**MORTGAGE**

**KNOW ALL MEN BY THESE PRESENTS:**

That BORROWERNAME, MARITALSTATUS, ("MORTGAGOR"), whether one or more, for valuable consideration, hereby grants, bargains, sells, conveys and delivers unto HABITATLENDER (hereinafter called "MORTGAGEE,"), and unto its successors and assigns, the property more fully described in Exhibit A attached hereto.

This Mortgage also conveys all buildings and improvements now or at any time hereafter located on any land herein above described.

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

And MORTGAGOR covenants with MORTGAGEE, its successors and assigns, that MORTGAGOR will forever warrant and defend the title to all said property against all lawful claims whatever.

PROVIDED, however, the foregoing conveyance is given as a Mortgage for the purpose of securing the following:

1. The Payment of a promissory note, of even date herewith, and all successive extensions and renewals of the indebtedness represented thereby, evidencing a principal indebtedness of TOTALHOMELOAN\_SPELLED\_OUT ($XXX,XXX.XX), which indebtedness and all extensions and renewals thereof is hereinafter called the "Primary Indebtedness" as indicated above from date hereof until maturity as follows:
   1. Part A – Amortizing. Of the total principal sum above, $XX,XXX (the “Part A Balance”) shall be paid in 359 consecutive monthly installments of $XXX.XX with a final 360th installment of $YYY.YY. The first installment payment being due and payable as of FIRSTPAYMENTDATE. Absent default, the Part A Balance shall not accrue any interest.
   2. Part B – Deferred. Of the total principal sum above, $YY,YYY (the “Part B Balance”) shall not require monthly payments. Absent default, payment of the Part B Balance will be deferred until the earlier of sale or full forgiveness as further described herein. Following “project completion” as defined in that certain Homebuyer Agreement (the “Homebuyer Agreement”) between the MORTGAGOR, MORTGAGEE, and the Arkansas Development Finance Authority (“ADFA) and absent a default under the Homebuyer Agreement, the Part B Balance shall be forgiven pro rata over a 60/120/180-month period.
2. Also, the payment of all future and additional indebtedness, direct or indirect, created after the date of this mortgage, which may be owing by MORTGAGOR (or by any of the persons herein designated under the term "MORTGAGOR") to the holder of the Primary Indebtedness at any time prior to the payment in full with interest of the Primary Indebtedness or the foreclosure of this mortgage therefore (the event occurring first to be controlling); such additional indebtedness to be secured hereby regardless of whether it shall be predicated upon future loans or advances hereafter made by the holder(s) of the Primary Indebtedness, or obligations hereafter acquired by such holder(s) through assignment or subrogation or otherwise, or shall represent indirect obligations (created after the date of this mortgage) based upon any endorsements, guaranties or suretyship AND IT IS AGREED THAT THIS MORTGAGE SHALL STAND AS SECURITY FOR ALL SUCH FUTURE AND ADDITIONAL INDEBTEDNESS WHETHER IT BE INCURRED FOR ANY BUSINESS PURPOSE THAT WAS RELATED OR WHOLLY UNRELATED TO THE PURPOSE OF THE ORIGINAL LOAN, OR WHETHER IT WAS INCURRED FOR SOME PERSONAL OR NON-BUSINESS PURPOSE, OR FOR ANY OTHER PURPOSE RELATED OR UNRELATED, OR SIMILAR OR DISSIMILAR, TO THE PURPOSE OF THE ORIGINAL LOAN.
3. Also, the repayment to the holder(s) of the indebtedness secured hereby of all reimbursable expense at any time accruing to such holder(s) under the provisions of Paragraph (3) hereof.

Upon the payment of all such sums and compliance with applicable requirements of the HOME Investment Partnerships Program for the period specified in the note, this Mortgage will become void and will be released by a proper marginal notation or, at the option of the holder(s) of the secured debt, by a release deed to be recorded at the expense of MORTGAGOR.

1. MORTGAGOR agrees:
2. To pay, prior to delinquency, all taxes, special improvement assessments and other governmental charges against the mortgaged property, both real and personal, at any time levied or becoming due.
3. To carry insurance upon all insurable property encumbered hereby against such hazards, in such amounts and under such form of policies, as shall be acceptable to, or requested by, the holder(s) of the indebtedness secure hereby; each insurance policy to carry mortgage clause in favor of such holder(s), and each policy to be delivered to and held by such holder(s). Also, to carry public liability insurance and insurance against other hazards, to such extent as may be requested by the holder(s) of the secured indebtedness. In each instance, Mortgagor shall have the right to select the insurer, subject to Mortgagee's right to reject the proposed insurer for reasonable cause.
4. To prevent the mortgaged property from becoming encumbered by any lien or charge having priority over, or on a parity with, the lien of this Mortgage; and to comply with all statutes, ordinances and regulations relating to such property.
5. To protect the mortgaged property from waste, injury or unusual deterioration and, without subjecting the property to any statutory lien, to make all replacements and repairs necessary to keep the mortgaged property in good physical condition.
6. The holder(s) of the Primary Indebtedness or any future or additional indebtedness secured hereby (whether such indebtedness then be evidenced by the original note(s) or by any instrument(s) given in renewal or extension of such indebtedness) may, at the option of such holder(s), declare the entire unmatured portion of all indebtedness secured hereby to be immediately due and payable, and the same shall forthwith become immediately due and payable (which acceleration of maturity may be accomplished without notice to anyone), in any one of the following events:
   1. Upon the filing of a voluntary or involuntary petition to subject MORTGAGOR (or any party obligated as maker, endorser, surety or guarantor for the payment of the secured indebtedness) to any bankruptcy, debt-adjustment, receivership or other insolvency proceeding.
   2. Upon the occurrence of any event which, under the terms of the instrument at any time evidencing the indebtedness secured hereby warrants acceleration (at the option of the payee) of the maturity of said indebtedness.
   3. If default shall be made in the payment of any part of the principal indebtedness secured hereby as the same becomes due and payable according to the terms of the original note(s), or of any extension or renewal thereof at any time evidencing such indebtedness.
   4. If MORTGAGOR shall fail to comply with any of the agreements contained in Section 1 of this mortgage.
   5. If at any time it shall appear that any financial statement or other representation made to obtain the loan secured hereby is materially incorrect or that MORTGAGOR’S title to the mortgaged property, or any portion thereof, is subject to any prior lien, title or interest not mentioned in this mortgage as a prior encumbrance.
   6. If at any time MORTGAGOR shall sell or convey the title to or any interest in any realty mortgaged hereunder without the prior written consent of the holder(s) of the secured indebtedness.
   7. If MORTGAGOR breaches the Mortgagor Mortgage Subsidy Deferred Note Agreement between MORTGAGOR and MORTGAGEE, it is particularly understood that the foregoing acceleration provisions will be applicable not only to the maturates recited in the original mortgage note(s) but also to any substituted maturates created by extension or renewal. The failure of the holder(s) of the secured indebtedness to declare any acceleration of maturates when a ground therefore exists, even though such forbearance may be repeated from time to time, will not constitute a waiver of the right of such holder(s) to accelerate maturates upon a reoccurrence of the same ground therefore, nor will the act of such holder(s) in remedying any condition resulting from MORTGAGOR's default bar the holder(s) from declaring an acceleration of maturates by reason of such defaults.
7. If the holder(s) of the indebtedness secured hereby shall expend any sum for the protection of any of the mortgaged property or the lien of this mortgage (such holder(s) to have uncontrolled discretion as to the necessity of making any such expenditures), the repayment of such sum or sums on demand shall be the personal obligation of MORTGAGOR; and such obligation to repay will constitute a part of the indebtedness secured hereby. The expenditures thus made reimbursable will include (without limiting the foregoing) taxes, special improvement assessments, insurance premiums, repairs and maintenance expenses, sums paid to discharge prior liens, etc. The cost of any abstract, title commitment, or appraisal procured by the holder(s) of the secured indebtedness to facilitate foreclosure will also constitute a part of the reimbursable expense secured hereby.
8. In the event of default hereunder the holder(s) of the indebtedness secured hereby shall be entitled to elect one of the following remedies:
   1. Pursuit of any and all remedies provided by judicial proceedings and non-judicial remedies, including self-repossession, or at its option may:
   2. Foreclosure of this Mortgage in compliance with Act 53, "The Statutory Foreclosure Act of 1987" by public sale to the highest bidder for cash, on the premises or at the main door of the Courthouse of the County in which the subject real property is located, public notice of the time, terms and place of sale having been given thirty (30) days by publication in some newspaper, published in said County, once a week for four (4) consecutive weeks prior to the date of sale, the final publication to be no more than seven (7) days prior to the sale, which advertisement shall be sufficient for the purposes of foreclosure. THE OWNER OF THE NOTE SECURED HEREBY MAY BECOME A PURCHASER AT SUCH SALE. No bid shall be accepted that is less than two-thirds (2/3) of the entire indebtedness due at the date of the sale. Notice required under Act 53 of 1987 will be directed to the MORTGAGOR at the following address supplied by MORTGAGOR, to wit:

HOMEBUYER NAME/S

ADDRESS

CITY, Arkansas ZIPCODE

* 1. Election of either (a) or (b) by MORTGAGEE is irrevocable and MORTGAGEE may not at any time subsequent to commencement of the proceedings terminate such proceedings and proceed with any other remedy.
  2. Such holder(s) may enforce the lien of this mortgage in respect to any or all property encumbered hereby (1) either separately or in bulk, in such order as MORTGAGEE, in is sole discretion, shall direct, including at any judicial or non-judicial sale; and (2) by proceedings that are prosecuted simultaneously or are prosecuted separately in such order as the holder(s) may elect.

1. MORTGAGOR releases all rights of dower, courtesy, homestead and appraisement hereunder and also releases unto MORTGAGEE all right of redemption under the laws of Arkansas, including particularly all right of redemption under Act No. 53 of May 8, 1989, and amendments thereto currently codified as Arkansas Code Ann. 18-49-106.

**NOTICE: This mortgage may not be assigned by MORTGAGEE to any other person, entity, or party without the express written consent of the Arkansas Development Finance Authority (“ADFA”). Notwithstanding, MORTGAGOR acknowledges that, upon demand by ADFA, this Mortgage and the note it secures will be assigned by MORTGAGEE to ADFA.**

*{Space Intentionally Blank, Signature Page Follows}*

EXECUTED on this XX day of MONTH, 20XX

**Mortgagor(s)**

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

NAME

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

NAME

STATE OF ARKANSAS

COUNTY OF COUNTY

BEFORE ME, the undersigned Notary Public, on this day personally appeared NAME(s), known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that s/he/they executed the same of the purposes and consideration expressed therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_, 20\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NOTARY PUBLIC, State of Arkansas

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

**Exhibit A**

**Legal Description**

*{Insert legal description}*