

# PURCHASE MONEY MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT WITH POWER OF SALE

## 1. Definitions

Certain words used in this document have special meanings which are set forth below.

Other words which begin with a capital letter will have the meaning given to such word in the \_\_\_\_\_ Vacation Ownership Program Declaration which was recorded in the \_\_\_\_\_ (*land registry office*) as Document No. \_\_\_\_\_ (the "Declaration").

- (a) "Assigned Unit" – means Unit \_\_\_ in that certain condominium project known as \_\_\_\_\_ and located at \_\_\_\_\_.
- (b) "Debt" – The total amount of principal and interest you owe to the Holder. Interest is payable after it is charged and accrues on only that part of the Principal not then paid.
- (c) "Holder" - Seller or any third party to whom Seller may in future transfer this Mortgage and the Note, and who is entitled to receive the payments you promise to make in the Note and to enforce the promises you make in this Mortgage.
- (d) "Mortgage" or "Purchase Money Mortgage" – The within mortgage, executed as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and which is granted as security for the within Purchase Money Note.
- (e) "Note" – This Purchase Money Note, including all changes and extensions to the Note that you and the Holder agree to. The Note states that you owe the Holder the principal amount of \_\_\_\_\_ U.S. DOLLARS (\$\_\_\_\_\_), together with simple interest thereon at the rate of \_\_\_\_\_ per cent (\_\_\_\_%) per annum. You promise to pay all amounts as and when stated in the Note. The Note is secured by this Mortgage.
- (f) "Property" - The property that is described below in the section entitled "Description Of The Property" and more particularly in Schedule "\_\_\_" attached to this document and incorporated herein by this reference.
- (g) "Seller" will mean SELLER, a corporation organized and existing under the laws of \_\_\_\_\_, with its principal place of business and mailing address at \_\_\_\_\_.
- (h) "You" or the "Borrower" – the person or persons executing the Note and the Mortgage, and purchasing the Property as Tenant in Severalty, whose mailing address is \_\_\_\_\_.

## 2. Grant of Mortgage and Transfer of Borrower's Rights in Property

You hereby mortgage, grant and convey the Property to Seller, subject to the terms of this Mortgage. You give this Mortgage as security for the payment of the Note and all amounts you may owe under the Note or this Mortgage, including the Debt, and as security that you will observe and perform all of the promises and other agreements you make in the Note and Mortgage. This means that, by signing this Mortgage, you are giving Seller and any subsequent Holder those rights that are stated in this Mortgage and also those rights that the law gives to creditors who hold mortgages on real property and security interests in personal property. You are giving the Holder these rights to protect it from possible losses that might result if you fail to:

- (a) pay all the Debt, both Principal and Interest, that you owe the Holder as and when stated in the Note;
- (b) pay all other sums you owe Holder under the Note and under this Mortgage;
- (c) pay, with interest, any costs that the Holder incurs under this Mortgage to protect the value of the Property and the Holder's rights in the Property;
- (d) keep all of your other promises and agreements under the Note and this Mortgage; or

- (e) keep all of your promises and agreements under the Seller's Vacation Ownership Program Purchase Agreement ("Purchase Agreement") and under the Seller's Vacation Ownership Program Buyer's Acknowledgements ("Acknowledgements") pertaining to the Property, which you signed prior to this Mortgage.

### 3. Description of Property

You transfer to the Holder certain rights in the Property, as described below:

- (a) An Ownership Interest or Ownership Interests in \_\_\_\_\_ Vacation Ownership Program, a vacation ownership program established by the Declaration, which includes (i) an ownership share or shares in a certain Unit or Units in the \_\_\_\_\_ condominium project (the "Condominium"), which ownership share is described more fully in Schedule "A" hereto; (ii) for each ownership share, the right to reserve and then use for a period of approximately one (1) week, a Unit in the said Condominium of the same type as the particular Unit in which a share is owned, every year or every other year, on floating time basis, all as specified in Schedule "A"; and (iii) membership in \_\_\_\_\_ Vacation Owners Association (the "Vacation Owners Association");
- (b) All rights granted to you now or in the future by the Condominium Documents and the Program Documents;
- (c) All easements, profits and appurtenances now or in the future attached to the Property, and all replacements of or additions to the same; and
- (d) All rights that you have in all fixtures that are now or in the future will be on the Property, and all replacements of and additions thereto.

### 4. Borrower's Representations and Warranties; Borrower's Obligation to Defend Ownership of Property

You hereby represent and warrant to the Holder that, except for the encumbrances listed in Schedule "\_\_\_\_\_" to this Mortgage:

- (a) you lawfully own the Property;
- (b) you have the right to mortgage, grant and convey the Property to the Holder; and
- (c) there are no outstanding claims or charges against the Property.

You understand that you will be fully responsible for any and all losses which the Holder suffers because someone other than you has some of the rights in the Property which you promise that you have and are mortgaging to the Holder. You promise that you will defend your ownership of the Property against any claims of such rights.

### 5. Borrower's Promises and Covenants

You promise and agree with the Holder as follows:

- (a) to promptly pay to the Holder when due: the Debt, both Principal and Interest, under the Note; late charges and other charges, fees and costs stated in the Note; and all sums due under any part of this Mortgage;
- (b) unless the law requires otherwise, the Holder will apply each of your payments under the Note and this Mortgage in the following order and for the following purposes:
  - (i) first, to pay, with interest, any amounts that the Holder spends under this Mortgage to protect the value of the Property and the Holder's rights in the Property;
  - (ii) next, to pay any service fee charged by the Holder;
  - (iii) next, to pay any charges for checks returned for insufficient funds;

- (iv) next, to pay late charges and other charges and costs you promise to pay under the Note or this Mortgage;
  - (v) next, to pay Interest then due under the Note; and
  - (vi) last, to pay Principal then due under the Note.
- (c) to pay all real property taxes (which should be included in the assessment made by the Vacation Owners Association), charges from both the Condominium Association and the Vacation Owners Association and all other charges and fees of every kind imposed on or in any way related to the Property and its use. It does not matter who is billed for these charges. For example, even if the Holder or the Program Operator for the Vacation Owners Association is billed, you must pay. These charges may be included in your monthly assessments. Without limiting the generality of the foregoing, you will pay all taxes, assessments, and any other charges and fines that may now or later be imposed on the Property and that may rank in priority to this Mortgage. You will do this either by making the payments to the Vacation Owners Association, or by making such payments, as they become due, directly to the persons entitled to receive them. (In this Mortgage, the word "person" means any person, organization, governmental authority, or other party.) If you make direct payments, then, promptly after making any of those payments, you will provide the Holder with a receipt for the same. You will promptly pay, when they are due, all assessments imposed by the Condominium Association and the Vacation Owners Association. You will promptly pay or satisfy all liens against the Property that may rank in priority to this Mortgage. This Mortgage does not, however, require you to satisfy a superior lien if: (i) you agree, in writing, to pay the obligation which gave rise to the superior lien and the Holder approves the way in which you agree to pay that obligation; or (ii) you, in good faith, argue or defend against the superior lien in a lawsuit so that during the lawsuit, the superior lien may not be enforced, and no part of the Property must be given up.
- (d) **Hazard Insurance:** Since the Property consists, in part, of an interest in a unit in a condominium project, as well as an interest in a vacation ownership program, the Condominium Association and/or the Vacation Owners Association will maintain a hazard insurance policy which covers all buildings and other improvements that now are or in the future will be located in the project or in the Unit covering loss or damage caused by fire, hazards normally covered by special form insurance policies and other hazards. Such a policy may be referred to as the "master policy." So long as the master policy remains in effect and satisfies the requirements stated in this paragraph (d), you are not required to obtain and maintain separate hazard insurance on the Property. In the event that the Condominium Association or the Vacation Owners Association does not maintain a master policy covering the Condominium or property in the Condominium and in the Unit, or such master policy, in the Holder's reasonable opinion, is not sufficient to adequately protect Holder's security interest in the Property, the Holder shall have the right to require you to obtain and maintain hazard insurance to cover the Property in the amounts and for the periods of time required by the Holder. In the event that the insurance policy you obtain contains co-insurance requirements that limit the insurance company's obligation to pay claims if the amount of coverage is too low, the Holder may require you to obtain an amount of coverage up to the larger of the following two amounts: (i) the amount that you owe to the Holder under the Note, and under this Mortgage; or (ii) the amount necessary to satisfy the co-insurance requirements.

All insurance which you are required to obtain shall be carried with companies authorized to do business in \_\_\_\_\_, and the Holder may require that the policies and renewals thereof be held by the Holder and have attached thereto loss payable clauses in favor of and in form acceptable to the Holder. You will pay the premiums on the insurance policies by paying the insurance company directly when the premium payments are due. If the Holder should so require, you will promptly give the Holder all receipts of paid premiums and all renewal notices that you receive.

If there is loss or damage to the Property, you will promptly notify (I) the Vacation Owners Association, the Condominium Association and the Holder if a master policy is obtained and maintained for the Condominium and/or the Program, or (ii) the insurance company and the Holder if you are required to obtain the insurance coverage. If you do not promptly provide to the insurance company proof of the loss or damage, then the Holder may do so.

**THIS IS AN 11-PAGE DOCUMENT.**