

Commercial Contract

DEED OF MORTGAGE



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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1. INTRODUCTION OF SMEDA

The Small and Medium Enterprise Development Authority (SMEDA) was established with the objective to provide fresh impetus to the economy through the launch of an aggressive SME development strategy. Since its inception in October 1998, SMEDA had adopted a sectoral SME development approach. A few priority sectors were selected on the criterion of SME presence. In depth research was conducted and comprehensive development plans were formulated after identification of impediments and retardants. The all-encompassing sectoral development strategy involved overhauling of the regulatory environment by taking into consideration other important aspects including finance, marketing, technology and human resource development.

After successfully qualifying in the first phase of sector development SMEDA reorganized its operations in January 2001 with the task of SME development at a broader scale and enhanced outreach in terms of SMEDA's areas of operation. Currently, SMEDA along with sectoral focus offers a range of services to SMEs including over the counter support systems, exclusive business development facilities, training and development and information dissemination through a wide range of publications. SMEDA's activities can now be classified into the three following broad areas:

1. *Creating a Conducive Environment*; includes collaboration with policy makers to devise facilitating mechanisms for SMEs by removing regulatory impediments across numerous policy areas
2. *Cluster/Sector Development*; comprises formulation and implementation of projects for SME clusters/sectors in collaboration with industry/trade associations and chambers
3. *Enhancing Access to Business Development Services*; development and provision of services to meet the business management, strategic and operational requirements of SMEs.

SMEDA has so far successfully formulated strategies for sectors, including fruits and vegetables, marble and granite, gems and jewellery, marine fisheries, leather and footwear, textiles, surgical instruments, transport and dairy. Whereas the task of SME development at a broader scale still requires more coverage and enhanced reach in terms of SMEDA's areas of operation.

Along with the sectoral focus a broad spectrum of services are now being offered to the SMEs by SMEDA, which are driven by factors like enhanced interaction amongst the stakeholders, need based sectoral research, over the counter support systems, exclusive business development facilities, training and development for SMEs and information dissemination through wide range of publications.

2. ROLE OF SMEDA LEGAL SERVICES CELL

The Legal Services Cell (LSC) is a part of Business Development Division of SMEDA and plays a key role in providing an overall facilitation and support to SMEs. The LSC provides guidance based on field realities pertaining to SMEs in Pakistan and other parts of the world. LSC believes that information dissemination among the SMEs on the existing regulatory environment is of paramount importance and it can play a pivotal role in their sustainable development.

In order to facilitate SMEs at the Micro Level LSC has developed user-friendly systems, which provide them detail description of the Laws, and Regulations including the process and steps required for compliance.

The purpose of this document is to provide SMEs, Service Providers, Companies and Firms with information pertaining to requisite format and content of a business to business commercial contract. Entrepreneurs interested in enhancing their understanding about the nature and form of a deed of Mortgage can also use the document.

3. DISCLAIMER

Form of this document and the contents therein are provided only for general information purpose and on an "as is" basis without any warranties of any kind. Use of this document is at the user's sole risk. SMEDA assumes no responsibility for the accuracy or completeness of this document, its form and any of the information provided therein and shall not be liable for any damages arising from its uses.

DEED OF MORTGAGE

This Deed of Mortgage is made at (*Give place*) this (*Give date*)
Day of (*Give month*) 200...

Between

X, son of..... resident of.....(*Give details*) hereinafter called the mortgagor (which expression shall mean and include his / her legal heirs and assigns) of the ONE PART

And

Y, son of..... resident of (*Give details*) hereinafter called as a mortgagee (which expression shall mean and include his / her legal heirs and assigns) of the OTHER PART.

WHEREAS the mortgagor is the exclusive owner in possession of a house bearing no situated at..... (*Give address*) (hereinafter the property) more particularly described in the schedule hereof.

AND WHEREAS the mortgagor has requested the mortgagee to lend him a sum of Rs..... (*Give amount*), against mortgage of the property.

AND WHEREAS the mortgagee has agreed subject to the mortgagor mortgaging the property pursuant to the terms and conditions set forth herein.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. That pursuant to this agreement and in consideration of the sum of Rs..... (*Give amount*) on or before the execution of this deed paid by the mortgagee to the mortgagor (the receipt whereof, the mortgagor hereby admits and acknowledges), the mortgagor hereby covenants with the mortgagee that he will pay on the..... (*Give date*) Day of.....(*Give month*) (hereinafter called "the said date"), the said sum of Rs.....(*Give amount*) with interest @..... % **per annum from the date of signing of this deed till the repayment of the said sum in full on every quarter.**
2. The first installment of interest to be paid on or before the..... day (**Give date**) of..... (**Give month**) 200..... and each subsequent installment on or before the..... day of the succeeding month until the said sum is repaid in full.
3. The payment shall be made through (**Give mode of payment i.e. through cheque, demand draft or cash**)
4. In consideration aforesaid, the mortgagor hereby transfers by way of mortgage his house bearing no (*Give No. of the house*) situated at (*Give address*) as a security for repayment of the said sum with interest @..... Per annum with the condition that the mortgagor, shall on the said date pay to the mortgagee or his authorized representative as the case may be, the said sum of Rs ... together with interest thereon at the rate mentioned above.
5. That if the mortgagor does not pay the said mortgage amount with interest the mortgagee shall be entitled to sell the said house through any competent court and to realize and receive the said mortgage amount and interest, out of the sale proceeds of the house.

- 6. That during the period, the mortgage amount is not paid and the said house remains as a security for the mortgage amount, the mortgagor shall insure the said house and take out an insurance policy in the joint names of the mortgagor and mortgagee and continue the said policy in full force and effect by paying premium and in case of default by the mortgagor to insure or to keep the insurance policy in full force and effect, the mortgagee can insure the said house and the premium paid by the mortgagee will be added to the mortgage amount, if not paid by the mortgagor on demand.
- 7. This agreement and each clause thereof constitute the full and final reflection of understanding between the parties. In case of question as to the meaning and import of a particular provision of the agreement, every clause thereof shall be read in conjunction with each other and agreement shall be read as a whole.
- 8. In case of any dispute between the parties to this agreement regarding matters pertaining to this agreement the same shall first be settled amicable. In case of failure of the parties to settle the dispute amicably the same shall be referred to the arbitrators for arbitration in accordance with the provisions of the Arbitration Act, 1940.
- 9.

IT IS SPECIFICALLY AGREED BETWEEN THE PARTIES THAT the mortgagor can grant lease of the said house with the consent of the mortgagee in writing.

THE MORTGAGOR FURTHER AGREES that he shall bear stamp duty, registration charges and other out of pocket expenses for the execution and registration of this deed and re-conveyance deed.

IN WITNESS WHEREOF the parties have signed this deed on the date and year first written above.

The Schedule above referred to

Mortgagor

Mortgagee

WITNESSES:

- 1. _____
- 2. _____