

Loan bond with surety and hypothecation of property

This Loan Bond is executed on this.....day of.....at..... Between:

1. Mr. X s/o.... r/o.....Hereinafter called the debtor on the First Part.
2. Mr. Y s/o.....r/o....., Hereinafter called the surety on the second part, and
3. Mr. Z, s/o..... r/o.....,Hereinafter called the creditor on the third part.

Whereas the debtor has applied for a loan of Rs.....which shall be re-payable in installments as specified hereunder with interest at the rate of 18% per annum.

And whereas the surety has agreed to give security for the above loan and the creditor has agreed to advance the loan on such security.

NOW THIS BOND WITNESSES AS UNDER:

1. That in pursuance of the said agreement the creditor has advanced a sum of Rs.....to the debtor. The debtor and surety have jointly and severally agree with the creditor as under:-
2. That the debtor and the surety are jointly and severally responsible for repayment of the above amount in four equal installments with interest on half yearly basis as under:-

INSTLAMENTS DUE DTEA PRINCIPAL AMOUNT INTEREST

1st installment.....

2nd installment.....

3rd installment.....

4th installment.....

3. That in case of failure to pay any installment or part thereof with interest, the debtor amount along with interest shall become payable at once and the debtor and the surety shall be jointly and severally liable to pay the same.
4. That for the consideration aforesaid and in further pursuance of the aforesaid agreement the debtor and the surety grant and transfer by way of simple mortgage to the creditor. All that property described in the shall remain and be charged by way of simple mortgage as security for the payment to the creditor of the said principal amount along with interest in accordance with the covenants herein contained.
5. The debtor and the surety hereby declare that the said property is free form all encumbrances.
6. That it is hereby agreed and declared that in cases of failure of the part of debtor to pay the installment in time, the creditor shall be entitled to dispose the mortgage property in part or full to recover the principal amount and interest.

We the above noted parties have signed this deed on the date and place mentioned above, after fully understanding the contents of this deed in the presence of the following witnesses:

Witnesses:

Name_____

Signature.....

Address_____

Debtor

Name_____

Signature.....

Address_____

Surety

Name_____

Signature.....

Address_____

Creditor