

**REAL ESTATE MORTGAGE**

**(SAMPLE ONLY: Please have Grantee Attorney prepare in accordance with local policy.)**

THIS MORTGAGE, made and entered into this \_\_\_\_ day of \_\_\_\_\_, between \_\_\_\_\_ the owner(s) of the property located at \_\_\_\_\_ hereinafter called the Mortgagor, and the \_\_\_\_\_, acting on behalf of the Grantee, \_\_\_\_\_, hereinafter called the Mortgagee;

**WITNESSETH**

THAT for the purpose of securing the payment of the indebtedness herein mentioned and all renewals and extensions thereof and for the purpose of securing the fulfillment of all covenants and conditions hereafter contained, the Mortgagor hereby conveys to the Mortgagee with Covenant of General Warranty the fee simple estate to the property hereinafter described together with the buildings and improvements erected thereon, and all rights therein (hereinafter referred to as the "Property"), together with rents, issues and profits therefrom, except that the sole purpose of this conveyance is to secure the payment of Mortgagors' indebtedness to the Mortgagee, said debt being described below.

TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns forever.

NOW, THEREFORE, the Mortgagor is justly indebted to the Mortgagee in the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), as secured by a Promissory Note of even date herewith, with the stated principal and interest payments as shown therein, and the other provisions and obligations, all of which the Mortgagor hereby acknowledges. The Promissory Note bears a final maturity date of \_\_\_\_\_.

The Mortgagor warrants the title to the property and covenants that he has a good and right to mortgage and convey the same; that the same is free from all encumbrances, liens, claims or charges prior to or on par with this Mortgage; that the Mortgagor has a good and perfect title to the same and that this Mortgage is and shall be the first and/or best lien against the property.

In addition, the Mortgagor, in order to more fully protect the security of this Mortgage, covenants and agrees as follows:

1. To pay the Note and interest, if any, thereon as hereby secured according to the terms thereof.
2. To pay promptly all taxes or assessments, general and special, now or hereafter levied against the property.
3. To keep the improvements now existing or hereafter erected on the Property in good condition and repair and to, at his/her own expense, procure, deliver to and maintain for the benefit of the Mortgagee, policies of insurance upon the Property providing the following insurance coverage, with a company or companies acceptable to the Mortgagee, which shall not be cancelable, except upon not less than 30 days prior written notice to the Mortgagee:
  - (a) Property insurance consisting of fire, extended coverage, vandalism and malicious mischief, with waiver of subrogation and a standard form of mortgage clause payable to the Mortgagee, insuring to the full insurable value of the property on the basis of replacement cost, either without co-insurance requirements, or with coverage adequate to avoid co-insurance penalty.

- (b) Flood insurance with such coverage in such amounts as are satisfactory to the Mortgagee if the property is in an area currently identified or hereafter identified by the Secretary of Housing and Urban Development as having special flood or mud slide hazards.

The Mortgagor will pay the premiums on such policies when due and deliver to the Mortgagee, upon its request, the official receipt for such premium payments. Upon issue of such policies, Mortgagor will promptly deposit them with Mortgagee as additional security. The Mortgagor further covenants to deliver to the Mortgagee at least satisfactory evidence of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Mortgage. All insurance proceeds shall be applied to the payment of any indebtedness hereby secured, or at the option of the Mortgagee to the repairing or replacement of the Property.

Should the Mortgagor fail to maintain such insurance, or to keep the policies deposited with the Mortgagee, or to promptly make repairs and replacements, or to pay the taxes and assessments referred to in paragraph #2 above, the Mortgagee may, at its option, procure and pay for such insurance, cause such repairs or replacements to be made, and/or pay such taxes or assessments, and the sums so paid shall be immediately due and payable and shall be a part of the indebtedness secured by this Mortgage (with the lien therefore deemed to be equal in dignity to the lien securing the other indebtedness secured hereby) and bear interest at the rate of 0% over the Federal Reserve Discount Rate or 00%, whichever is less.

In the event of any loss or damage, the Mortgagor will give immediate notice thereof to the Mortgagee, and Mortgagee may thereupon make proofs such loss or damage, if the same is not promptly made by the Mortgagor. All proceeds of insurance, in the event of such loss or damage, shall be payable to the Mortgagee and any affected insurance company is authorized and directed to make payment thereof directly to the Mortgagee. The Mortgagee is authorized and empowered to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance. All such insurance proceeds may, at the sole discretion of the Mortgagee, be applied to the restoration, repair replacements, or rebuilding of the Property, or to and in reduction of any indebtedness secured by this Mortgage. The delivery to the Mortgagee of any policy or policies of insurance hereunder, or renewals thereof, shall constitute an assignment to the Mortgagee of all unearned premiums as further security for the payment of the indebtedness secured thereby. In the event of foreclosure of this Mortgage or other transfer of title to the Property in extinguishment of the indebtedness secured thereby, all right, title and interest of the Mortgagee in and to any insurance policies then in force shall pass to the purchaser or Grantee.

4. The Mortgagor shall not commit, permit or suffer any waste, impairment of deterioration beyond normal wear and tear of the Property or any part thereof or the destruction or removal of any part of the Property.
5. Should the Mortgagor fail (a) to pay any installment on the said note or interest thereon when the same becomes due; or (b) to pay such taxes or assessments when they become due; or (c) to keep the Property insured against loss by fire and other hazards, casualties and contingencies or to pay the premiums for such insurance when due; or (d) to keep the Property in good condition and repair; or (e) to keep or perform any covenants or stipulations of this Mortgage or the underlying Promissory Note; or (f) should proceedings be instituted involving title to the Property or any part thereof, including the foreclosure of any other mortgage either superior or subordinate or any voluntary or involuntary proceedings; then in any such cases, the Mortgagee may declare the whole indebtedness secured hereby to be at once due and payable, and may forthwith proceed to collect the same and to enforce this Mortgage by suit or otherwise.
6. It is expressly agreed that failure by the Mortgagee to exercise any of its options to precipitate the debt secured because of violation of this Mortgage shall not constitute a waiver of the right to exercise such option. In the event of a waiver of any one of the obligations assumed by the Mortgagor hereunder, it shall not at any time thereafter be held to be a waiver of any of the terms or conditions hereof, except such as are expressly waived.

7. If all or any part of the property or any interest therein is sold or transferred by the Mortgagor without Mortgagee's prior written consent (including a contract for deed or any other conveyance, legal or equitable, of said property by operation of law or otherwise), excluding: (a) the creations of a lien or encumbrance subordinate to this mortgage; (b) the creation of a purchase money security interest for household appliances; (c) a transfer by devise, descent or by operation of law upon the death or a joint tenant; Mortgagee may, at the Mortgagee's option, declare all the sum secured by this Mortgage to be immediately due and payable, and may forthwith proceed to collect the same and to enforce this Mortgage by legal action or otherwise. The Mortgagee shall have waived such option to accelerate if, prior to the sale or transfer, the Mortgagee and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to the Mortgagee and that the interest payable on the sums secured by this Mortgage shall be at such as the Mortgagee shall request.
8. Regardless of whether or not the Mortgagee has consented or agreed under paragraph 9 to the sale of the Property, no sale of the Property and no forbearance on the part of the Mortgagee, nor extension of time for the payment of the debt secured, shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor, or any subsequent persons who become obligated by reason of the assumption of the debt secured either in whole or in part.
9. In the event that Property or any part thereof, shall, during the term of this Mortgage, be condemned and taken for public use or damaged in any way, the Mortgagee shall have the right to demand that all damages awarded for the taking of or damages to the property shall be paid to the Mortgagee to the extent of the then unpaid sum secured hereby.
10. In the event of any change in the laws now in force for the taxation of the Mortgage or debts secured by the Mortgage, or the manner of the collection of any such taxes, so as to affect this Mortgage, the whole of the principal sum secured by this Mortgage, together with the interest due thereon, shall, at the option of the Mortgagee, without notice to any party, become immediately due and payable.
11. Should the Mortgagor pay the indebtedness and perform all the covenants and stipulations hereof, the Mortgagee shall cancel the Promissory Note hereby secured, and shall release this Mortgage on the request and at the cost of the Mortgagor.
12. Should the Mortgagor rent the rehabilitated structure at any time during the specified five (5) year period then the Mortgagee may declare the whole indebtedness secured hereby to be at once due and payable, and may forthwith proceed to collect the same and to enforce this Mortgage by suit or otherwise
13. There shall be no prepayment penalty.
14. This mortgage shall also secure any additional advances of funds for rehabilitation of the mortgaged premises, whether direct, indirect, existing, future, contingent otherwise, said additional indebtedness in no event to exceed the principal sum of \$00,000.00 in addition to the principal amount of the mortgage note set out on page one hereof.
15. If the indebtedness secured by this mortgage is collected by legal or equitable proceedings, or is paid after the institution of such proceedings, then the Mortgagor agrees to pay all expenses of collection, including reasonable attorney fees and commission incurred by the Mortgagee or its assigns, and which the Mortgagee, or its assigns, may have paid or be liable to pay on account of such legal or equitable proceedings. It is expressly stipulated and agreed that the lien of this Mortgage shall extend to and include such expenses, attorney fees and commissions, and that same shall be included in any judgment or decree rendered for a foreclosure of this Mortgage.

16. Unless sooner paid, or unless there is then pending a legal action to enforce this mortgage, as evidenced by a lis pendens notice recorded in the County Clerk's office, this Mortgage shall be extinguished and the lien hereof discharged on \_\_\_\_\_.
17. The covenants herein contained shall bind, and the benefits and advantages shall insure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto, and wherever used, the singular number shall include the plural, plural the singular and the use of any gender shall include all genders.

**THIS PROPERTY CONVEYED IS PARTICULARLY DESCRIBED IN EXHIBIT "A", ATTACHED**

**WITNESS OUR HAND** this date first above written.

\_\_\_\_\_  
MORTGAGOR

\_\_\_\_\_  
MORTGAGOR

**ACKNOWLEDGEMENT**

STATE OF KENTUCKY)  
)SCT.  
COUNTY AT LARGE )

The foregoing Mortgage was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
by \_\_\_\_\_,  
Mortgagors to be his/her/their free act and deed.

\_\_\_\_\_  
NOTARY PUBLIC, STATE AT LARGE, KY

My Commission Expires: \_\_\_\_\_

Prepared By: \_\_\_\_\_