

## BALLOON MORTGAGE AND SECURITY AGREEMENT

**THIS MORTGAGE** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between [NAME OF BORROWER], whose address is \_\_\_\_\_ [insert full address of borrower, including zip code], (hereinafter referred to as "Mortgagor") and [NAME OF LENDER], whose address is \_\_\_\_\_ [insert full address of lender, including zip code], (hereinafter referred to as "Mortgagee").

**WITNESSETH**, that in consideration of the premises and in order to secure the payment of both the principal and interest and any other sums payable on the Note (as hereinafter defined) or this Mortgage and the performance and observance of all of the provisions hereof and of said Note, Mortgagor hereby grants, sells, warrants, conveys, assigns, transfers, mortgages, and sets over unto Mortgagee, all of Mortgagor's estate, right, title and interest in, to and under all that certain real property situate in the County of \_\_\_\_\_, State of \_\_\_\_\_, as more particularly described in Exhibit "A", attached hereto and made a part hereof, together with all buildings, structures and improvements of every nature whatsoever, now or hereafter located on said real property and all fixtures, appliances, apparatus, equipment, furnishings, heating and air conditioning equipment, machinery and articles of personal property and replacement thereof (other than those owned by lessees of said real property) now or hereafter affixed to, attached to, placed upon, or used in any way in connection with the complete and comfortable use, occupancy, or operation of said real property, all licenses and permits used or required in connection with the use of said real property, all leases of said real property now or hereafter entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, cash or securities deposited thereunder pursuant to said leases, and all rents, issues, proceeds, and profits from said real property, together with all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards. The foregoing real property and tangible and intangible personal property are hereinafter collectively referred to as the "Mortgaged Property".

**MORTGAGOR HEREBY GRANTS** to Mortgagee a security interest in the foregoing described tangible and intangible personal property, to have and to hold the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging to or in any way appertaining and the reversion and reversions thereof and all the estate, right, title, interest, homestead, dower and right of dower, separate estate, possession, claim and demand whatsoever, in law as well as in equity, of Mortgagor and unto the same, and every part thereof, with the appurtenances of Mortgagor in and to the same, and every part and parcel thereof unto Mortgagee in fee simple.

**MORTGAGOR HEREBY COVENANTS** with the Mortgagee that Mortgagor has a good and marketable title to an indefeasible fee estate in the real property comprising the Mortgaged Property; that said Mortgaged Property is subject to no lien, charge or encumbrance except such as Mortgagee has agreed to accept in writing and Mortgagor covenants that this Mortgage is and will remain a valid and enforceable mortgage on the Mortgaged Property subject only to the exceptions herein provided. Mortgagor has full power and lawful authority to mortgage the Mortgaged Property in the manner and form herein done or intended hereafter to be done. Mortgagor will preserve such title and will forever warrant and defend the same to Mortgagee and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

Mortgagor will, at Mortgagor's cost, promptly and fully perform, execute, and acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as shall from time to time be required by Mortgagee in order to preserve the priority of the lien of this Mortgage or to facilitate the performance of the terms hereof.

If Mortgagor shall well and truly pay to Mortgagee Mortgagor's indebtedness, as evidenced by that certain promissory note (the "Note") of even date herewith, or any renewal or replacement of such Note, executed by Mortgagor and payable to the order of Mortgagee, with interest and upon the terms as provided therein, and together with all other sums advanced by Mortgagee to or on behalf of Mortgagor pursuant to the Note or this Mortgage, the final maturity date of the Note and this Mortgage, as specified in the Note, and shall perform all other covenants and conditions of the Note, all of the terms of which

Note are incorporated herein by reference as though set forth fully herein, and of any renewal, extension or modification thereof and of this Mortgage, then this Mortgage and the estate hereby created shall cease and terminate.

**MORTGAGOR COVENANTS** and agrees with Mortgagor as further set out below.

1. **Payment.** To pay all sums, including interest secured hereby, when due, payable by virtue of the Note and any renewal, extension or modification thereof, to be payable in lawful money of the United States of America at Mortgagee's aforesaid address, or at such other place as Mortgagee may hereafter designate in writing.
2. **Taxes.**
  - (a) To pay when due, and without further notice from Mortgagee, all taxes, water rates, assessments of any type or nature and other charges levied or assessed against the Mortgaged Property or this Mortgage and produce proof thereof upon demand. To immediately pay and discharge any claim, lien or encumbrance against the Mortgaged Property which may be or become superior to this Mortgage and to permit no default or delinquency on any other lien, encumbrance or charge against the Mortgaged Property.
  - (b) If required by Mortgagee, to make monthly deposits with Mortgagee, together with and in addition to interest and principal, of a sum equal to one-twelfth (1/12) of the yearly taxes and assessments which may be levied against the Mortgaged Property, and one-twelfth (1/12) of the yearly premiums for insurance thereon. The amount of such taxes, assessments and premiums, when unknown, shall be estimated by Mortgagee. Such deposits shall be used by Mortgagee to pay such taxes, assessments and premiums when due. Any insufficiency of such account to pay such charges when due shall be paid by Mortgagor to Mortgagee on demand. If, by reason of any default by Mortgagor under any provision of this Mortgage, Mortgagee declares all sums secured hereby to be due and payable, Mortgagee may then apply any funds in said account against the entire indebtedness secured hereby. The enforceability of the covenants relating to taxes, assessments and insurance premiums herein otherwise provided shall not be affected except insofar as those obligations have been met by compliance with this paragraph. Mortgagee may from time to time at its option waive, and after any such waiver reinstate, any or all provisions hereof requiring such deposits, by notice to Mortgagor in writing. While any such waiver is in effect, Mortgagor shall pay taxes, assessments and insurance premiums as herein elsewhere provided.
  - (c) To pay promptly all taxes and assessments assessed or levied under and by virtue of any state, federal, or municipal law or regulation hereafter passed, against Mortgagee upon this Mortgage or the debt hereby secured, or upon its interest under this Mortgage; provided, however, that the total amount so paid for any such taxes pursuant to this paragraph together with the interest payable on said indebtedness shall not exceed the highest rate of interest permitted by law and provided that in the event of the passage of any such law or regulation imposing a tax or assessment against Mortgagee, upon this Mortgage or the debt secured hereby, that the entire indebtedness secured by this Mortgage shall thereupon become immediately due and payable at the option of Mortgagee.