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MORTGAGE AGREEMENT

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

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

The Borrower agrees to grant the Lender a mortgage on the property described below as security for repayment of a loan, under the terms and conditions set forth in this Agreement.

RECITALS

WHEREAS, the Borrower is the legal owner of the real property located at **[Property Address]**, legally described as **[Legal Description from Title or Deed]**, including all improvements, fixtures, and rights associated with the property (the "Property");

WHEREAS, the Lender has agreed to extend a loan to the Borrower in the principal amount of **[$Loan Amount]** (the "Loan") for the purpose of **[Purpose of Loan, e.g., home purchase, refinancing, construction, etc.]**;

WHEREAS, the Borrower agrees to grant the Lender a **first-priority mortgage** on the Property as collateral to secure repayment of the Loan;

WHEREAS, the parties intend for this Agreement to establish their respective rights and obligations concerning the Loan, the Mortgage, and the Property;

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

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below:

1.1 "Agreement"

This Mortgage Agreement, including any **exhibits, schedules, and amendments** hereto.

1.2 "Borrower"

[Borrower's Name], including their **heirs, successors, assigns, and legal representatives**.

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1.3 "Lender"

[Lender's Name], including its **successors, assigns, and authorized agents**.

1.4 "Property"

The real estate located at **[Property Address]**, legally described as **[Legal Description from Title or Deed]**, including all **improvements, fixtures, easements, and appurtenances**, which serves as **collateral** for the Loan.

1.5 "Loan"

The sum of **[$Loan Amount]**, which is **secured by the Mortgage** and subject to repayment terms set forth in this Agreement.

1.6 "Mortgage"

The **first-priority lien** granted by the Borrower to the Lender as security for the Loan, covering the Property and enforceable under applicable state and federal laws.

1.7 "Interest Rate"

The annual interest rate applicable to the Loan, set at **[Fixed/Variable] Rate of [%]**, as further detailed in **Clause 3 (Loan Terms and Repayment Schedule).**

1.8 "Maturity Date"

The date on which the Loan, including **principal and accrued interest**, is due in full, which is **[Maturity Date]**.

1.9 "Default"

A breach of the terms of this Agreement by the Borrower, including but not limited to:

- **Non-payment of loan installments**
- **Failure to maintain property insurance or pay taxes**
- **Unauthorized sale or transfer of the Property**
- **Failure to maintain the Property in good condition**

1.10 "Foreclosure"

The legal process by which the Lender may enforce its rights under this Agreement if the Borrower **fails to meet their obligations**, which may include selling the Property to recover unpaid amounts.

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1.11 "Escrow Account" *(If Applicable)*

A financial account maintained by a third party or the Lender where the Borrower deposits funds for property tax payments, homeowners' insurance, and other required obligations related to the Property.

1.12 "Prepayment"

The Borrower's ability to pay off the Loan **before the Maturity Date**, which may be subject to prepayment penalties or other conditions as outlined in this Agreement.

CLAUSE 2 – GRANT OF MORTGAGE AND SECURITY INTEREST

2.1 Grant of Mortgage
(a) In consideration of the Loan provided by the Lender, the Borrower **grants, conveys, and mortgages** to the Lender a **first-priority lien** on the Property as security for repayment of the Loan.
(b) This Mortgage shall secure the payment of:

- The **principal sum of [$Loan Amount]**, plus interest as specified in **Clause 3 (Loan Terms and Repayment Schedule)**;
- All applicable **fees, late charges, and penalties**;
- Any **taxes, insurance premiums, or other costs** paid by the Lender on behalf of the Borrower; and
- Any **additional obligations** arising under this Agreement.

2.2 Security Interest in the Property
(a) The Borrower grants the Lender a **security interest** in the Property, including all:

- Buildings, structures, and fixtures currently on the Property or added in the future;
- Rights to access and use the Property;
- Rents, leases, and income derived from the Property (if applicable);
- Any future modifications, extensions, or replacements of the improvements on the Property.

(b) This security interest shall remain in full force and effect **until the Loan is fully repaid**, at which point the Lender shall execute a **Release of Mortgage** and remove its lien from the Property.

2.3 Lender's Rights
(a) The Lender shall have the following rights under this Agreement:

- To inspect the Property **at reasonable times** to ensure compliance with this Agreement;

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- To require the Borrower to provide proof of **property insurance, tax payments, and maintenance records**;
- To enforce the Mortgage and take legal action, including foreclosure, in case of default by the Borrower.

(b) If the Borrower fails to meet their obligations, the Lender may **pay any required amounts** on behalf of the Borrower, and such amounts shall be added to the outstanding Loan balance.

2.4 Borrower's Covenants
The Borrower covenants and agrees that:
(a) The Borrower is the **legal owner** of the Property and has the right to grant this Mortgage;
(b) The Property is free of **other liens, encumbrances, or legal disputes**, except as disclosed in this Agreement;
(c) The Borrower shall **not transfer, sell, or encumber the Property** without the Lender's prior written consent;
(d) The Borrower shall **keep the Property in good condition** and not make any material changes without the Lender's approval;
(e) The Borrower shall comply with all **applicable zoning laws, environmental regulations, and homeowners' association (HOA) rules** governing the Property.

CLAUSE 3 – LOAN TERMS AND REPAYMENT SCHEDULE

3.1 Loan Amount and Interest
(a) The Borrower acknowledges and agrees to repay the **principal loan amount** of **[$Loan Amount]**, plus interest as specified herein.
(b) The Loan shall bear interest at a **[Fixed/Variable] rate of [%] per annum**, calculated on a **[Daily/Monthly] basis**.
(c) If this is a **variable-rate loan**, the interest rate shall be adjusted in accordance with **[Index/Benchmark, e.g., LIBOR, SOFR, Prime Rate]**, with adjustments occurring **[Frequency, e.g., annually, semi-annually]**.

3.2 Payment Schedule
(a) The Borrower shall make **[Monthly/Quarterly]** payments of **[$Payment Amount]**, commencing on **[First Payment Date]** and continuing until the **Maturity Date** of **[Maturity Date]**.
(b) Each payment shall be applied as follows:

- **First**, to any outstanding late fees or penalties;
- **Second**, to accrued interest;
- **Third**, to the principal loan balance.
  (c) If the Borrower fails to make a payment within **[Grace Period] days** of the due date, a **late fee of [$Amount or %]** shall be assessed.

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3.3 Prepayment and Prepayment Penalty *(If Applicable)*
(a) The Borrower ☐ **may OR** ☐ **may not** prepay the Loan, in whole or in part, before the Maturity Date without penalty.
(b) If a **prepayment penalty** applies, the penalty amount shall be **[$Amount or % of remaining principal]**, unless waived by the Lender.

3.4 Balloon Payment *(If Applicable)*
(a) If this Loan includes a **balloon payment**, the Borrower agrees to make a final lump sum payment of **[$Balloon Payment Amount]** on the **Maturity Date**.
(b) The Borrower acknowledges that failure to make the required balloon payment may result in **foreclosure proceedings** initiated by the Lender.

3.5 Escrow Payments *(If Required)*
(a) The Borrower ☐ **shall OR** ☐ **shall not** be required to maintain an **escrow account** with the Lender for:

- Property taxes
- Homeowners' insurance
- Mortgage insurance (if applicable)
  (b) The Lender shall collect **[$Escrow Payment Amount]** with each monthly payment and disburse funds to cover these expenses as they become due.

3.6 Loan Renewal or Refinancing *(If Applicable)*
(a) The Borrower ☐ **may OR** ☐ **may not** refinance or extend the Loan upon reaching the Maturity Date, subject to approval by the Lender.
(b) If refinancing is allowed, the terms shall be negotiated in a separate agreement before the Maturity Date.

CLAUSE 4 – BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower makes the following **representations and warranties** to the Lender, which shall remain true and in effect throughout the term of this Agreement:

4.1 Legal Ownership and Authority
(a) The Borrower is the **sole legal owner** of the Property and has the full legal right to mortgage it as collateral for the Loan.
(b) The Borrower **has not granted** any other liens, mortgages, or encumbrances on the Property, except as disclosed in this Agreement.
(c) The Borrower has full **legal capacity and authority** to execute this Mortgage Agreement without the need for additional consents or approvals.

4.2 Compliance with Laws and Regulations
(a) The Borrower **has complied with all applicable zoning laws, environmental regulations, and homeowners' association (HOA) rules** governing the Property.

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(b) There are **no outstanding code violations, legal disputes, or government actions** affecting the Property.
(c) The Borrower shall not use the Property for any **unlawful purpose** or activity that violates federal, state, or local laws.

4.3 No Pending Litigation
(a) The Borrower represents that there are **no lawsuits, bankruptcy proceedings, or pending claims** that could affect their ability to fulfill the terms of this Agreement.
(b) The Borrower **has not received any notice** of foreclosure, tax liens, or legal actions against the Property.

4.4 Insurance and Property Taxes
(a) The Borrower agrees to **maintain adequate property insurance** as required in **Clause 5 (Insurance, Taxes, and Maintenance)**.
(b) The Borrower shall **pay all property taxes and assessments** before they become delinquent.
(c) If the Borrower fails to maintain insurance or pay taxes, the Lender **reserves the right** to pay these amounts and add them to the Loan balance.

4.5 Accuracy of Financial Information
(a) The Borrower represents that all **financial statements, income declarations, and credit information** provided to the Lender in connection with the Loan application are true, accurate, and complete.
(b) The Borrower agrees to notify the Lender immediately if there are any **material changes** to their financial status that may affect their ability to repay the Loan.

4.6 Borrower's Duty to Notify the Lender
(a) The Borrower shall provide **written notice** to the Lender in the event of:

- Any transfer, sale, or lease of the Property.
- Any default or late payment.
- Any damage, destruction, or condemnation of the Property.
- Any legal proceedings that may impact the Borrower's financial position or ownership of the Property.

(b) If the Borrower fails to notify the Lender of any such events, it shall constitute a **breach of this Agreement** and may result in **default** under **Clause 6 (Default and Remedies)**.

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CLAUSE 5 – INSURANCE, TAXES, AND MAINTENANCE

The Borrower agrees to protect the **Lender's interest** in the Property by maintaining adequate **insurance coverage, paying taxes on time, and keeping the Property in good condition** throughout the term of this Agreement.

5.1 Property Insurance

(a) The Borrower shall obtain and maintain **hazard insurance** on the Property in an amount not less than **[$Coverage Amount]**, covering risks including but not limited to:

- Fire, flood, and natural disasters
- Vandalism and theft
- Any other risks required by the Lender or applicable law
  (b) The insurance policy shall:
- Name the **Lender as an additional insured and loss payee**.
- Be issued by an **insurance company approved by the Lender**.
- Require **written notice to the Lender** at least **[Number] days** before cancellation, non-renewal, or policy changes.
  (c) The Borrower shall provide the Lender with proof of insurance **annually** or upon request.

5.2 Property Taxes and Assessments

(a) The Borrower shall **timely pay all property taxes and assessments** related to the Property.
(b) If the Borrower fails to pay taxes, the Lender may:

- Pay the overdue taxes on behalf of the Borrower.
- Add the tax amount to the outstanding Loan balance.
- Charge interest on the unpaid tax amount at the **default rate** specified in **Clause 6 (Default and Remedies)**.
  (c) The Borrower shall provide proof of tax payments upon request from the Lender.

5.3 Maintenance and Repairs

(a) The Borrower agrees to keep the Property in **good condition and repair**, including but not limited to:

- Maintaining the **roof, foundation, plumbing, heating, and electrical systems**.
- Ensuring the Property **complies with all building and safety codes**.
- Preventing any **hazardous conditions** that could reduce the Property's value.
  (b) The Borrower **shall not** make any significant **alterations, demolitions, or structural changes** to the Property without the Lender's **prior written consent**.
  (c) The Lender shall have the right to **inspect the Property** upon reasonable notice to ensure compliance with maintenance obligations.

5.4 Escrow for Insurance and Taxes (If Required)

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(a) The Borrower ☐ **shall OR** ☐ **shall not** be required to maintain an **escrow account** with the Lender for the payment of:

- Property taxes
- Homeowners' insurance
- Mortgage insurance (if applicable)
  (b) If an escrow account is required, the Lender shall:
- Collect **[$Escrow Payment Amount]** with each monthly payment.
- Disburse funds directly to cover taxes and insurance premiums when due.
  (c) The Lender may adjust the escrow payment amount **annually** based on changes in insurance premiums or tax assessments.

5.5 Failure to Maintain Insurance or Pay Taxes

If the Borrower fails to **maintain required insurance or pay taxes**, the Lender may:
(a) Obtain insurance or pay taxes on behalf of the Borrower.
(b) Add the cost to the outstanding Loan balance, with interest.
(c) Declare the Borrower in **default** under **Clause 6 (Default and Remedies)**.

CLAUSE 6 – DEFAULT AND REMEDIES

The Borrower acknowledges that failure to comply with the terms of this Agreement may result in **default**, giving the Lender the right to pursue legal and financial remedies, including foreclosure.

6.1 Events of Default

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

(a) Non-Payment of Loan Obligations

- The Borrower fails to make any scheduled **monthly/quarterly** Loan payment within **[Number] days** of the due date.
- The Borrower fails to pay **property taxes, insurance premiums, or escrow amounts** when due.

(b) Unauthorized Transfer or Sale of Property

- The Borrower **sells, transfers, or encumbers** the Property without the **Lender's prior written consent**.

(c) Failure to Maintain the Property

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- The Borrower **neglects property maintenance** to the extent that its value is significantly reduced.
- The Borrower **fails to maintain insurance** as required under **Clause 5 (Insurance, Taxes, and Maintenance)**.

(d) Breach of Representations and Warranties

- Any statement or information provided by the Borrower in connection with this Agreement is **false, misleading, or materially inaccurate**.

(e) Bankruptcy or Insolvency

- The Borrower **files for bankruptcy, becomes insolvent, or is subject to an involuntary bankruptcy proceeding**.

6.2 Notice of Default and Cure Period

(a) Upon the occurrence of an **Event of Default**, the Lender shall provide the Borrower with a **written Notice of Default**, specifying:

- The nature of the default.
- The action required to cure the default.
- The time period (typically **[Number] days**) within which the Borrower must cure the default.
  (b) If the Borrower **fails to cure** the default within the specified time, the Lender may proceed with **foreclosure or other legal remedies**.

6.3 Remedies Upon Default

If the Borrower remains in default, the Lender may take one or more of the following actions:

(a) Acceleration of Loan

- The Lender may declare the **entire outstanding Loan balance**, including principal, accrued interest, and fees, **immediately due and payable**.

(b) Foreclosure and Sale of Property

- The Lender may initiate **foreclosure proceedings** in accordance with applicable **state and federal laws**.
- The Borrower shall be liable for any **deficiency balance** if the foreclosure sale does not satisfy the full Loan amount.

(c) Appointment of a Receiver *(If Applicable)*

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- The Lender may request a court to appoint a **receiver** to manage the Property during foreclosure.

(d) Collection of Rents or Income from the Property *(If Applicable)*

- If the Property generates rental income, the Lender may **collect rents** to cover the Borrower's obligations under this Agreement.

(e) Legal Action for Damages

- The Lender may **pursue legal action** against the Borrower for breach of contract and recover damages, attorneys' fees, and costs.

6.4 Right of Reinstatement *(If Applicable)*

(a) The Borrower ☐ **may OR** ☐ **may not** reinstate the Loan by paying all outstanding amounts, including late fees and legal costs, before the foreclosure sale date.
(b) If reinstatement is permitted, the Borrower must cure all defaults within **[Number] days** of receiving the **Notice of Default**.

6.5 Waiver of Rights by the Borrower *(If Applicable)*

To the extent permitted by law, the Borrower **waives**:
(a) The right to require the Lender to proceed against any **other collateral or security** before enforcing the Mortgage.
(b) The right to any **homestead exemptions** or protections that would prevent foreclosure.

CLAUSE 7 – MISCELLANEOUS PROVISIONS

This section outlines the general provisions governing this Mortgage Agreement, including legal compliance, dispute resolution, and contract enforcement.

7.1 Entire Agreement

(a) This Agreement, along with any **schedules, addenda, exhibits, or amendments**, constitutes the **entire agreement** between the Borrower and the Lender concerning the Mortgage.
(b) It supersedes all prior oral or written agreements, negotiations, and understandings between the parties.

7.2 Amendments and Modifications

(a) No amendment, modification, or waiver of any provision of this Agreement shall be valid unless **made in writing and signed** by both the Borrower and the Lender.

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(b) Any verbal agreements or informal understandings **shall have no legal effect** unless documented in a signed addendum.

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.

7.4 Notices

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

- **Personal delivery**
- **Certified mail (return receipt requested)**
- **Email (if both parties have agreed in writing to receive notices electronically)**
  (b) Notices shall be deemed **effective upon receipt** or, if sent by certified mail, **three (3) business days after mailing**.
  (c) The addresses for notice purposes are as follows:

LENDER:
[Lender's Name]
[Lender's Address]
[Lender's Phone Number]
[Lender's Email (if applicable)]

BORROWER:
[Borrower's Name]
[Borrower's Address]
[Borrower's Phone Number]
[Borrower's Email (if applicable)]

7.5 Assignment and Binding Effect

(a) The Borrower **shall not assign** this Agreement or transfer any obligations under it without the Lender's **prior written consent**.
(b) The Lender may **assign or transfer** this Mortgage to another party without notice to or consent from the Borrower.
(c) This Agreement shall be **binding upon and inure to the benefit** of the Borrower, the Lender, and their respective **heirs, successors, and assigns**.

7.6 Force Majeure

Neither party shall be liable for **delays or failures in performance** caused by **unforeseen events** beyond their control, including but not limited to:

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- Natural disasters, extreme weather, or earthquakes
- Governmental actions or new regulations
- Acts of war, terrorism, or pandemics
- Labor strikes or economic crises

7.7 Governing Law and Jurisdiction

(a) This Agreement shall be **governed by and construed** in accordance with the laws of the **State of [State]**, without regard to its conflict of law principles.
(b) Any legal actions, claims, or disputes arising under this Agreement shall be brought in the courts located in **[County, State]**, unless otherwise required by applicable law.

7.8 Dispute Resolution

(a) **Good Faith Negotiation:** The parties agree to attempt **good faith negotiations** before seeking legal action for any dispute.
(b) **Mediation and Arbitration:** If negotiations fail, the parties ☐ **shall OR** ☐ **shall not** submit the dispute to **binding arbitration** before resorting to court proceedings.
(c) **Legal Proceedings:** If arbitration does not apply or is unsuccessful, the prevailing party in any legal action shall be entitled to recover **reasonable attorneys' fees and court costs** from the non-prevailing party.

7.9 Waiver of Jury Trial (If Permissible)

To the extent permitted by law, the Borrower and Lender **waive their right to a jury trial** in any dispute arising under this Agreement.

7.10 Counterparts and Electronic Signatures

(a) This Agreement may be executed in **multiple counterparts**, each of which shall be deemed an original but together shall constitute one agreement.
(b) Electronic or digital signatures shall be **legally binding** and have the same effect as handwritten signatures.

SIGNATURES

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

LENDER:

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

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BORROWER:

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

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