

SAMPLE

THIS DEED OF CHATTEL MORTGAGE

day of

BETWEEN:

- (1) << Name of Debtor >> a <<Country of Registration>> under number <<Company Registration Number>> whose registered office is at <<Registered office>> (the "Debtor")
- (2) << Name of Creditor >> a <<Country of Registration>> under number <<Company Registration Number>> whose registered office is at <<Registered office>> (the "Creditor")

BACKGROUND

- A. The Debtor owes the Creditor the sum of <<Debt amount>> (the "Debt");
- B. The Creditor wishes to obtain security for the Debt. Accordingly the Debtor has agreed to grant this deed of mortgage over the Chattels as set out in Clause 1 (the "Security").

IT IS AGREED as follows:

1. Grant of Security¹

- 1.1 The Debtor hereby grants to the Creditor with full title guarantee:
- a) a first legal mortgage over the Chattels in respect of any and all contracts and obligations entered into by the Debtor;
 - b) a first fixed charge over the Chattels in respect of any and all contracts and obligations entered into by the Debtor;
- 1.2 The Debtor also hereby assigns to the Creditor with full title guarantee all rights, title, interest and benefits in and to the Chattels not otherwise already assigned to the Creditor.
- 1.3 Clauses 1.1 and 1.2 shall survive the repayment of the Debt from the date of this Deed and shall remain in effect so long as the Debt is outstanding.
- 1.4 The Debtor warrants that the Chattels are the beneficial owner of the Chattels and that there are no other claims or third party interests in the Chattels.

2. Obligations of the Debtor

- 2.1 The Debtor shall:
- a) maintain each Chattel in good and serviceable condition and not let the Chattels deteriorate or be lost or damaged in the normal course of their use;

¹ This agreement takes a legal mortgage over the Chattels in respect of any and all contracts and obligations entered into by the Debtor. By taking a legal mortgage, fixed charge and assignment, the intention of the agreement is to unequivocally pass the benefit to the Creditor on redemption.

² This assignment is primarily to cover the benefit of any insurance policies relating to the chattels.

- operation;
- b) renew and replace and damaged with parts that become obsolete, worn out or value;
 - c) keep complete and maintenance carried of any repairs, servicing and
 - d) not permit the Chattel maintenance and re s Deed;
 - e) maintain all logbook technical data as is normal trade
 - f) not permit the Chattel se than for the purpose for which
 - g) ensure that the Chattel insert address >>, and shall]³ not of the Creditor, such consent not to be unreasonably
 - h) take such steps as the Security⁴; and order to assist in the perfection of
 - i) maintain all relevant chattels.
- 2.2 The Debtor shall m equate insurance for the Chattels against all reasona ade practice and at such level as the Creditor may re
- 2.3 The Debtor shall pa respect of the Chattels.
- 2.4 The Debtor shall g e to the Creditor of any material damage to any Cha

3. Inspection and Information

The Creditor shall, have the Chattels at any reasonable time and upon reasonable notice b or. Where this is impractical, the Debtor shall provide the information concerning the location, condition, use and operation Creditor may require.

4. Notice of Mortgage

The Debtor shall, if so req affix and maintain on each Chattel in a conspicuous place, a ntifying the Chattel as being the subject of a mortgage.

³ Chattels are by their very nature mobile and whether it is necessary or realistic to include this provision depending on the nature of the Chattels. The provision to keep the chattels within England may be more appropriate to include a

⁴ Once created, security may need to be registered. The necessity to register the security (and the form of registration (asset owned or leased) will depend on the nature of the Chattels. The necessity to register security also needs be considered if the security is created by an English company. See the Companies House Form MR01 & accompanying guidance on Companies House website.

5. **Breach**

In the event that the Debtor shall immediately be due and the performance of this authorised representative exercise all its rights, power enter onto any premises with the remedies available to a

The Creditor shall also be Chattels and enforce a power Property Act 1925. Section Security as constituted by the

proceedings under this Deed the Debtor in full. If the Debtor defaults in shall allow the Creditor (or its notice or demand immediately to the possession of the Chattels and required in order to enforce any or all law.

all rights to take possession of the by section 101 of the Law of Property Act 1925 does not apply to the

6. **Termination**

Upon the full repayment of interest in the Chattels it or

to the Creditor this Deed, and all editor, shall terminate.

7. **Applicable Law and Jurisdiction**

This agreement and any dispute subject matter or formation governed by and construed

out of or in connection with it or its actual disputes or claims) shall be law of England and Wales

IN WITNESS WHEREOF the parties Deed on the day and year first above

delivered this Chattel Mortgage as a

Executed as a deed by <<Debtor>

and its secretary] [two directors]

Signature of Director

Signature of [Director] [Secretary]

⁵ Section 101 LPA 1925 automatically made by deed. A mortgage for these As s.103 LPA 1925 is prescriptive as purposes. Additional powers to appoint

to appoint a receiver if the mortgage is include personal property as well as land. be exercised, it is disapplied for these ally included if desired.

Executed as a deed by <<Creditor>> and its secretary] [two directors]

Signature of Director

Signature of [Director] [Secretary]

[Alternative execution clause for company seal)

Executed as a deed by affixing
the common seal of
<<Debtor/Creditor>> seal here>>
in the presence of

Director

Director/Secretary]

**[Alternative execution clause for director's signature in presence
of a witness)**

Executed as a deed by
<<Debtor/Creditor>>
acting by a director in the
presence of

Signature of witness _____

Name (in BLOCK CAPITALS) _____

Address _____

_____]

S

[<< Insert Details of Specific Mortgage >>] as much detail as possible, e.g. if
vehicles, include make, model & colour >>]

A

M

P

L

E