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**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
HOMENOW  
MORTGAGE AND RESTRICTIVE COVENANTS**

MERS Telephone #: (888) 679-MERS

MIN: \_\_\_\_\_  
MFA HomeNow Loan No: \_\_\_\_\_

THIS MORTGAGE, together with all Riders to this document is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between the mortgagor(s), \_\_\_\_\_ (herein "Borrower(s)"), \_\_\_\_\_ ("Borrower(s) Vesting"),

and the Beneficiary, Mortgage Electronic Registration Systems, Inc. ("MERS"). MERS is a separate corporation that is acting solely as the nominee for Lender and Lender's successor and assigns. MERS is a mortgagee under this Mortgage. MERS is organized and existing under the laws of the state of Delaware, and has an address and telephone number of P.O. Box 2026 Flint, Michigan 48501-2026, tel. (888) 679-MERS.

\_\_\_\_\_ ("Lender"), whose address is \_\_\_\_\_ is organized and existing under the laws of the state of \_\_\_\_\_.

WHEREAS, Borrower is indebted to Lender in the principal sum of \_\_\_\_\_, (\$\_\_\_\_\_ ) which indebtedness is evidenced by Borrower's promissory note dated \_\_\_\_\_ (herein "Note"), providing for a no-interest, no-payments, loan, with the total amount of the indebtedness, if not sooner paid, due and payable only upon refinance, sale or transfer of title to the property described in this Mortgage or upon Borrower's failure to occupy the property and subject to the provisions of the Note and this Mortgage;

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of Borrower herein contained, Borrower for consideration paid does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns), and to the successors and assigns of MERS, with mortgage covenants and upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law, all of Borrower's right, title, and interest in and to the following described real property located in the County of \_\_\_\_\_, State of New Mexico:

**[Legal Description Attach Exhibit A.]**

**"See Exhibit A"**

which has the address of \_\_\_\_\_ (street), \_\_\_\_\_ (city), New Mexico \_\_\_\_\_ (zip) (herein "Property Address"). If the Property Address and the legal description conflict, the legal description will control.

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents, all of which will be deemed to be and remain a part of the property covered by this Mortgage. All of the foregoing, together with said property (or the leasehold estate if this Mortgage is on a leasehold) are hereinafter referred to as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Mortgage; but if necessary to comply with law or custom, MERS, (as nominee for Lender and Lender's successors and assigns), has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to releasing or canceling this Mortgage.

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property, and that the Property is unencumbered, except for encumbrances approved by Lender. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Repayment of Principal.** Borrower will promptly pay the principal and other indebtedness evidenced by the Note if at any time Borrower sells, transfers, refinances or in any manner conveys title to the Property, or fails to maintain the Property as Borrower occupied, within the Affordability Period (as defined below), as provided in the Note and this Mortgage.

2. **Funds for Taxes and Insurance.** Subject to applicable law or a written waiver by Lender, Borrower will pay to Lender until the Note is paid in full, the following funds ("Funds"): All of the yearly taxes and assessments (including condominium and planned unit development assessments, if any) that may attain priority over this Mortgage and ground rents on the Property, if any, plus all applicable premium installments for hazard insurance, plus all applicable premium installments for mortgage insurance, if any, plus, if the Property is in a flood plain, all applicable premium installments for flood insurance, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof. However, Borrower will not be obligated to make such payments of Funds to Lender to the extent that Borrower makes such payments to the holder of a prior mortgage or deed of trust if such holder is an institutional lender.

3. **Restrictive Covenants.** This Mortgage restricts the use of the Property, and is in consideration of a loan from Lender to Borrower in the amount of \_\_\_\_\_ (\$\_\_\_\_\_) (the "Loan"), as evidenced by the Note, for the purchase of the Property. The Loan has been made to Borrower through Lender's Home Now Program, and can be made to Borrower only if Borrower agrees to the restrictions and requirements set forth herein, and those restrictions and requirements set forth under the Capital Magnet Fund, 12 U.S.C. 4569, and the federal regulations at 12 CFR Part 1807 "Capital Magnet Fund," as amended (collectively, the "Regulations").

In consideration of the Loan and of the mutual covenants and understandings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lender and Borrower agree as follows:

A. **Affordability/Borrower Occupied Requirement.** The Affordability Period will start on the date of the Mortgage and continue for Ten (10) years (the "Affordability Period"). Borrower will maintain the Property as Borrower-occupied, single-family residential property for residential purposes only, until the expiration of the Affordability Period or so long as any or all of the Loan is unpaid and outstanding, whichever is later.

B. **Property Standards.** The Property will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in effect and applicable to the Property, and Borrower expressly authorizes inspection of the Property by Lender or Lender's agent prior to or following purchase of the Property.

C. **Borrower Occupied.** If, at any time during the Affordability Period or so long as any or all of the Loan is unpaid and outstanding, the Property ceases to be the principal residence of Borrower, whether through sale of the Property or otherwise, then the entire outstanding amount of the Loan will be immediately due and payable to Lender without demand.

D. **No Transfer.** Borrower agrees that the Property may not be sold, transferred, or title to the Property conveyed, and Borrower agrees that the entire balance due on the Loan will be due and payable upon any such sale or transfer of this Mortgage within the Affordability Period. If Borrower fails to pay these sums upon sale or transfer of the Property, Lender may invoke any remedies permitted by law or this Mortgage without further notice or demand on Borrower.

E. **Refinance.** Borrower agrees that the entire outstanding amount of the Loan, including all accrued and unpaid interest, if any, will be due and payable if Borrower refinances the Loan. If the Borrower refinances any other mortgage loan or obtains an equity line of credit secured by the Property: (a) the Lender will not subordinate the Mortgage to any such refinanced or equity mortgages, and (b) the Lender may declare the entire outstanding amount of the Loan, including all accrued and unpaid interest, if any, immediately due and payable.

F. **Default.** Borrower agrees that any default under the terms of the Loan, as those terms are set forth in this Mortgage and the Note, or under the terms of any other mortgage or encumbrance on the Property, whether superior or junior to this Mortgage, will

constitute a default under this Mortgage and will cause the full amount of the Loan to become immediately due and payable.

**G. Termination of Affordability Period.** Borrower understands and agrees that the Affordability Period will terminate, if not already expired, upon the happening of any of the following events: Foreclosure and sale of the Property pursuant to an order of a court of competent jurisdiction; transfer to Lender in lieu of foreclosure; or, assignment of an FHA-insured mortgage to the US Department of Housing and Urban Development.

**H. Recoupment.** If the Property is sold, refinanced or transferred during the Affordability Period, then Borrower will pay to Lender the entire balance due on the Loan.

**4. Prior or Subordinate Mortgages and Deeds of Trust; Charges; Liens.** Borrower will perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement that is a lien that has priority over this Mortgage or that is subordinate to this Mortgage, including Borrower's covenants to make payments when due. Borrower will pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property that may attain a priority over this Mortgage, and leasehold payments or ground rents, if any. Any default by Borrower under a prior or subordinate mortgage against the Property will constitute a default under this Mortgage and will entitle the Lender to all legal and equitable relief as set forth herein.

**5. Hazard Insurance.** Borrower will maintain "special form" or comprehensive homeowners insurance covering 100% of the replacement value of the improvements now existing or hereafter erected on the Property. If the Property is in a flood plain, Borrower agrees to obtain flood insurance (if applicable) for the value of the improvements located thereon.

The insurance carrier providing the insurance will be chosen by Borrower subject to approval by Lender; provided that such approval will not be unreasonably withheld. All insurance policies and renewals thereof will be in a form acceptable to Lender and will include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender will have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien that has priority over this Mortgage.

In the event of loss, Borrower will give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Mortgage. Each insurance company concerned is hereby authorized and directed to make payment of such insurance proceeds directly to Lender, as mortgagee, instead of to Borrower and Lender jointly.

**6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Borrower will keep the Property in good repair and will not commit waste or permit impairment or deterioration of the Property and will comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or a planned unit development, Borrower will perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

**7. Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced that materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorneys' fees and costs, and take such action as is necessary to protect Lender's interest. If Lender requires mortgage insurance as a condition of making the Loan, Borrower will pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

Any amounts disbursed by Lender pursuant to this paragraph 7, including any reasonable attorney's fees and costs incurred by Lender, with interest thereon, at the Note Default Interest Rate, will become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts will be payable upon notice from Lender to

Borrower requesting payment thereof. Nothing contained in this paragraph 7 will require Lender to incur any expense or take any action hereunder.

**8. Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property provided that Lender will give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and will be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien that has priority over this Mortgage.

**10. Forbearance By Lender Not a Waiver; Borrower Not Released** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, will not be a waiver of or preclude the exercise of any such right or remedy. Nothing herein, nor any assignment of Borrower's rights and obligations herein, shall release Borrower and Borrower's successors in interest, if any, from liability hereunder

**11. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements herein contained will bind, and the rights hereunder will inure to, the respective successors and assigns of Lender and Borrower. All covenants and agreements of Borrower will be joint and several. Any individual who co-signs this Mortgage, but does not execute the Note, (a) is co-signing this Mortgage only to mortgage, grant and convey that individual's interest in the Property to Lender under the terms of this Mortgage, (b) is not personally liable on the Note or under this Mortgage, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note without that individual's consent and without releasing that Borrower or modifying this Mortgage as to that individual's interest in the Property.

**12. Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage will be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender will be given by certified mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage will be deemed to have been given to Borrower or Lender when given in the manner designated herein.

**13. Governing Law; Severability.** The state and local laws applicable to this Mortgage will be the laws of the jurisdiction in which the Property is located. The foregoing sentence will not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict will not affect other provisions of this Mortgage or the Note so long as the essential transaction contemplated by the parties may still be given effect, and to this end the provisions of this Mortgage and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

**14. Borrower's Copy.** Borrower will be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**15. Acceleration; Remedies.** Except as provided in paragraphs 3(D) and 15 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage or a subordinate mortgage, Lender will give notice to Borrower as provided in paragraph 12 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 10 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. The notice will further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure preceding the nonexistence of a default or any other defense of Borrower to foreclosure. If the breach is not cured on or before the date specified in the notice, Lender, at Lender's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial

proceeding. Lender will be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorneys' fees, and costs of documentary evidence, abstracts and title reports.

**16. Borrower's Right to Reinstate.** Notwithstanding Lender's acceleration of the sums secured by this Mortgage due to Borrower's breach, Borrower will have the right to have any proceedings begun by Lender to enforce this Mortgage discontinued at any time prior to entry of a judgment enforcing this Mortgage if: (a) Borrower cures all breaches of any covenants or agreements of Borrower contained in this Mortgage; (b) Borrower pays all reasonable expenses incurred by Lender in enforcing the covenants and agreements of Borrower contained in this Mortgage, and in enforcing Lender's remedies as provided in paragraph 16 hereof, including, but not limited to, reasonable attorneys' fees; and (c) Borrower takes such action as Lender may reasonably require to assure that the lien of this Mortgage, Lender's interest in the Property and Borrower's obligations secured by this Mortgage will continue unimpaired. Upon such cure by Borrower, this Mortgage and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

**17. Release.** Upon payment of all sums secured by this Mortgage, Lender will release this Mortgage without charge to Borrower. Lender will pay all costs of recordation, if any.

**18. Redemption Period.** If this Mortgage is foreclosed, the redemption period after judicial sale will be one month in lieu of nine months.

REQUEST FOR NOTICE OF DEFAULT  
-----AND FORECLOSURE UNDER SUPERIOR-----  
MORTGAGES OR DEEDS OF TRUST

Borrower and Lender request the holder of any mortgage, or other encumbrance with a lien that has priority over this Mortgage to give Notice to Lender, at Lender's address set forth on page one of this Mortgage, of any default under the superior encumbrance and of any sale or other foreclosure action.

IN WITNESS WHEREOF, Borrower has executed this Mortgage and the Rider(s) attached hereto.

\_\_\_\_\_  
Typed name

\_\_\_\_\_  
Typed name

\_\_\_\_\_  
Typed name

\_\_\_\_\_  
Typed name

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_  
by \_\_\_\_\_ and \_\_\_\_\_.

\_\_\_\_\_  
Notary Public Signature

My Commission expires:

\_\_\_\_\_

Organization Originator Name \_\_\_\_\_

Organization NMLS# \_\_\_\_\_

Loan Originator Name \_\_\_\_\_

Loan Originator NMLS# \_\_\_\_\_