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MORTGAGE LOAN AGREEMENT

This Mortgage Loan Agreement ("Agreement") is made and entered into as of **[Effective Date]**, by and between:

- **[Lender's Full Legal Name]**, with a principal place of business at **[Lender's Address]**, hereinafter referred to as the **"Lender"**; and
- **[Borrower's Full Legal Name]**, residing at **[Borrower's Address]**, hereinafter referred to as the **"Borrower"**.

INTRODUCTORY CLAUSE

WHEREAS, the Lender agrees to provide a **mortgage loan** to the Borrower, and the Borrower agrees to repay the loan in accordance with the terms and conditions set forth in this Agreement;

WHEREAS, the Borrower acknowledges that the loan will be **secured by a mortgage** on the property located at **[Property Address]**, hereinafter referred to as the **"Mortgaged Property"**;

WHEREAS, the Borrower and the Lender desire to set forth the terms and conditions under which the loan shall be repaid, including principal, interest, repayment schedule, and the rights and obligations of each party;

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

CLAUSE 1 – LOAN TERMS AND PRINCIPAL AMOUNT

This section defines the mortgage loan amount, interest rate, repayment schedule, and conditions for interest accrual.

1.1 Loan Amount

(a) The Lender agrees to lend to the Borrower the principal sum of **[$Loan Amount]** (the "Loan").
(b) The Borrower acknowledges receipt of these funds and agrees to repay the Loan **in full**, along with any interest, fees, and charges, in accordance with the terms of this Agreement.

1.2 Interest Rate

(a) The Loan shall accrue interest at a rate of ☐ **Fixed [X]% per annum OR** ☐ **Variable [Benchmark Rate] plus [X]%**.
(b) The interest rate ☐ **shall OR** ☐ **shall not** be subject to adjustment after [Number] months/years based on market conditions.

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(c) Interest shall be ☐ **Simple OR** ☐ **Compounded**, and shall be calculated on a ☐ **Daily OR** ☐ **Monthly OR** ☐ **Annual** basis.

1.3 Repayment Schedule

(a) The Borrower shall repay the Loan in ☐ **Equal Monthly Installments OR** ☐ **Quarterly Installments OR** ☐ **Other [Specify]** until the **Maturity Date** of **[Final Due Date]**.
(b) The repayment schedule shall be as follows:

Payment Number	Due Date	Principal ($)	Interest ($)	Total Payment ($)
1	[Date]	[$Amount]	[$Amount]	[$Total Amount]
2	[Date]	[$Amount]	[$Amount]	[$Total Amount]
…	…	…	…	…
Final	[Date]	[$Amount]	[$Amount]	[$Total Amount]

*(Attach a full **Repayment Schedule Addendum** if necessary.)*

(c) Payments shall be made via ☐ **Bank Transfer OR** ☐ **Check OR** ☐ **Direct Debit OR** ☐ **Other [Specify]**.
(d) The Borrower may ☐ **Prepay OR** ☐ **Not Prepay** the Loan without penalty before the Maturity Date.

1.4 Late Payments and Default Interest

(a) If the Borrower fails to make any scheduled payment within **[Number] days** after the due date, a **late fee of [$Amount or %]** shall apply.
(b) If the Borrower remains in default for **[Number] days**, the Lender may declare the Loan **immediately due and payable** and impose a default interest rate of **[X]% per annum** on the outstanding balance.

CLAUSE 2 – SECURITY INTEREST AND MORTGAGE LIENS

This section establishes the Lender's rights over the mortgaged property as collateral for the Loan.

2.1 Mortgage as Security

(a) As security for the repayment of the Loan, the Borrower hereby grants the Lender a **first-priority mortgage lien** on the property located at:
[Property Address], including all improvements, fixtures, and appurtenances thereto (the "Mortgaged Property").

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(b) The Borrower agrees that the mortgage shall be **duly recorded** in the appropriate **[County/State]** land records.

2.2 Borrower's Obligations Regarding the Mortgaged Property

(a) The Borrower **shall maintain ownership** of the Mortgaged Property and shall **not sell, transfer, lease, or otherwise dispose** of the property without the prior written consent of the Lender.
(b) The Borrower **shall maintain insurance** on the Mortgaged Property, naming the Lender as the **loss payee or lienholder**, with minimum coverage of **[$Coverage Amount]**.
(c) The Borrower agrees to **pay all property taxes, assessments, and municipal charges** related to the Mortgaged Property.
(d) The Borrower shall **not permit any additional liens, encumbrances, or claims** against the Mortgaged Property without the Lender's prior written approval.

2.3 Lender's Rights in Case of Default

(a) If the Borrower defaults under this Agreement, the Lender shall have the right to:

- **Initiate foreclosure proceedings** in accordance with applicable law.
- **Take possession of the Mortgaged Property** (subject to legal process).
- **Sell the property at auction** or by private sale to recover unpaid amounts.
  (b) The Lender shall provide the Borrower with a **[Number]-day written notice** before taking enforcement action.
  (c) Any **proceeds from the sale of the Mortgaged Property** shall be applied as follows:

1. Payment of outstanding principal and interest.
2. Payment of foreclosure costs and legal fees.
3. Payment of outstanding taxes or liens.
4. Any remaining balance shall be refunded to the Borrower.

CLAUSE 3 – INSURANCE AND PROPERTY MAINTENANCE

This section outlines the Borrower's obligations to maintain and insure the mortgaged property to protect the Lender's security interest.

3.1 Property Insurance

(a) The Borrower shall maintain **comprehensive property insurance** on the Mortgaged Property for the entire term of the Loan.
(b) The insurance policy shall cover:

- **Fire, flood, and natural disaster damage**
- **Theft and vandalism**

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- **Any other risks reasonably required by the Lender**
  (c) The minimum insurance coverage amount shall be **no less than [$Coverage Amount]**, or as required by the Lender.

3.2 Lender's Interest in the Insurance Policy

(a) The insurance policy shall name the **Lender as the loss payee or additional insured**.
(b) The Borrower shall provide **proof of insurance coverage** to the Lender upon request.
(c) The Borrower shall **not cancel or modify** the policy without the Lender's prior written consent.

3.3 Failure to Maintain Insurance

(a) If the Borrower fails to maintain required insurance, the Lender may:

- Obtain insurance coverage on behalf of the Borrower.
- Add the cost of such insurance to the Borrower's Loan balance.
- Declare the Borrower in default and initiate foreclosure proceedings.
  (b) Any insurance premiums advanced by the Lender shall accrue interest at **[X]% per annum** until reimbursed by the Borrower.

3.4 Property Maintenance Obligations

(a) The Borrower shall maintain the Mortgaged Property in **good condition and repair**, including:

- Keeping the property free from structural damage.
- Performing routine maintenance, such as plumbing, roofing, and electrical repairs.
- Complying with all **local zoning, building, and health codes**.
  (b) The Borrower **shall not abandon** the Mortgaged Property.
  (c) The Borrower shall allow the Lender to **inspect the property upon reasonable notice**.

3.5 Consequences of Neglect or Damage

(a) If the Borrower fails to maintain the property, the Lender **may make repairs** and add the costs to the Loan balance.
(b) If the property is damaged, the Borrower shall use insurance proceeds to repair the property **or apply proceeds toward repayment of the Loan**.

CLAUSE 4 – BORROWER'S COVENANTS AND RESTRICTIONS

This section outlines the Borrower's obligations, responsibilities, and restrictions regarding the Mortgaged Property and the Loan.

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4.1 Borrower's General Obligations

The Borrower covenants and agrees to:
(a) **Use the Mortgaged Property in compliance with all laws and regulations** applicable in the jurisdiction where it is located.
(b) **Make timely payments** of principal, interest, taxes, insurance, and any other obligations related to the Loan.
(c) **Inform the Lender in writing** within **[Number] days** of any significant event affecting the property, including damage, zoning changes, or legal disputes.

4.2 Restrictions on Borrower's Actions

The Borrower **shall not**, without prior written consent from the Lender:
(a) **Sell, lease, or transfer ownership** of the Mortgaged Property, except as provided in this Agreement.
(b) **Encumber the property** with additional liens, mortgages, or claims that could impact the Lender's security interest.
(c) **Make significant structural changes** or demolish any part of the Mortgaged Property.
(d) **Change the property's designated use** (e.g., residential to commercial).
(e) **Engage in illegal activities** on the property that could result in its seizure or forfeiture.

4.3 Compliance with Financial Obligations

(a) The Borrower shall make all required payments on the Loan **without setoff, deduction, or counterclaim**.
(b) If the Borrower disputes any amount due, they must provide written notice to the Lender within **[Number] days** of receiving the disputed payment demand.
(c) Any failure to comply with the financial terms shall constitute a **default** under this Agreement.

4.4 Cooperation with the Lender

(a) The Borrower shall promptly provide **financial documents, proof of insurance, and other requested materials** related to the Mortgaged Property upon the Lender's request.
(b) The Borrower shall allow the Lender or its authorized representatives to **inspect the property** upon reasonable notice.

4.5 Borrower's Representations

The Borrower represents and warrants that:
(a) **They have the legal right to mortgage the property** and that no undisclosed liens exist.
(b) **They have disclosed all material facts** that could affect the Lender's decision to issue the Loan.
(c) **The property is in good condition**, except as otherwise disclosed in writing to the Lender.

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CLAUSE 5 – EVENTS OF DEFAULT AND REMEDIES

This section outlines the circumstances under which the Borrower will be considered in default and the remedies available to the Lender.

5.1 Events of Default

The Borrower shall be considered in **default** under this Agreement if any of the following occurs:

(a) **Failure to Pay** – The Borrower fails to make any required payment under this Agreement within **[Number] days** of the due date.

(b) **Breach of Agreement** – The Borrower violates any material term, condition, or obligation of this Agreement.

(c) **False Representations** – Any financial or legal information provided by the Borrower is found to be false, misleading, or fraudulent.

(d) **Failure to Maintain Insurance** – The Borrower fails to keep the Mortgaged Property insured as required under **Clause 3**.

(e) **Unauthorized Sale or Transfer** – The Borrower sells, leases, or otherwise transfers any interest in the Mortgaged Property without the Lender's written consent.

(f) **Failure to Maintain the Property** – The Borrower neglects the Mortgaged Property, allowing it to deteriorate in a way that negatively affects its value.

(g) **Other Liens or Encumbrances** – The Borrower allows additional liens, judgments, or encumbrances to be placed on the Mortgaged Property without the Lender's written approval.

(h) **Bankruptcy or Insolvency** – The Borrower declares bankruptcy, becomes insolvent, or assigns the Mortgaged Property to creditors.

(i) **Government Seizure or Condemnation** – The Mortgaged Property is subject to government seizure, condemnation, or forfeiture due to legal violations.

5.2 Lender's Remedies Upon Default

If an Event of Default occurs, the Lender may take one or more of the following actions:

(a) **Acceleration of Debt** – The Lender may declare the entire outstanding Loan balance, including interest and fees, **immediately due and payable**.

(b) **Late Fees and Default Interest** – The Borrower shall pay a **late penalty of [$Amount or %]**, and default interest shall accrue at **[X]% per annum** on the unpaid balance.

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(c) **Foreclosure on the Mortgaged Property** – The Lender may initiate foreclosure proceedings and take possession of the property **in accordance with applicable state laws**.

(d) **Appointment of a Receiver** – The Lender may seek court approval to appoint a receiver to manage and preserve the Mortgaged Property until the Loan is repaid.

(e) **Legal Action** – The Lender may file a lawsuit to recover any unpaid amounts, including principal, interest, and legal fees.

(f) **Credit Reporting** – The default may be reported to **credit bureaus**, negatively impacting the Borrower's credit rating.

5.3 Right to Cure Default *(If Applicable)*

(a) The Borrower shall have **[Number] days** from receiving a **Notice of Default** to cure the default by making all past-due payments or correcting the violation.
(b) If the Borrower cures the default within the allowed time, the Loan shall continue under the original terms.
(c) If the Borrower fails to cure the default, the Lender may proceed with full enforcement of its rights under this Agreement.

CLAUSE 6 – GOVERNING LAW AND DISPUTE RESOLUTION

This section establishes the legal framework under which this **Mortgage Loan Agreement** is governed and outlines the procedures for resolving any disputes between the parties.

6.1 Governing Law

(a) This Agreement shall be governed by and construed in accordance with the **laws of the State of [State]**, without regard to conflict-of-law principles.
(b) Any legal proceedings related to this Agreement shall be initiated and heard in the courts located in **[Jurisdiction]**, unless otherwise required by applicable law.

6.2 Dispute Resolution

(a) The parties agree to first attempt to resolve any disputes **through good-faith negotiations**.
(b) If negotiations fail within **[Number] days**, the parties agree to submit the dispute to ☐ **Mediation OR** ☐ **Binding Arbitration OR** ☐ **Court Litigation** as the primary dispute resolution method.
(c) If arbitration is selected, the dispute shall be handled by **[Arbitration Association Name]** in accordance with its applicable rules, and the arbitrator's decision shall be ☐ **Final and Binding OR** ☐ **Subject to Appeal**.

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6.3 Attorneys' Fees and Costs

(a) If any legal action or dispute arises from this Agreement, the **prevailing party** shall be entitled to recover **reasonable attorneys' fees, court costs, and related expenses**.
(b) If arbitration is chosen, each party shall bear their own arbitration costs **unless otherwise determined by the arbitrator**.

6.4 Injunctive Relief *(If Applicable)*

(a) If a breach of this Agreement results in irreparable harm, the non-breaching party shall be entitled to seek **injunctive relief or specific performance** without the need to prove monetary damages.
(b) The parties acknowledge that monetary damages may not be a sufficient remedy for certain breaches, such as those related to property damage, unauthorized transfers, or security interest violations.

CLAUSE 7 – MISCELLANEOUS PROVISIONS AND FINAL TERMS

This section includes additional legal provisions governing this **Mortgage Loan Agreement**, including amendments, severability, and contract execution.

7.1 Entire Agreement

(a) This **Mortgage Loan Agreement**, including any **attached schedules, addenda, and amendments**, constitutes the **entire understanding** between the Lender and the Borrower regarding the loan.
(b) It supersedes all prior oral or written agreements, discussions, and informal arrangements between the parties concerning the loan and the Mortgaged Property.

7.2 Amendments and Modifications

(a) No modifications or amendments to this Agreement shall be valid unless **made in writing and signed** by both the Lender and the Borrower.
(b) Any verbal agreements or informal understandings **shall not be legally binding** unless properly documented in an addendum to this Agreement.

7.3 Severability

(a) If any provision of this Agreement is found to be **invalid, illegal, or unenforceable**, the remaining provisions shall remain in full force and effect.
(b) The parties agree to replace any unenforceable provision with a valid provision that most closely reflects the original intent of the Agreement.

7.4 Waiver of Rights

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(a) Failure by either party to enforce any provision of this Agreement **shall not be considered a waiver** of their rights under this Agreement.
(b) Any waiver must be in **writing and signed** by the waiving party.

7.5 Notices

(a) Any **formal notices** required under this Agreement shall be in writing and delivered by:

- **Personal delivery**
- **Certified mail (return receipt requested)**
- **Email (if both parties agree in writing to electronic notice)**
  (b) Notices shall be deemed **effective upon receipt** or, if sent by certified mail, **three (3) business days after mailing**.
  (c) The designated contact information for notices is as follows:

LENDER:
[Lender's Name]
[Lender's Address]
[Lender's Phone Number]
[Lender's Email]

BORROWER:
[Borrower's Name]
[Borrower's Address]
[Borrower's Phone Number]
[Borrower's Email]

7.6 Assignment and Binding Effect

(a) The Borrower ☐ **may OR** ☐ **may not** assign their rights and obligations under this Agreement to another party without the prior written consent of the Lender.
(b) The Lender ☐ **may OR** ☐ **may not** sell, transfer, or assign this Loan to a third party, including another financial institution or investor.
(c) This Agreement shall be **binding upon and inure to the benefit** of the Lender, the Borrower, and their respective **heirs, successors, and assigns**.

7.7 Electronic Signatures and Counterparts

(a) This Agreement ☐ **may OR** ☐ **may not** be executed electronically.
(b) Electronic or digital signatures shall be **legally binding** and have the same effect as handwritten signatures.
(c) This Agreement may be executed in **multiple counterparts**, each of which shall be deemed an original, but all together shall constitute one agreement.

SIGNATURES

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IN WITNESS WHEREOF, the parties have executed this **Mortgage Loan Agreement** as of the date first written above.

LENDER:

[Lender's Name]
Signature: _____
Date: _____

BORROWER:

[Borrower's Name]
Signature: _____
Date: _____

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