

The Council of Michigan Foundations is pleased to facilitate the provision of this model document. However, it is for educational purposes only, and you should consult your own professional advisors.

MORTGAGE

THIS MORTGAGE (“Mortgage”) is given on _____, 20___. The Mortgagor is _____, whose address is: _____, (the “Mortgagor”). This Mortgage is given to _____, whose address is: _____, (the “Mortgagee”). This Mortgage secures the debt evidenced by a Promissory Note from Mortgagor to Mortgagee as Payee, dated the same date as this Mortgage, with interest, and all renewals, extensions and modifications. For this purpose, Mortgagor does hereby mortgage, grant and convey to Mortgagee, with power of sale, the following described property located in the _____ of _____, County of _____, State of Michigan as described on Exhibit A attached hereto and commonly known as: _____, Tax ID: _____.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the “Property”.

Mortgagor COVENANTS that Mortgagor 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 of record. Mortgagor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

COVENANTS. Mortgagor and Mortgagee covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Mortgagor shall promptly pay when due the principal and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.
2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Mortgagee shall be applied: first, to late charges due under the Note; second, to default interest due under the Note; third, to interest due; and last, to principal due.
3. **Prior Mortgage; Charges; Liens.** Mortgagor shall perform all of Mortgagor’s obligations under any mortgage or other security agreement with a lien which has priority over this Mortgage, including Mortgagor’s covenants to make payments when due. Mortgagor shall pay or cause to be paid all taxes, assessments, charges, fines and impositions attributable to the Property, and leasehold payments or ground rents, if any. Mortgagor shall pay these obligations on time, before any penalty for non-payment attaches thereto, directly to the person or entity owed payment. Mortgagor shall promptly furnish to Mortgagee all notices of amounts to be paid under this paragraph. Mortgage shall promptly furnish Mortgagee receipts evidencing the payments.

For educational purposes only.

The Council of Michigan Foundations is pleased to facilitate the provision of this model document. However, it is for educational purposes only, and you should consult your own professional advisors.

Mortgagor shall promptly discharge any lien which has priority over this Mortgage other than any mortgage or other security agreement of record as of the date hereof, unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Mortgagee; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Mortgagee's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Mortgagee subordinating the lien to this Mortgage. If Mortgagee determines that any part of the Property is subject to a lien which may attain priority over this Mortgage, Mortgagee may give Mortgagor a notice identifying the lien. Mortgagor shall satisfy the lien or take one or more of the actions set forth above within 10 days of giving of notice.

4. **Hazard Insurance.** Mortgagor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included with the term "extended coverage" and any other hazards for which Mortgagee requires insurance. This insurance shall be maintained in the amounts and for the periods that Mortgagee requires. The insurance carrier providing the insurance shall be chosen by Mortgagor, subject to Mortgagee's approval, which shall not be unreasonably withheld.

All Insurance policies and renewals shall be acceptable to Mortgagee and shall include a standard mortgage clause. Mortgagee shall have the right to hold the policies and renewals, subject to the terms of any mortgage or other security agreement with a lien which has priority over this Mortgage. If Mortgagee requires, Mortgagor shall promptly give to Mortgagee all receipts of paid premiums and renewal notices. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Mortgagee. Mortgagee may make proof of loss if not made promptly by Mortgagor.

Subject to the terms of any Mortgage or other security agreement with a lien which has priority over this Mortgage, unless Mortgagee and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Mortgagee's security is not lessened. If the restoration or repair is not economically feasible or Mortgagee's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property or does not answer within 30 days a notice from Mortgagee that the insurance carrier has offered to settle a claim, then Mortgagee may collect the insurance proceeds. Mortgagee may use the proceeds to repay or restore the Property or to pay sums secured by this Mortgage, whether or not then due. The 30-day period will begin when the notice is given.

Unless Mortgagee and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments under the Note or change the amount of payments. If under Paragraph 15 the Property is acquired by Mortgagee, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Mortgagee to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

5. **Preservation and Maintenance of Property; Leaseholds.** Mortgagor shall not destroy, damage or substantially change the Property, allow the property to deteriorate or commit waste. If this Mortgage is on a leasehold, Mortgagor shall comply with the provisions of the lease, and if Mortgagor acquires fee title to the Property, the leasehold and fee title shall not merge unless Mortgagee agrees to the merger in writing.
6. **Protection of Mortgagee's Rights in the Property.** If Mortgagor fails to perform the covenants and agreements contained in this Mortgage, or there is a legal proceeding that may significantly affect the Mortgagee's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Mortgagee may do an pay for whatever is necessary to protect the value of the Property and Mortgagee's rights in the Property. Mortgagee's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Mortgagee may take action under this Paragraph, Mortgagee does not have to do so.

Any amounts disbursed by Mortgagee under this Paragraph shall become additional debt of Mortgagor secured by the Mortgage. Unless Mortgagor and Mortgagee agree to other terms of payment, these amounts shall bear interest from the date of disbursements at the Note rate and shall be payable, with interest, upon notice from the Mortgagee to Mortgagor requesting payment.

For educational purposes only.

The Council of Michigan Foundations is pleased to facilitate the provision of this model document. However, it is for educational purposes only, and you should consult your own professional advisors.

7. **Inspection.** Mortgagee or its agent may make responsible entries upon and inspections of the Property. Mortgagee shall give Mortgagor notice at the time of or prior to an inspection specifying reasonable cause for the inspection.
8. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee, subject to the terms of any mortgage or other security agreement with alien which has priority over this Mortgage.
9. **Mortgagor Not Released; Forbearance By Mortgagee Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by Mortgagee to the Mortgagor shall not operate to release the liability of Mortgagor. Mortgagee shall not be required to commence proceedings against the Mortgagor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the Mortgagor. Any forbearance by Mortgagee in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy. Mortgagee may agree to extend, modify or forbear or make any accommodations with regard to the terms of the Note without Mortgagor's consent.
10. **Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Mortgagee and Mortgagor, subject to the provisions of Paragraph 13. If Mortgagor is more than one individual or entity, Mortgagor's covenants and agreements shall be joint and several.
11. **Notices.** Any notice to Mortgagor provided for in this Mortgage shall be given by delivering to it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Mortgagor designates by notice to Mortgagee. Any notice to Mortgagee shall be given by first class mail to Mortgagee's address stated herein or any other address Mortgagee designates by notice to Mortgagor. Any notice provided for in this Mortgage shall be deemed to have been given to Mortgagor or Mortgagee when given as provided in this Paragraph.
12. **Governing Laws; Severability.** This Mortgage shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision. To this end the provisions of this Mortgage and the Note are declared to be severable.
13. **Transfer of the Property or a beneficial Interest in Mortgagor.** If all or any part of the Property or any interest in it is sold or transferred, directly or indirectly, voluntarily or involuntarily, without Mortgagee's prior written consent, Mortgagee may, at its option, require immediate payment in full of all sums secured by this Mortgage.
14. **Mortgagor's Right to Reinstate.** If Mortgagor meets certain conditions, Mortgagor shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reimbursement) before sale of the Property pursuant to a power of sale contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those conditions are that Mortgagor: (a) pays Mortgagee all sums which then would be due under this Mortgage, and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage shall continue unchanged. Upon reinstatement by Mortgagor, the Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration.
15. **Acceleration; Remedies.** Immediately upon the occurrence of any event of default, the Mortgagee shall have the option, in addition to and not in substitution for all other rights and remedies provided in this Mortgage or other agreement or by law, and is authorized by the Mortgagor, to do any or all of the following:
 - (a) Declare the entire unpaid amount of the indebtedness, together with accrued and unpaid interest on it and any applicable prepayment premium or formula, and any and all other charges payable by the Mortgagor to the Mortgagee to be immediately due and payable and, at the Mortgagee's option, (i) to bring suit for the same, (ii) to bring suit for any delinquent payment of or upon the indebtedness, or (iii) to take any and all steps and institute any and all other proceedings that the Mortgagee deems necessary to enforce payment of

For educational purposes only.

