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## MORTGAGE DEED

*State of Alabama*

### **BACKGROUND.**

A. This Mortgage Deed is made effective as of the following date: \_\_\_\_\_ (known going forward as the "Effective Date") by and between the following Party borrowing the money (the "Borrower"):

\_\_\_\_\_  
of

\_\_\_\_\_

and the following Party lending the money (the "Lender"):

\_\_\_\_\_  
of

\_\_\_\_\_

B. *WHEREAS*, the Borrower, the Lender, and \_\_\_\_\_, acting as guarantor, entered into a Loan Agreement dated \_\_\_\_\_ in the sum of **\$2 (two US dollars)** (the "Principal Amount"), together with an interest rate of **100%** thereon computed on the outstanding balance, along with any applicable fees (all together known as the "Loan");

C. *WHEREAS*, to secure the performance of all the terms, covenants, agreements, conditions, and obligations of the Loan and this Mortgage, the Borrower wishes to grant to the Lender their rights, title, and interest in the property located at the following address:

\_\_\_\_\_

Said property is more fully described by the legal description as follows:

\_\_\_\_\_

*NOW THEREFORE*, in consideration of the Loan made by the Lender to the Borrower, the Borrower and the Lender hereby agree as follows:

## **I. GRANT.**

1. The Borrower hereby grants and conveys to the Lender all rights, title, and interest to the Property described above, including all buildings, improvements, and fixtures now and hereafter existing thereon, as security for the repayment of the Loan and the performance of the covenants and agreements set forth in this Mortgage.

## **II. PAYMENT.**

2. The Borrower, for value received, promises to pay to the Lender the Principal Amount and the accrued interest and any applicable fees on the terms outlined in this Mortgage or in any amendment, extension, or renewal of the Mortgage and any additional amounts secured by this Mortgage on the terms elsewhere provided for such debts and liabilities.

3. The Borrower agrees to pay the Principal Amount with interest before and after maturity and before and after default at the rate of **100%** (the "Interest Rate"). The Interest Rate will be calculated from the date this Mortgage begins on \_\_\_\_\_ (the "Adjustment Date") and accrues until the whole of the Principal Amount is paid to the Lender.

4. The Loan will be repaid on the following terms:

a. It is agreed that a payment in the amount of the **\$2 (two US dollars)** will be paid by the Borrower to the Lender annually on \_\_\_\_\_ of each year.

b. The Borrower will continue to make payments according to this schedule until \_\_\_\_\_ (the "Due Date"), at which point the Borrower will be required to pay a balloon payment of **\$2 (two US dollars)**, which constitutes the remaining balance of the Principal Amount and accrued interest due on the Principal Amount.

c. THE BORROWER UNDERSTANDS THAT THE PAYMENT OF THE ABOVE INSTALLMENT PAYMENTS MAY NOT FULLY AMORTIZE THE PRINCIPAL BALANCE OF THE LOAN, AND THEREFORE, A BALLOON PAYMENT MAY BE DUE ON THE DUE DATE.

5. Unpaid Principal Amount after the Due Date listed above shall accrue interest at a rate of **100%** annually until paid in full.

6. All payments shall be applied first to payment of accrued interest and any remainder shall be applied to payment of the Principal Amount.

### **III. PREPAYMENT.**

7. When not in default, the Borrower may prepay, without penalty, all or a portion of the Principal Amount and any accrued interest earlier than it is due (i.e. make payment prior to the time that it is due).

8. Partial prepayment will not postpone the due date of any subsequent payment or change the payment amount unless the Lender otherwise agrees in writing.

9. Prepayments will first be applied to any accrued interest calculated at the Interest Rate, and second to the Principal Amount.

### **IV. FUNDS FOR ESCROW ITEMS.**

10. The Borrower will pay the Lender, on the day payment is due under this Mortgage, until the Principal Amount is paid in full, a sum (the "Funds") to provide for payment for: (a) any taxes, assessments, or other items which can take priority over this Mortgage as a lien or encumbrance on the Property; (b) lease payments on the Property, if any; (c) premiums for any and all insurance, including Mortgage Insurance required by the Lender. These items will be called "Escrow Items."

11. The Borrower must notify the Lender of all amounts to be paid under this Section. If the Lender requires, the Borrower must provide receipts evidencing such payments to the Lender. If the Borrower does not make timely payments, the Lender can, at their discretion, make any and all past due payments for Escrow Items and the Borrower will be obligated to repay the Lender for any such amount. The Lender may waive the Borrower's obligation to pay the Lender for any and all Escrow Items at any time by providing written notice to the Borrower. If such waiver occurs, the Borrower may pay directly, when and where payable, the amounts due for any and all Escrow Items. If the

Borrower is obligated to pay Escrow Items directly, and the Borrower fails to make payments on time, then the Lender may exercise its rights under this Section and pay for any such amounts and Borrower will be obligated to repay Lender for any such amount.

12. The Borrower will collect and hold the Funds in accordance with the Real Estate Settlement Procedures Act (the "RESPA"). The Lender will estimate the amount of Funds due in accordance with Applicable Law. If there is a surplus of Funds held in escrow, as defined under RESPA, the Lender must provide to Borrower the excess funds in accordance with RESPA. If there is a shortage or deficiency of Funds held in escrow, as defined under RESPA, Lender must notify Borrower in writing and Borrower must pay to Lender the amount necessary to make up for the shortage or deficiency.

13. Upon payment in full of all Funds relating to Escrow Items, the Lender will promptly refund to the Borrower any excess Funds held by the Lender.

#### **V. ADDITIONAL CHARGES AND ENCUMBRANCES.**

14. The Borrower must pay all taxes, assessments, charges, fines, and all other impositions attributable to the Property and all trusts, liens, and other encumbrances on the Property.

15. To the extent that these items are Escrow Items, the Borrower will pay them, in the manner provided in the Section titled "FUNDS FOR ESCROW ITEMS."

#### **VI. DISCHARGE.**

16. When the Borrower pays the Principal Amount, any accrued interest, and all other amounts secured by this Mortgage in full and notifies the Lender in writing and requests and discharge of this Mortgage, the Lender will discharge this Mortgage.

17. The Borrower will give the Lender a reasonable time after payment in which to prepare and issue the discharge.

#### **VII.**

#### **VIII. PROPERTY INSURANCE.**

18. The Borrower must keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which the Lender requires insurance. The insurance carrier providing the insurance will be chosen by the Borrower. However, the Lender will have the right to disapprove the Borrower's choice, which right may not be unreasonable.

19. If the Borrower fails to maintain any of the coverage described above, then Lender may obtain insurance coverage, at Lender's discretion and Borrower's expense. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of the insurance that the Borrower could have obtained. However, any amounts paid by Lender will become additional debt of the Borrower and secured by this Mortgage. The amounts paid by the Lender will bear interest at the Interest Rate from the date of payment and will be payable, with such interest, upon notice from Lender to Borrower requesting payment.

20. All insurance policies must include a standard mortgage and/or trust clause and will name Lender as mortgagee and/or as an additional loss payee, stating that any loss is payable to the Lender. Borrower further agrees to generally assign rights to insurance proceeds to the Lender up to the amount of the outstanding loan balance. If, at the request of the Lender, Borrower will provide Lender a copy of the insurance policy and all receipts of paid premiums and renewal notices.

21. In the event of loss, the Borrower must give prompt notice to the insurance carrier and to the Lender. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds must be applied to restoration or repair of the Property, if the restoration or repair is economically feasible. If the restoration or repair is not economically feasible, the insurance proceeds will be applied to the remainder of this Mortgage, whether or not the balance of the Mortgage is then due, with the excess, if any, paid to the Borrower.

#### **IX. MORTGAGE INSURANCE.**

22. The Borrower shall purchase and maintain mortgage insurance protecting the Lender against the nonpayment of, or default on, the Loan as required by the Lender.

23. Nothing in this Section shall affect the Borrower's obligation to make payments on the Principal Amount and any accrued interest as required under the Agreement.

#### **X. REPAIR AND MAINTENANCE OF THE PROPERTY.**

24. The Borrower will maintain the Property in good order and condition and will promptly make all necessary repairs, replacements, and improvements.
25. The Borrower will not allow any part of the Property to become or remain vacant without the written consent of the Lender.
26. The Borrower will not commit waste and will not remove, demolish, or materially alter the Property or any part of it without prior written consent from the Lender.
27. If the Borrower, or anyone claiming under the Borrower, neglects to keep the Property in good condition and repair, or commit any act of waste on the Property, or do anything by which the value of the Property is thereby diminished, all of which the Lender will be the sole judge, the Lender may, but is not obligated to, enter the Property and effect such repairs or work as they consider necessary.

#### **XI. HAZARDOUS SUBSTANCES.**

28. The Borrower will not use, store, release, deposit, recycle, or permit the presence of hazardous substances on the Property, generally accepted items for residential use excepted, which includes but is not limited to asbestos, PCBs, radioactive materials, gasoline, kerosene, or other flammable petroleum products (the "Hazardous Substances").
29. The Borrower is prohibited from performing any acts on the Property involving any Hazardous Substances that would materially affect the value of the Property or would require clean-up or remedial action under federal, state, or local law and codes.

#### **XII. DEFAULT.**

30. The following events constitute a default of this Mortgage:
- a. Borrower's failure to pay the Principal Amount or any accrued interest when such payments are due;
  - b. Borrower's failure to perform or comply with any of the terms and conditions or any obligations or responsibilities due under this Mortgage;
  - c. The Borrower has given or made, at any time during the loan process, any materially false, misleading, or inaccurate information or statements to the Lender or any other party under this Mortgage in connection with the loan;

- d. If any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property, or any other material impairment of Lender's interest in the Property or rights under this Mortgage;
- e. If a lien is registered against the Property, or if default occurs under any other lien or encumbrance existing against the Property;
- f. The Borrower abandons or fails to occupy the Property;
- g. The Property or any material part of the Property is expropriated.

### **XIII. ACCELERATION.**

31. If at any time the Borrower should be in default under this Mortgage, the Lender must give notice to the Borrower. The notice must specify: (a) the default; (b) the action required to cure the default (if allowable); (c) a date, not less than 30 days from the date of the notice, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property.

32. If the default is not cured on or before the date specified in the notice, the Lender at its option may require immediate payment in full of all sums, including the Principal Amount, interest, and all other amounts secured by this Mortgage. If the default is cured, the Mortgage will be reinstated. If the default is not cured, the Lender may invoke the power of sale and begin foreclosure proceedings.

33. The Lender will at all times retain the right to required immediate payment in full in the event of default. Any forbearance on the part of the Lender upon default, which includes but is not limited to acceptance of late payment, acceptance of payment from third parties, or acceptance of payments less than the amount due, will not constitute a waiver to enforce acceleration upon default.

### **XIV. POWER OF SALE.**

34. In the event of default under this Mortgage, the Lender may at their option foreclose and force a sale of the Property without a judicial proceeding.

35. Any delay in the exercising of this right will not constitute a waiver to exercise this right at a later date should the Borrower remain in default or subsequently default again in the future.

## **XV. REMEDIES ON DEFAULT.**

36. The Lender will have the right to invoke all remedies permitted under Applicable Law, whether or not such remedies are expressly granted in this Mortgage, including but not limited to any foreclosure proceedings.

37. If the Lender invokes the power of sale, the Lender or their agent will execute a written notice of the event of default and the Lender's election to sell the property. The Lender or their agent will mail copies of the notice as prescribed by Applicable Law to the Borrower and other persons required by Applicable Law.

38. The Borrower or their agent will give public notice of sale to the Borrower in the manner provided by Applicable Law.

39. After the time required by Applicable Law, the Lender or their agent, without demand on the Borrower, will sell the Property at public auction to the highest bidder, at the time and place and subject to the terms indicated in the notice of sale.

40. The Borrower or their agent may postpone the sale of the Property by public announcement at the time and place of any scheduled sale.

## **XVI. PROTECTION OF LENDER'S INTEREST.**

41. If at any time the Borrower fails to perform the covenants and agreements under this Mortgage, or if there is a legal proceeding that significantly affects the Lender's interest in the Property, or if the Borrower has abandoned the Property, then the Lender may do and pay for whatever is reasonable or appropriate to protect the Lender's interest in the Property and/or rights under this Mortgage, which includes, but is not limited to:

- (a). Paying any sums secured by a lien which has a priority over this Mortgage;
- (b). Appearing in court;
- (c). Paying reasonable attorney's fees to protect its interest in the Property and/or rights under this Mortgage; and
- (d). Paying for reasonable costs to repair and maintain the Property

42. The Lender will at all times retain the right to take action under this Section. However, the Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that the Lender will not incur any liability for not taking any or all



actions to perform such tasks. Furthermore, any amounts paid by the Lender will become additional debt of the Borrower secured by this Mortgage.

#### **XVII. ASSIGNMENT.**

43. No Party shall have the right to transfer or assign, in whole or in part, any or all of their obligations and rights hereunder without the prior written consent of the other Party.

44. Subject to the above, the rights and obligations of the Parties shall inure to the benefit of and be binding upon their respective successors in interest, heirs, and assigns.

#### **XVIII. ENTIRE AGREEMENT.**

45. This Agreement contains the entire agreement of the Parties, and there are no other promises or conditions in any other agreement, whether oral or written, concerning the subject matter of this Agreement.

46. This Agreement supersedes any prior written or oral agreements between the Parties.

#### **XIX. SEVERABILITY.**

47. If any provision of this Agreement will be held to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable.

48. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.

#### **XX. AMENDMENT.**

49. This Agreement may be modified or amended in writing if the writing is signed by the Party obligated under the amendment.

#### **XXI. GOVERNING LAW.**

50. This Agreement shall be construed in accordance with the laws of the State of Alabama.

**XXII. NOTICE.**

51. Any notice or communication required or permitted under this Agreement shall be sufficiently given if delivered in person or by certified mail, return receipt requested, to the address set forth in the opening paragraph of this Agreement or to such other address as one Party may have furnished to the other in writing.

**XXIII. WAIVER OF CONTRACTUAL RIGHTS.**

52. The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

*IN WITNESS WHEREOF*, the Parties hereto, individually, or by their duly authorized representatives, have executed this Agreement as of the first date written above.

***EXECUTION:***

\_\_\_\_\_  
\_\_\_\_\_, *Borrower*

\_\_\_\_\_  
Date

\_\_\_\_\_  
\_\_\_\_\_, *Lender*

\_\_\_\_\_  
Date

**BORROWER ACKNOWLEDGEMENT**

State of \_\_\_\_\_

County of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_,  
personally

appeared \_\_\_\_\_, who is proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and by their signature on the instrument the person, or the entity on behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_ (notary seal)  
Notary Public

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