_\_<sup>2</sup> unless an extension of time is allowed in writing by the Mortgagee. In case of default the 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 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.
- (d) That the MORTGAGOR shall immediately insure the house at his 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 Mortgagor shall pay regularly the premium in respect of the said insurance from time to time and will when required produce to the MORTGAGEE the premium receipts for inspection. In the event of failure on the part of the MORTGAGOR to effect the Insurance against fire, flood and lighting, it shall be lawful but not obligatory for the MORTGAGEE to insure the said house at the cost of the MORTGAGOR and add the amount of the premium to the outstanding amount of the advance and the MORTGAGOR shall thereupon be liable to pay interest thereon as if the amount of 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 Mortgagor 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 Mortgagee is interested in the insurance policy secured.

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1 Normal rate of interest to be charged under the Rules.

2 Here mention the date on which the first installment of the advance is paid to the Mortgagor.

house or for repayment of loans taken by an applicant for the construction or purchase of a house.

- (e) That the Mortgagor shall maintain the aforesaid house in good repair at his own cost and shall pay all 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 Mortgagor shall also furnish to the Mortgagee an annual certificate to the above effect.
- (f) The Mortgagor shall afford full facility to the Mortgagee for carrying out inspections after completion of the house to ensure that it is maintained in good repair until the advance has been repaid in full.
- (g) The 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 Mortgagor shall not during the continuance of these presents charge, encumber, alien or otherwise dispose of the Mortgaged Property. However, if the Mortgagor convenants, to create a second mortgage in favour of any other financial institution, he 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 Mortgagor creating a second Mortgage on the same premises only be 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 this 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 Mortgagee first had and obtained and on such conditions as may be imposed by this Mortgagee at its discretion;
- (iii) 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 the 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-à-vis the said financial institution or shall in any manner alter, abridge or abrogate in the rights of this Mortgagee hereunder, who shall always be and continue to be the paramount Mortgagee.

of the advance with interest remaining unpaid at the time of his retirement or death preceding retirement from the whole or any specified part of the gratuity that may be sanctioned to the Mortgagor.

**SCHEDULE ABOVE REFERRED TO**

(To be filled in by Mortgagor)

INWITNESS WHEREOF THE MORTGAGOR has hereunto set his hand and Shri \_\_\_\_\_ in the Ministry / Office of \_\_\_\_\_ for and on behalf of the President of India has hereunto set his hand.

Signed by the said (Mortgagor)

In the presence of

1<sup>st</sup> Witness :

Address :

Occupation :

2<sup>nd</sup> Witness :

Address :

Occupation :

Signed by Shri \_\_\_\_\_ in the Ministry / Office of \_\_\_\_\_ for and on behalf and by order and direction of the President of India.

In the presence of

1<sup>st</sup> Witness :

Address :

Occupation:

2<sup>nd</sup> Witness :

Address :

Occupation :