**Deed of Usufructuary Mortgage**

**THIS DEED OF** **USUFRUCTUARY MORTGAGE** executed at \_\_\_\_\_\_\_\_\_\_ this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_ 201\_\_ between M/S. ABC LTD., a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“THE MORTGAGOR”** (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors) of the **ONE PART**; AND   
X Y Z of \_\_\_\_\_\_\_\_\_\_\_, Indian Inhabitant, having his address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include his heirs, executors, administrators and assigns) hereinafter referred to as **“THE MORTGAGEE”** of the OTHER PART;

**WHEREAS:**

(a) The Mortgagor is the Owner of and well and sufficiently seized and possessed of the property more particularly described in the Schedule hereunder written (hereinafter referred to as **“the said property”**).

(b) The Mortgagor being in need of finance for its business purposes, requested the Mortgagee to provide the said finance.

(c) Pursuant to the said request of the Mortgagor, the Mortgagee agreed to lend and advance and have advanced to the Mortgagor a sum of **R*s****.* ***5*0,00,000/- (Rupees Fifty lakhs only)** against the security of the said property by way of **usufructary** **Mortgage** for securing repayment of the principal and interest thereof in the manner hereinafter appearing.

**NOW THIS INDENTURE WITNESSETH** that in pursuance of the said agreement and in consideration of the sum of Rs. 50,00,000/- (Rupees fifty lakhs only) paid to the Mortgagor by the Mortgagee on or before execution hereof (the receipt whereof the Mortgagor doth hereby acknowledge and of and from the same doth hereby release and discharge the Mortgagee) THEY the Mortgagor doth hereby covenant with the Mortgagee that they shall pay to the Mortgagee the said sum of Rs. 50,00,000/- (Rupees fifty lacs only) together with interest thereof from the date hereof at the agreed rate of one (1) percent per month with monthly rest on or before \_\_\_\_\_\_\_\_\_\_\_ (hereinafter called **“the due date”**) and will also pay, after the due date, the said interest at the said agreed rate so long as the said sum of Rs. 50,00,000/- (Rupees fifty lakhs only) or any part thereof or interest thereof shall remain unpaid to the Mortgagee in the manner aforesaid AND IT IS HEREBY AGREED AND DECLARED that if any payment of interest is not made (whether formally demanded or not) it shall be added to the principal sum and compounded every month accordingly and shall be chargeable upon the mortgaged property herein for all intents and purposes, however, this provision shall not in any way permit the Mortgagor to allow any interest to fall in arrears nor shall it in anywise interfere with, prejudice, limit or affect the rights and remedies of the Mortgagee AND THIS INDENTURE ALSO WITNESSETH that the Mortgagor doth hereby grant release convey and assure unto the Mortgagee all and singular the said property more particularly described in the schedule hereunder written with all and singular the buildings, courts, compounds, yards, areas, ways, paths, passages, commons, gullies, sewers, drains, trees, plants, shrubs, wells, waters, water-courses, lights, liberties, privileges, easement, advantages and appurtenances whatsoever of and in or to the said property or any part thereof belonging or in anywise appertaing or usually held or enjoyed or occupied therewith or reputed to belong or be appurtenant thereto AND ALL the estate, right, title, interest, claim and demand whatsoever of the Mortgagor into and upon the said property and every part thereof (hereinafter referred as “the said premises”) TO HAVE AND TO HOLD the said premises hereby granted unto and to the use of the Mortgagee subject to the proviso for redemption next hereinafter contained AND FURTHER RECORD THAT the Mortgagor hath on execution hereof put the Mortgagee as usufructary Mortgagee in physical possession of the said property by handing over such possession thereof PROVIDED always that if the Mortgagor shall pay to the Mortgagee the said sum of Rs. 50,00,000/- (Rupees fifty lakhs only) on the \_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_ 200 \_\_ together with the agreed rate of interest and in the manner aforestated and also all other moneys by law or under these presents payable by the Mortgagor to the Mortgagee (hereinafter collectively referred to as **“the Mortgage debt”)** then and in such case the Mortgagee shall at the request, cost, charges and expenses of the Mortgagor release the said property by executing the Deed of Release and handover possession of the said property to the Mortgagor.

**And it is hereby agreed and declared that:—**

(a) The Mortgagee shall be entitled to recover the rents and profits of the said property to the exclusion of the Mortgagor and all persons claiming title under them and after paying therefrom the rates and taxes payable in respect thereof to the Government or any local authority and the expenses for recovering such rents and profits and for carrying out tenantable repairs as and when required and other expenses for protecting, preserving and maintaining the said property as a prudent man would do, he shall be entitled to appropriate the net income first towards payment of interest on the said principal amount as aforesaid and then towards the said principal amount or partly towards interest and partly towards the principal amount as he may in his absolute judgment think proper.

(b) The Mortgagee shall be entitled to remain in possession of the said property until the time, out of the net income from the said property, the said principal amount with all accrued interest as aforesaid is repaid or recovered by him in full.

(c) The Mortgagor hereby attars the tenants of the said property to the Mortgagee with full power and authority to him to receive and recover the rents from the occupants and other income there from and to take legal action against any of them for recovery of the rents or income payable by him as also to recover possession thereof and to do all acts and things necessary to be done in that behalf.

(d) The Mortgagee will be entitled to let out any portions of the said property which is vacant or becomes vacant at reasonable rent by way of lease, tenancy, license or in any other manner on such terms and conditions as the Mortgagee may think fit and proper.

(e) That the Mortgagee will maintain proper accounts of all sums received and spent by him while in possession of the said property and the Mortgagor will be entitled to ask for inspection thereof and make copies of such accounts.

(f) The Mortgagee, at the cost and expense of the Mortgagor, will be entitled to insure the said property against loss of or damage to the said property by fire in the name of the Mortgagor or in his own name and in the event of recovery of any moneys under the policy of insurance to apply the same towards payment of interest in arrears and thereafter towards payment of the principal amount or in reinstating the property or repairing the same as he shall think fit.

(g) The Mortgagee will also be entitled to the benefit of all accessions to the said property or any improvements made thereto during the period of this security provided further that if the Mortgagee has expended any money of his own in improvement effected to preserve the property from destruction or deterioration or from becoming insufficient security or in compliance with lawful orders, the cost thereof shall stand added to the mortgage debt carrying interest at the same rate and entitling the Mortgagee to claim the same from the Mortgagor.

**Further Agreed, Recorded and Confirmed as under:-**

1. Once the Mortgagee has recovered his principal amount and interest and other moneys payable to him, he will re-convey the said property to the Mortgagor and shall deliver back possession thereof and he shall execute necessary documents in that behalf at the costs of the Mortgagor.

2. Notwithstanding any thing herein provided the Mortgagor will have the right to redeem the mortgage on the due date (by which time the mortgage debt is expected to be repaid out of the net income) upon payment of the balance, if any, of the Mortgage debt due and payable to the Mortgagee.

3. The Mortgagor hereby declares and covenants with the Mortgagee as follows:-

(a) That the Mortgagee shall quietly possess and enjoy the said property and receive the rents, income and profits thereof without any lawful interruption or disturbance whatsoever by the Mortgagor or any person or persons lawfully claiming under from or in trust for them and shall be at liberty to pay all outgoings including taxes, cess, charges, rent, repairs, maintenance expenses etc. if any accruing due or incurred in respect of the said property during such possession and all expenses incurred for the management and preservation of the said property (forming part of Mortgage security) and appropriate the net income towards repayment of the mortgage debt as aforesaid.

(b) That the Mortgagor has duly paid and discharged in full all the dues and liabilities in respect of the said Property including the Municipal outgoings, taxes, rates, maintenance charges etc. till date.

(c) That its title to the said property is free from all encumbrances and reasonable doubts.

(d) That the Mortgagor is the sole and absolute owner and beneficiary of the said property and is absolutely entitled to the same and to all incidental rights thereof and to the use, enjoyment and occupation of the said property and except the Mortgagor no other person or persons have any right, title, interest, claim or demand of any nature whatsoever to the said property.

(e) That notwithstanding any act, deed, matter or thing whatsoever done, omitted by the mortgagor or any person or persons lawfully and equitably claiming by, from, through, or in trust for the mortgagor, they the Mortgagor have full power and absolute authority in it’s own right to mortgage the said property and to create the said security in favour of the Mortgagee.

(f) That neither the Mortgagor nor any one on its behalf has committed or omitted to do any act, deed, matter or thing whereby its ownership right in the said property and incidental rights thereto including the right to peaceful use, occupation, ownership and enjoyment of the said property and other rights and benefits in respect thereof may become or be prejudicially affected or encumbered in any manner or whereby the said property may become liable to attachment and/or sale whether by a decree or order of any Competent Court or otherwise;

(g) That no winding up petition is pending against the Mortgagor before any court of law nor any winding up notices are received by the Mortgagor.

(h) The Mortgagor shall get the present mortgage in favour of the Mortgagee also registered with the Registrar of Companies under the provisions of the Companies Act, 1956.

4. The Mortgagor agrees and covenants with the Mortgagee that all costs, charges and expenses incurred by the Mortgagee for defending the title of the Mortgagor to the said property, if need arises, and for protection and preservation of the said security created in their favour shall be on account of and be payable by the Mortgagor and **shall be deemed to form part of the mortgage debt secured by the present mortgage.**

5. The Mortgagor and all persons claiming any estate or interest in the mortgaged premises under them, shall and will from time to time and at all times hereafter, upon the request of the Mortgagee and at the costs of the Mortgagor, do and execute or cause to be done or executed, all such acts, deeds and things whatsoever for further and more perfectly assuring all or any of the said premises unto and to the use of the Mortgagee in manner aforesaid as shall or may be reasonably required by the Mortgagee.

6. The Stamp duty and registration charges payable on this instrument as also all incidental cost and expenses thereof shall be paid and borne by the Mortgagor.

**THE SCHEDULE ABOVE REFERRED TO:**

(Description of the said property)

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first hereinabove written.

THE COMMON SEAL OF )

ABC LTD., the MORTGAGOR above named )

is hereunto affixed pursuant to the )

Resolution of its Board of Directors )

passed in that behalf, on the \_\_\_\_\_\_ )

day of \_\_\_\_\_\_\_\_\_\_\_ 200\_\_\_ in the presence of )

(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Managing Director and )

(2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Director and in )

the presence of:- )

SIGNED AND DELIVERED by )

X Y Z, the MORTGAGEE )

Above named, in the presence of:- )

**R E C E I P T**

RECEIVED the day and year first above written of and from the within named Mortgagee the sum of Rs. 50,00,000/- (Rupees fifty lakhs only) by Cheque No. \_\_\_\_\_\_\_\_\_\_\_\_\_ dated \_\_\_\_\_\_\_\_\_\_ drawn on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ being the full consideration money paid as aforesaid.

Rs. 50,00,000/-

We say Received

M/s. ABC LTD

DIRECTOR/AUTHORISED SIGNATORY

(THE MORTGAGOR)