

# Home Equity Conversion Mortgage Loan Agreement

## Fixed Interest Rate

FHA Case No.  
Loan No.

THIS AGREEMENT is made on, **June 19, 2018**,  
among ("Borrower"), and  
**All Reverse Mortgage, Inc.** ("Lender")

### Article 1 - Definitions

- 1.1. Borrower** is defined above. Borrower is a trustor who is an original borrower under the Loan Documents and this Loan Agreement. The term does not include the Borrower's successors or assigns.
- 1.2. Borrower's Advance** means the funds advanced to Borrower at closing as set forth in this Loan Agreement.
- 1.3 Commissioner** means the Federal Housing Commissioner or his or her authorized representatives.
- 1.4. Deferral Period** means the period of time following the death of the last surviving Borrower during which the due and payable status of a loan is further deferred based on the continued satisfaction of the requirements for an Eligible Non-Borrowing Spouse determined by the Commissioner and all other FHA requirements.
- 1.5. Eligible Non-Borrowing Spouse** means a Non-Borrowing Spouse who meets the Qualifying Attributes requirements established for a Deferral Period.
- 1.6. Ineligible Non-Borrowing Spouse** means a Non-Borrowing Spouse who does not meet the Qualifying Attributes requirements established for a Deferral Period.
- 1.7. Loan Advances** means the Borrower's Advance and all funds advanced from or charged to Borrower's account under conditions set forth in this Loan Agreement, whether or not actually paid to Borrower.
- 1.8. Loan Documents** means the Note and Security Instrument.
- 1.9. Mandatory Obligations** means only those charges, fees, amounts and expenses as authorized by the Commissioner.
- 1.10. Maximum Claim Amount** means the lesser of the appraised value of the Property, as determined by the appraisal used in underwriting the loan, or the sales price of the Property being purchased for the sole purpose of being the Principal Residence, or the national mortgage limit under Section 255 (g) or (m) of the National Housing Act applicable to this Loan Agreement. Closing costs must not be taken into account in determining the appraised value.
- 1.11. Trustor** is an original trustor under the Security Instrument. The term includes Trustor's heirs, executors, administrators, and assigns.
- 1.12. Non-Borrowing Spouse** means the spouse **N/A**, as determined by the law of the state in which

the spouse N/A and Borrower N/A reside or the state of celebration, of the Borrower N/A at the time of closing and who is not a Borrower.

**1.13. Note** means the promissory note signed by Borrower together with this Loan Agreement and given to Lender to evidence Borrower's promise to repay, with interest, Loan Advances by Lender or Lender's assignees.

**1.14. Payment Plan** means the payment plan set forth in Exhibit 1, which is attached to and made a part of this Loan Agreement.

**1.15. Principal or Principal Balance** means the sum of all Loan Advances made as of a particular date, including interest and mortgage insurance premiums.

**1.16. Principal Limit** means the amount indicated on the Payment Plan when this Loan Agreement is executed, and increases each month for the life of the loan at a rate equal to the sum of the applicable monthly interest rate charge, plus one-twelfth the annual MIP. The Principal Limit is calculated by multiplying the Maximum Claim Amount by a factor supplied by the Commissioner.

**1.17. Principal Residence** means the dwelling where a Borrower, and if applicable, a Non-Borrowing Spouse maintains his or her permanent place of abode, and typically spends the majority of the calendar year. A person may have only one Principal Residence at any one time. The Property shall be considered to be the Principal Residence of any Borrower who is temporarily in a health care institution provided the Borrower's residency in a health care institution does not exceed twelve (12) consecutive months. The Property shall be considered to be the Principal Residence of any Non-Borrowing Spouse, who is temporarily in a health care institution, as long as the Property is the Principal Residence of his or her Borrower spouse, who physically resides in the Property. During a Deferral Period, the Property shall continue to be considered to be the Principal Residence of any Eligible Non-Borrowing Spouse, who is temporarily in a health care institution, provided the Eligible Non-Borrowing Spouse physically occupied the Property immediately prior to entering the health care institution and the Eligible Non-Borrowing Spouse's residency in a health care institution does not exceed twelve (12) consecutive months.

**1.18. Property** means Borrower's property identified in the Security Instrument.

**1.19. Property Charges** means property taxes, hazard insurance premiums, flood insurance premiums, ground rents, condominium fees, planned unit development fees, homeowners association fees, and any other special assessments that may be required by local or state law.

**1.20. Qualifying Attributes** means those requirements established by the Commissioner that the Non-Borrowing Spouse must satisfy in order to be eligible for the Deferral Period.

**1.21. Security Instrument** means the mortgage, deed of trust, security deed or other security instrument which is signed by Borrower and Trustor, and which secures the Note.

## Article 2 - Loan Advances

**2.1. General.** Lender agrees to make Loan Advances under the conditions set forth in this Loan Agreement in consideration of the Loan Documents given by Borrower on the same date as this Loan Agreement. Unless noted otherwise, all Loan Advances that the Lender is required to make under the terms of this Loan Agreement shall be considered to be obligatory advances.

### 2.2. Borrower's Advance.

**2.2.1.** Borrower's Advance will be limited to the greater of sixty percent (60%) of the Principal Limit or the sum of Mandatory Obligations plus an additional ten percent (10%) of the Principal Limit, so long as such amount does not exceed the maximum Principal Limit.

**2.2.2.** Borrower's Advance shall be used by Lender to pay, or reimburse Borrower for, closing costs listed in the Schedule of Closing Costs (Exhibit 2) attached to and made a part of this Loan Agreement, except that such Loan Advance will only be used to pay origination fees in an amount not to exceed the greater of two thousand five hundred dollars (\$2,500) or two percent (2%) of the Maximum Claim Amount, up to a Maximum Claim Amount of two hundred thousand dollars (\$200,000), *plus* one percent (1%) of any portion of the Maximum Claim Amount that is greater than two hundred thousand dollars (\$200,000). The Lender shall not charge the Borrower an origination fee in excess of six thousand dollars (\$6,000).

**2.2.3.** Borrower's Advance shall be used by Lender to discharge those liens on the Property listed in the Schedule of Liens/HECM for Purchase Disbursements to Seller (Exhibit 2) attached to and made a part of this Loan Agreement.

**2.2.4.** After making payments under Subsections 2.2.2 and 2.2.3 and after any amounts are initially set aside under Subsections 2.3.2 and 2.6, Lender shall pay any remaining funds from the Borrower's Advance to Borrower in the amount indicated on the Payment Plan (Exhibit 1). Borrower shall receive any such remaining funds in a single lump sum disbursement at closing. In no event may payments made under Subsections 2.2.2, 2.2.3, 2.2.4, and any amounts set aside under Subsection 2.3.2, exceed the greater of sixty percent (60%) of the Principal Limit or the Mandatory Obligations plus ten percent (10%) of the Principal Limit.

**2.2.5.** The Borrower's Advance required by this Section 2.2 shall be made as soon as such advance is permitted by the applicable provisions of 12 CFR Part 1026 (Truth in Lending) governing Borrower's right of rescission, but not before that time.

**2.2.6.** After the single lump sum disbursement made under Subsection 2.2.4, no future Loan Advances are permitted to the Borrower.

### 2.3. Set Asides.

**2.3.1.** Amounts set aside under this Section shall be considered Loan Advances to the extent actually disbursed or earned by Lender.

**2.3.2.** Lender shall initially set aside from the Borrower's Advance the amount indicated on the Payment Plan for repairs to be made in accordance with a Repair Rider attached to and made a part of this Loan Agreement (Exhibit 3). This set-aside remains available for disbursement

during any Deferral Period for the sole purpose of paying the cost of the repairs specifically identified in the Repair Rider. Any funds set aside for repairs may only be disbursed if the repairs are satisfactorily completed during the time period established in the Repair Rider. The Lender may add such disbursements to the Principal Balance. No unused funds may be disbursed.

**2.3.3.** Lender shall initially set aside from the Principal Limit the amount indicated on the Payment Plan to be applied to payment due for a fixed monthly charge for servicing activities of Lender or its servicer. Such servicing activities are necessary to protect Lender's interest in the Property. A servicing fee set aside, if any, is not available to the Borrower for any purpose, except to pay for loan servicing. A servicing fee set-aside under this Section remains available for disbursement during any Deferral Period and the Lender may add such disbursements to the Principal Balance.

**2.3.4.** Lender shall set aside from the Principal Limit any amounts required by Section 2.6 as indicated on the Payment Plan.

**2.4. Charges and Fees.** Borrower shall pay to Lender reasonable and customary charges and fees as permitted under 24 CFR 206.207(a). Such amounts shall be considered Loan Advances when actually disbursed by Lender.

**2.5. Payments for Initial Repairs.** If initial repairs after closing, made in accordance with the Repair Rider, cannot be fully funded from the repair set-aside, the Borrower shall be responsible for the additional funds needed to complete repairs. In the event the Borrower fails to timely provide additional funds needed to complete repairs, an unscheduled Loan Advance shall be made in the manner provided under Section 2.12. In no event may any unused funds be disbursed to the Borrower.

## **2.6. Payment of Property Charges.**

**2.6.1.** Borrower shall pay all Property Charges and shall provide evidence of payment to the Lender when required by the Lender.

**2.6.2.** If Borrower fails to pay the Property Charges in a timely manner, Lender may pay the Property Charges as a Loan Advance under Section 2.12; however, such election shall not preclude the Lender from taking action due to the Borrower's failure to pay Property Charges under this Section.

**2.7. Insurance and Condemnation Proceeds.** If insurance or condemnation proceeds are paid to Lender, the Principal Balance shall be reduced by the amount of the proceeds not applied to restoration or repair of the damaged Property. The Principal Limit also shall be reduced by the amount of the proceeds applied to reduce the Principal Balance.

## **2.8. Interest.**

**2.8.1.** Interest shall be calculated as provided in the Loan Documents.

**2.8.2.** Interest shall accrue daily and be added to the Principal Balance as a Loan Advance at the end of each month.

**2.8.3.** Interest shall continue to accrue as provided in 2.8.2 during any Deferral Period.

## **2.9. Mortgage Insurance Premium (MIP); Monthly Charge.**

**2.9.1.** Monthly MIP shall be calculated as provided by the Commissioner. If the Security Instrument is held by the Commissioner, a monthly charge shall be due to the Commissioner and shall be calculated in the same manner as MIP.

**2.9.2.** The full amount of monthly MIP or monthly charge, including any portion of the MIP retained by a Lender, as provided by the Commissioner, shall be considered to be a Loan Advance to Borrower on the later of the first day of the month or the day Lender pays the MIP to the Commissioner, if any MIP is due to the Commissioner. In the event that the Note becomes due and payable or the Note is prepaid in full after the first day of the month, Lender may add the accrued MIP to the Principal Balance or the Commissioner may add accrued monthly charge to the Principal Balance.

**2.9.3.** In the event of a Deferral Period, the monthly MIP will continue to accrue and the Lender may add the accrued MIP to the Principal Balance.

**2.10. Manner of Payment.** Only a Borrower has a right to receive the Borrower's Advance. Borrowers agree that payment from any subsequent Loan Advance should be made directly to the applicable third party for the benefit of the Borrowers.

## **2.11. Protection of Property.**

**2.11.1.** If Borrower vacates or abandons the Property, or if Borrower is in default under the Security Instrument, then Lender may make reasonable expenditures to protect and preserve the Property and these expenditures will be considered Loan Advances as required under Section 2.12.

**2.11.2.** If Borrower fails to pay governmental or municipal charges, fines or impositions that are not included in Section 2.6 or if there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property. These expenditures will be considered Loan Advances as required under Section 2.12.

**2.11.3.** During a Deferral Period, if there are governmental or municipal charges, fines or impositions that are not included in Section 2.6 or if there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property. These expenditures will be considered Loan Advances as required under Section 2.12. If obligations of the Security Instrument are not satisfied during the Deferral Period, the Deferral Period will immediately cease and the Loan will be immediately due in full.

**2.12. Unscheduled Payments.** Loan Advances made pursuant to Sections 2.3.3, 2.4, 2.5, 2.6, and 2.11 shall be made to the extent possible.

### **Article 3 - Termination of Lender's Obligation to Make Loan Advances**

**3.1. Loan Due and Payable.** Lender shall have no obligation to make Loan Advances to Borrower after the initial Loan Advance if Lender has notified Borrower that immediate payment-in-full to Lender is required under one or more of the Loan Documents unless and until the notice is rescinded by Lender.

**3.2 Deferral Period of Loan Due and Payable Status.** Only a Due and Payable status as a result of the death of the last surviving Borrower is eligible for a Deferral Period and only where the last surviving Borrower dies and an Eligible Non-Borrowing Spouse met and continues to meet all requirements established by the Commissioner . The Due and Payable status will be deferred until the Property is no longer the Principal Residence of an Eligible Non-Borrowing Spouse, an Eligible Non-Borrowing Spouse fails to ensure all other requirements established by the Commissioner are met, or an Eligible Non-Borrowing Spouse dies, whichever occurs first. During the Deferral Period, the Lender shall have no obligation to make Loan Advances but the Lender may not require immediate payment in full until the end of the Deferral Period. The Lender may continue to add to the outstanding Principal Balance the amounts that accrue in accordance with Subsections 2.3.2, 2.3.3, 2.8.3, and 2.9.3. The Lender shall notify an Eligible Non-Borrowing Spouse that the Due and Payable status of the Loan is in a Deferral Period only for the amount of time that an Eligible Non-Borrowing Spouse continues to meet all requirements established by the Commissioner and the Property continues to be the Principal Residence of such Eligible Non-Borrowing Spouse. Once the Deferral Period ends, the Loan is immediately due and payable. The Deferral Period is not available to any Ineligible Non-Borrowing Spouse. The Deferral Period will terminate or become unavailable to an Eligible Non-Borrowing Spouse at the time he or she becomes ineligible.

**3.3. Loan Advances by Commissioner.** If the Security Instrument has been assigned to the Commissioner, Lender shall have no further obligation to make Loan Advances under this Loan Agreement, unless the Commissioner accepts later reimbursement by the Lender for all Loan Advances made, earned or disbursed by the Commissioner.

**3.4. Lien Status Jeopardized.** Lender shall have no obligation to make further Loan Advances if the Lender or the Commissioner determines that the lien status of the Security Instrument is jeopardized under State laws as described in Paragraph 14(a) of the Security Instrument and the lien status is not extended in accordance with Paragraph 14(a).

**3.5. Bankruptcy.** Lender shall have no obligation to make further Loan Advances on or following the date that a petition for bankruptcy of Borrower is filed.

**3.6. Mandatory Loan Advances.** Notwithstanding anything in Sections 3.1 through 3.4, all Loan Advances under Sections 2.3.3 (servicing fee), 2.8 (interest), 2.9 (MIP, monthly charge or annual MIP adjustment), or 2.6 (Property Charges) and 2.11 (protection of Property) if elected to be paid under 2.6 and 2.11 by the Lender shall be considered mandatory Loan Advances by Lender.

**3.7. Prepayment in Full.** Lender shall not make Loan Advances if Borrower has paid the Note in full.

## Article 4 - HUD Obligation

The Commissioner has no obligations under this Loan Agreement unless and until a certificate of insurance is issued by the Commissioner. Where a certificate of insurance has been issued, if the Lender has no further obligation to make payments to Borrower because of Section 3.3, the Commissioner shall assume the rights and obligations of Lender under this Loan Agreement, except the Commissioner shall not assume any obligation of paying flood, fire and other hazard insurance from Loan Advances.

## Article 5 - Miscellaneous

**5.1. Forbearance Not a Waiver.** Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**5.2. Successors and Assigns Bounds; Joint and Several Liability; Co-signers.** The covenants and agreements of this Loan Agreement shall bind and benefit the successors and assigns of Lender. An assignment made in accordance with the regulations of the Commissioner shall fully relieve the Lender of its obligations under this Loan Agreement. Borrower may not assign any rights or obligations under this Loan Agreement. Borrower's covenants and agreements shall be joint and several.

Notwithstanding anything to the contrary herein, upon the death of the last surviving Borrower, the Borrower's successors and assigns will be bound to perform Borrower's obligations under this Loan Agreement, and Lender shall be entitled to add to the outstanding Principal Balance the amounts that accrue in accordance with Subsections 2.3.2, 2.3.3, 2.8.3, and 2.9.3.

**5.3. Borrower Certifications.** Borrower shall complete and provide to the Lender on an annual basis a certification, in a form prescribed by the Lender, stating whether the Property remains the Borrower's Principal Residence and, if applicable, the Principal Residence of his or her Eligible Non-Borrowing Spouse. Where a Borrower has identified an Eligible Non-Borrowing Spouse, the Borrower shall also complete and provide to the Lender on an annual basis an Eligible Non-Borrowing Spouse certification, in a form prescribed by the Lender, certifying that all requirements for the application of a Deferral Period continue to apply and continue to be met. During a Deferral Period, the Borrower's Principal Residency annual certifications, required by this Section must continue to be completed and provided to the Lender by the Eligible Non-Borrowing Spouse.

**5.4. Notices.** Any notice to Borrower provided for in this Loan Agreement shall be given by delivering 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 shown in the Security Instrument or any other address all Borrowers jointly designate. Any notice to an Eligible Non-Borrowing Spouse shall be given by delivering 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 shown in the Security Instrument or any other address all Borrowers and Eligible Non-Borrowing Spouse, if applicable, jointly designate. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice provided for in this Loan Agreement shall be deemed to have been given to Borrower, or Lender as provided in this Section.

**5.5. Governing Law; Severability.** This Loan Agreement shall be governed by Federal law and the law of the jurisdiction in which the Property is located. The Lender in this Loan Agreement must comply with the Fair Housing Act, 42 U.S.C. Sec. 3601 - 3619, which prohibits discrimination on the basis of race, color, religion, sex, handicap familial status, or national origin. In the event that any provision or clause of this Loan Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Loan Agreement which can be given effect without the conflicting provision. To this end the provisions of this Loan Agreement are declared to be severable.

**5.6. Copies.** Lender and Borrower shall each receive one original executed copy of this Loan Agreement.

**5.7. When Agreement Becomes Binding.** This Loan Agreement shall bind Lender and Borrower when both Lender and Borrower have signed.

**5.8. Third Party Beneficiary.** Except as set forth in Article 4 and Section 3.3 for the Commissioner and except for Section 3.2 only for an Eligible Non-Borrowing Spouse in this Loan Agreement, this Loan Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties. Borrower agrees that it is not a third-party beneficiary to the Contract of Insurance between Commissioner and Lender.

BY SIGNING BELOW the parties accept and agree to the terms contained in this Loan Agreement and the exhibits.

\_\_\_\_\_

(SEAL)

Russell B DeStefano

\_\_\_\_\_

Date

\_\_\_\_\_

(SEAL)

Mary Ann DeStefano

\_\_\_\_\_

Date

All Reverse Mortgage, Inc.

SAMPLE

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

Title: \_\_\_\_\_



# FIXED RATE NOTE (Home Equity Conversion)

June 19, 2018

FHA Case No.  
Loan No.

(Property Address)

## 1. DEFINITIONS

"Borrower" means each person signing at the end of this Note. Borrower is a trustor who is an original borrower under the Loan Agreement and this Note. The term does not include Borrower's successors or assigns.

"Commissioner" means the Federal Housing Commissioner or his or her authorized representatives.

"Eligible Non-Borrowing Spouse" means a Non-Borrowing Spouse who meets, and continues to meet, the Qualifying Attributes requirements established by the Commissioner that the Non-Borrowing Spouse must satisfy in order to be eligible for deferral of the due and payable status.

"Ineligible Non-Borrowing Spouse" means a Non-Borrowing Spouse who does not meet the Qualifying Attributes requirements established by the Commissioner that the Non-Borrowing Spouse must satisfy in order to be eligible for deferral of the due and payable status.

"Lender" means **All Reverse Mortgage, Inc.** and its successors and assigns.

"Loan Agreement" means the Home Equity Conversion Mortgage Fixed Rate Loan Agreement dated **June 19, 2018** by and between the Borrower and Lender.

"Non-Borrowing Spouse" means the spouse **N/A**, as determined by the laws of the state in which the spouse **N/A** and Borrower **N/A** reside or the state of celebration of the Borrower **N/A** at the time of closing and who is not a Borrower.

"Property" means Borrower's property identified in the Security Instrument.

"Property Address" means the address provided above.

"Qualifying Attributes" means those requirements established by the Commissioner that the Non-Borrowing Spouse must satisfy in order to be eligible for deferral of the due and payable status.

"Security Instrument" means the mortgage, deed of trust, security deed or other security instrument which is signed by Borrower and Trustor, and which secures this Note.

"Trustor" is an original trustor under the Security Instrument. The term includes Trustor's heirs, executors, administrators, and assigns.

## 2. BORROWER'S PROMISE TO PAY; INTEREST

In return for amounts to be advanced by Lender to or for the benefit of Borrower under the terms of the

Loan Agreement, Borrower promises to pay to the order of Lender a principal amount equal to the sum of **\$637,500.00** and all Loan Advances made under the Loan Agreement with interest. All amounts advanced by Lender, plus interest, if not due earlier, are due and payable on . Interest will be charged on unpaid principal at the rate of **Three AND Nine Hundred Ninety Thousandth** percent (**3.990%**) per year until the full amount of principal has been paid. Accrued interest shall be added to the Principal Balance as a Loan Advance at the end of each month.

### **3. PROMISE TO PAY SECURED**

Borrower's promise to pay is secured by the Security Instrument. The Security Instrument protects the Lender from losses which might result if Borrower defaults under this Note.

### **4. MANNER OF PAYMENT**

#### **(A) Time**

Borrower shall pay all outstanding principal and accrued interest to Lender upon receipt of a notice by Lender requiring immediate payment-in-full, as provided in Paragraph 6 of this Note.

#### **(B) Place**

Payment shall be made at **All Reverse Mortgage, Inc., 2019 W Chapman Ave, Orange, CA 92868** or at such other place as Lender may designate in writing by notice to Borrower.

#### **(C) Limitation of Liability**

Borrower shall have no personal liability for payment of this Note. Lender shall enforce the debt only through sale of the Property. If this Note is assigned to the Commissioner, the Borrower shall not be liable for any difference between the mortgage insurance benefits paid to Lender and the outstanding indebtedness, including accrued interest, owed by Borrower at the time of the assignment.

### **5. BORROWER'S RIGHT TO PREPAY**

A Borrower has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty. Any amount of debt prepaid will be applied to reduce the Principal Balance of this Note.

All prepayments of the Principal Balance shall be applied by Lender as follows:

First, to that portion of the Principal Balance representing aggregate payments for mortgage insurance premiums;

Second, to that portion of the Principal Balance representing aggregate payments for servicing fees;

Third, to that portion of the Principal Balance representing accrued interest due under the Note; and

Fourth, to the remaining portion of the Principal Balance.

## **6. IMMEDIATE PAYMENT-IN-FULL**

### **(A) Death**

(i) Except as provided in Paragraph 6(A)(ii), Lender may require immediate payment in full of all outstanding principal and accrued interest if a Borrower dies and the Property is not the Principal Residence of at least one surviving Borrower.

(ii) Deferral of Due and Payable Status. Lender may not require immediate payment in full of all outstanding principal and accrued interest if a Non-Borrowing Spouse identified in this Note qualifies as an Eligible Non-Borrowing Spouse and provided the following conditions are, and continue to be, met:

- a. Such Eligible Non-Borrowing Spouse remained the spouse of the Borrower, identified in this Note, for the duration of the Borrower's lifetime;
- b. Such Eligible Non-Borrowing Spouse has occupied, and continues to occupy, the Property as [his/her] Principal Residence;
- c. Such Eligible Non-Borrowing Spouse has established legal ownership or other ongoing legal right to remain in the Property;
- d. All other obligations of the Borrower under this Note, the Loan Agreement and the Security Instrument continue to be satisfied;
- e. This Note is not eligible to be called due and payable for any other reason

This sub-paragraph (ii) is inapplicable or null and void if an Eligible Non-Borrowing Spouse is or becomes an Ineligible Non-Borrowing Spouse at any time. Further, during a deferral of the due and payable status, should any of the conditions for deferral cease to be met, such a deferral shall immediately cease and this Note will become immediately due and payable in accordance with the provisions of Paragraph 6(A)(i) of this Note.

### **(B) Sale**

Lender may require immediate payment in full of all outstanding principal and accrued interest if a Borrower conveys all of his or her title to the Property and no other Borrower retains title to the Property in fee simple or on a leasehold interest as set forth in 24 CFR 206.45(a). A deferral of due and payable status is not permitted when a Lender requires immediate payment under this Paragraph.

### **(C) Other Grounds**

Lender may require immediate payment-in-full of all outstanding principal and accrued interest, upon approval by the Commissioner, if:

- (i) The Property ceases to be the Principal Residence of a Borrower for reasons other than death and the Property is not the Principal Residence of at least one other Borrower; or
- (ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to occupy the Property because of physical or mental illness and the Property is not the Principal Residence of at least one other Borrower; or
- (iii) An obligation of the Borrower under the Security Instrument is not performed.

A deferral of due and payable status is not permitted when a Lender requires immediate payment in full under Paragraph 6(C).

### **(D) Payment of Costs and Expenses**

If Lender has required immediate payment-in-full, as described above, the debt enforced through sale of the Property may include costs and expenses, including reasonable and customary attorney's fees for enforcing this Note to the extent not prohibited by applicable law. Such fees and costs shall bear interest from the date of disbursement at the same rate as the principal of this Note.

**(E) Trusts**

Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Commissioner, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph. A trust shall not be considered an occupant or be considered as having a Principal Residence for purposes of this Paragraph.

**7. WAIVERS**

Borrower waives the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of Dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

**8. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the Property Address or at a different address if Borrower has given Lender a notice of Borrower's different address.

Any notice to Non-Borrowing Spouse provided for under this Note will be given by delivering 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.

Any notice that must be given to Lender under this Note will be given by first class mail to Lender at the address stated in Paragraph 4(B) or at a different address if Borrower is given a notice of that different address.

SAMPLE

**9. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note only through sale of the Property.

**10. THIRD-PARTY BENEFICIARY**

Except as set forth in Paragraph 6(A)(ii) and only for an Eligible Non-Borrowing Spouse, this Note does not and is not intended to confer any rights or remedies upon any person other than the parties.

Borrower agrees that it is not a third-party beneficiary to the Contract of Insurance between HUD and Lender.

**11. SUCCESSORS AND ASSIGNS**

Notwithstanding anything to the contrary herein, upon the death of the last surviving Borrower, the Borrower's successors and assigns will be bound to perform Borrower's obligations under this Note.

**12. CAPITALIZED TERMS**

Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Loan Agreement.

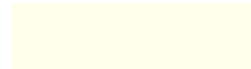
**13. CONTRACTED FOR RATE OF INTEREST**

The Borrower agrees to an effective rate of interest that is the rate stated above plus any additional rate of interest resulting from any other charges in the nature of interest paid by the Borrower in connection with this Note.

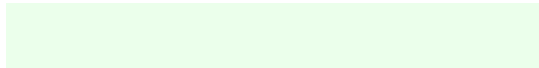
BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

 (SEAL)

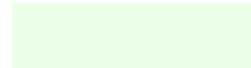
Russell B DeStefano



Date

 (SEAL)

Mary Ann DeStefano



Date

**Loan Originator Organization**

Mortgage Loan Originator Organization: **All Reverse Mortgage, Inc.**

Nationwide Mortgage Licensing system and Registry Identification Number: **13999**

**Individual Loan Originator**

Mortgage Loan Originator: **Walter Daniel Genie**

Nationwide Mortgage Licensing system and Registry Identification Number: **1209027**

SAMPLE

Record and Return to:  
All Reverse Mortgage, Inc.  
2019 W Chapman Ave  
Orange, CA 92868

Prepared by:  
All Reverse Mortgage, Inc.  
2019 W Chapman Ave  
Orange, CA 92868

\_\_\_\_\_  
[Space Above This Line For Recording Data] \_\_\_\_\_

State of ARIZONA

FHA Case No.

**SAMPLE**

**FIXED RATE**

**HOME EQUITY CONVERSION DEED OF TRUST**

THIS DEED OF TRUST ("Security Instrument") is made on **June 19, 2018**. The trustor is , whose mailing address is **18454 E. PINE VALLEY DR., SAN TAN VALLEY, AZ 85142** ("Borrower"). Borrower is a trustor who is an original borrower under the Loan Agreement and Note. The term "Borrower" does not include the Borrower's successors and assigns. Trustor is an original trustor under this Security Instrument. The term "Trustor" includes Trustor's heirs, executors, administrators, and assigns. The trustee is , which is incorporated, organized, licensed, chartered or registered under the laws of \_\_\_\_\_ and chartered or formed under the laws of the United States of America, and whose mailing address is ("Trustee"). The beneficiary is **All Reverse Mortgage, Inc.**, which is organized and existing under the laws of **California**, and whose mailing address is **2019 W Chapman Ave, Orange, CA 92868** ("Lender"). Borrower has agreed to repay to Lender amounts which Lender is obligated to advance, including future advances, under the terms of a Home Equity Conversion Mortgage Fixed Rate Loan Agreement dated the same date as this Security Instrument ("Loan Agreement"). The agreement to repay is evidenced by Borrower's Fixed-Rate Note dated the same date as this Security Instrument ("Note"). This Security Instrument secures to Lender: (a) the

repayment of the debt evidenced by the Note, with interest at a fixed rate (interest), and all renewals, extensions and modifications of the Note, up to a maximum principal amount of **Six Hundred Thirty Seven Thousand, Five Hundred Dollars and Zero Cents (U.S. \$637,500.00)**; (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument or otherwise due under the terms of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument, the Note and Loan Agreement. The full debt, including amounts described in (a), (b), and (c) above, if not due earlier, is due and payable on . For this purpose, Borrower and Trustor do hereby irrevocably grant and convey to Trustee, in trust, with power of sale, the following described property located in **PINAL** County, ARIZONA:

**See legal description as Exhibit A attached hereto and made a part hereof for all intents and purposes**

which has the address of  
**18454 E. PINE VALLEY DR., SAN TAN VALLEY, AZ 85142**, ("Property Address")

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER AND TRUSTOR COVENANTS that each is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered. Borrower and Trustor warrant and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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

**1. Payment of Principal and Interest.** Borrower shall pay when due the principal of **\$637,500.00**, and interest on the debt evidenced by the Note.

**2. Payment of Property Charges.** Borrower shall pay all property charges consisting of property taxes, hazard insurance premiums, flood insurance premiums, ground rents, condominium fees, planned unit development fees, homeowner's association fees, and any other special assessments that may be required by local or state law in a timely manner, and shall provide evidence of payment to Lender, unless Lender pays property charges as provided for and in accordance with the Loan Agreement.

**3. Fire, Flood and Other Hazard Insurance.** Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including, but not limited to, fire and flood, for which Lender requires insurance. Such insurance shall be maintained in the amounts, and for the periods that Lender requires; Lender has the discretion to increase or decrease the amount of any insurance required at any time provided the amount is equal to or greater than any minimum required by the Federal Housing Commissioner ("Commissioner"). Whether

or not Lender imposes a flood insurance requirement, Borrower shall at a minimum insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Commissioner. If the Lender imposes insurance requirements, all insurance shall be carried with companies approved by Lender, and the insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss to Lender instead of to Borrower and Lender jointly. Insurance proceeds shall be applied to restoration or repair of the damaged Property, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied first to the reduction of any indebtedness under the Note and this Security Instrument. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

**4. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's Principal Residence after the execution of this Security Instrument and Borrower (or at least one Borrower, if initially more than one person are Borrowers) shall continue to occupy the Property as Borrower's Principal Residence for the term of this Security Instrument.

Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a Principal Residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

**5. Charges to Borrower and Protection of Lender's Rights in the Property.** Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument in the manner provided in Paragraph 14(c).

If Borrower fails to make these payments or pay the property charges required by Paragraph 2, or fails to perform any other covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of property taxes, hazard insurance and other items mentioned in Paragraph 2.

To protect Lender's security in the Property, Lender shall advance and charge to Borrower all amounts



due to the Commissioner for the Mortgage Insurance Premium as defined in the Loan Agreement as well as all sums due to the loan servicer for servicing activities as defined in the Loan Agreement. Any amounts disbursed by Lender under this Paragraph shall become an additional debt of Borrower as provided for in the Loan Agreement and shall be secured by this Security Instrument.

**6. Inspection.** Lender or its agent may enter on, inspect or make appraisals of the Property in a reasonable manner and at reasonable times provided that Lender shall give the Borrower notice prior to any inspection or appraisal specifying a purpose for the inspection or appraisal which must be related to Lender's interest in the Property. If the Property is vacant or abandoned or the loan is in default, Lender may take reasonable action to protect and preserve such vacant or abandoned Property without notice to the Borrower.

**7. 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 place of condemnation shall be paid to Lender. The proceeds shall be applied to the reduction of the indebtedness under the Note and this Security Instrument. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

**8. Fees.** Lender may collect fees and charges authorized by the Commissioner .

**9. Non-Borrowing Spouse.** Borrower, **N/A** is married under the laws of **Arizona** to **N/A** ("Non-Borrowing Spouse"), who is not a Borrower under the terms of the "Note," "Loan Agreement" or this Security Instrument.

**(a) Eligible Non-Borrowing Spouse** - A Non-Borrowing Spouse identified by the Borrower who meets, and continues to meet, the Qualifying Attributes requirements established by the Commissioner that the Non-Borrowing Spouse must satisfy in order to be eligible for the Deferral Period.

**(b) Ineligible Non-Borrowing Spouse** - A Non-Borrowing Spouse who does not meet the Qualifying Attributes requirements established by the Commissioner that the Non-Borrowing Spouse must satisfy in order to be eligible for the Deferral Period.

## 10. Grounds for Acceleration of Debt.

### (a) Due and Payable - Death.

(i) Except as provided in Paragraph 10(a)(ii), Lender may require immediate payment in full of all sums secured by this Security Instrument if a Borrower dies and the Property is not the Principal Residence of at least one surviving Borrower.

(ii) Lender shall defer the due and payable requirement under Paragraph 10(a)(i) above for any period of time ("Deferral Period") in which a Non-Borrowing Spouse identified in Paragraph 9 qualifies as an Eligible Non-Borrowing Spouse and certifies all of the following conditions are, and continue to be, met:

- a. Such Eligible Non-Borrowing Spouse remained the spouse of the identified Borrower for the duration of such Borrower's lifetime;
- b. Such Eligible Non-Borrowing Spouse has occupied, and continues to occupy, the Property as [his/her] Principal Residence;
- c. Such Eligible Non-Borrowing Spouse has established legal ownership or other ongoing legal right to remain in the Property;
- d. All other obligations of the Borrower under the Note, the Loan Agreement and this Security Instrument continue to be satisfied;
- e. The Note is not eligible to be called due and payable for any other reason; and
- f. If requested by Lender, such Eligible Non-Borrowing Spouse, and the Borrower's successors and assigns and Trustor, if different, sign an enforceable agreement suspending the statute of limitations applicable to the enforcement of a real property lien and any other document(s) Lender deems necessary to preserve (I) the priority of Lender's lien on the Property, (II) Lender's right to foreclose the security interest in the Property, and (III) Lender's right to exercise its default remedies available under this Security Instrument and the Note.

This sub paragraph (ii) is inapplicable or null and void if an Eligible Non-Borrowing Spouse is or becomes an Ineligible Non-Borrowing Spouse at any time. Further, during a deferral of the due and payable status, should any of the conditions for deferral cease to be met, such a deferral shall immediately cease and the Note will become immediately due and payable in accordance with the provisions of Paragraph 6(A)(i) of the Note.

**(b) Due and Payable - Sale.** Lender may require immediate payment in full of all sums secured by this Security Instrument if all of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains title to the Property in fee simple or retains a leasehold under a lease for not less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower or retains a life estate (or retaining a beneficial interest in a trust with such an interest in the Property). A deferral of due and payable status is not permitted when a Lender requires immediate payment in full under this Paragraph.

**(c) Due and Payable with Commissioner Approval.** - Lender may require immediate payment in full of all sums secured by this Security Instrument, upon approval of the Commissioner, if:

- (i) The Property ceases to be the Principal Residence of a Borrower for reasons other than death and the Property is not the Principal Residence of at least one other Borrower; or
- (ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to occupy the Property because of physical or mental illness and the Property is not the Principal Residence of at least one other Borrower; or
- (iii) An obligation of the Borrower under this Security Instrument is not performed.

A deferral of due and payable status is not permitted when a Lender requires immediate payment in full under this Paragraph 10(c).

**(d) Notice and Certification to Lender.** Borrower shall complete and provide to the Lender on an annual basis a certification, in a form prescribed by the Lender, stating whether the Property remains the Borrower's Principal Residence and, if applicable, the Principal Residence of his or her Non-Borrowing Spouse. Where a Borrower has identified a Non-Borrowing Spouse in Paragraph 9 and the identified Non-Borrowing Spouse qualifies as an Eligible Non-Borrowing Spouse, the Borrower shall also complete and provide to the Lender on an annual basis an Eligible Non-Borrowing Spouse certification, in a form prescribed by the Lender, certifying that all requirements for the application of a Deferral Period continue to apply and continue to be met. During a Deferral Period, the annual Principal Residence certifications must continue to be completed and provided to the Lender by the Eligible Non-Borrowing Spouse. The Borrower shall also notify Lender whenever any of the events listed in Paragraph 10 (b) and (c) occur.

**(e) Notice to Commissioner and Borrower.** Lender shall notify the Commissioner and Borrower whenever the loan becomes due and payable under Paragraph 10 (b) and (c). Lender shall not have the right to commence foreclosure until Borrower has had thirty (30) days after notice to either:

- (i) Correct the matter which resulted in the Security Instrument coming due and payable; or
- (ii) Pay the balance in full; or
- (iii) Sell the Property for the lesser of the balance or ninety-five percent (95%) of the appraised value and apply the net proceeds of the sale toward the balance; or
- (iv) Provide the Lender with a deed-in-lieu of foreclosure.

**(f) Notice to Commissioner and Eligible Non-Borrowing Spouse.** Lender shall notify the Commissioner and any Eligible Non-Borrowing Spouse whenever any event listed in Paragraph 10 (b) and (c) occurs during a Deferral Period.

**(g) Trusts.** Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Commissioner, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph 10. A trust shall

not be considered an occupant or be considered as having a Principal Residence for purposes of this Paragraph 10.

**(h) Mortgage Not Insured.** Borrower agrees that should this Security Instrument and the Note not be eligible for insurance under the National Housing Act within eight (8) months from the date hereof, if permitted by applicable law Lender may, at its option, require immediate payment-in-full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Commissioner dated subsequent to eight (8) months from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Commissioner.

**11. No Deficiency Judgments.** Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed. If this Security Instrument is assigned to the Commissioner upon demand by the Commissioner, Borrower shall not be liable for any difference between the mortgage insurance benefits paid to Lender and the outstanding indebtedness, including accrued interest, owed by Borrower at the time of the assignment.

**12. Reinstatement by Borrower.** Borrower has a right to be reinstated if Lender has required immediate payment in full. This right applies even after foreclosure proceedings are instituted. To reinstate this Security Instrument, Borrower shall correct the condition which resulted in the requirement for immediate payment in full. Foreclosure costs and reasonable and customary attorney's fees and expenses properly associated with the foreclosure proceeding shall be added to the Principal Balance. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two (2) years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of this Security Instrument.

**13. Deferral Period Reinstatement.** If a Deferral Period ceases or becomes unavailable because a Non-Borrowing Spouse no longer satisfies the Qualifying Attributes for a Deferral Period and has become an Ineligible Non-Borrowing Spouse, neither the Deferral Period nor this Security Instrument may be reinstated. In the event a Deferral Period ceases because an obligation of the Note, the Loan Agreement, or this Security Instrument has not been met or the Note has become eligible to be called due and payable and is in default for a reason other than death, an Eligible Non-Borrowing Spouse may have a Deferral Period and this Security Instrument reinstated provided that the condition which resulted in the Deferral Period ceasing is corrected within thirty (30) days. A Lender may require the Eligible Non-Borrowing Spouse to pay for foreclosure costs and reasonable and customary attorney's fees and expenses properly associated with the foreclosure proceeding, such costs may not be added to the Principal Balance. Upon reinstatement by an Eligible Non-Borrowing Spouse, the Deferral Period and this Security Instrument and the obligations that it secures shall remain in effect as if the Deferral Period had not ceased and the Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) the Lender has accepted a reinstatement of either the Deferral Period or this Security Instrument within the past two (2) years immediately preceding the current notification to the Eligible Non-Borrowing Spouse that the mortgage is due and payable; (ii) reinstatement of either the Deferral Period or this Security Instrument will preclude foreclosure in the

future, or (iii) reinstatement of either the Deferral Period or Security Instrument will adversely affect the priority of this Security Instrument.

#### **14. Lien Status.**

##### **(a) Modification.**

Borrower and Trustor agree to extend this Security Instrument in accordance with this Paragraph 14(a). If Lender determines that the original lien status of this Security Instrument is jeopardized under state law (including but not limited to situations where the amount secured by this Security Instrument equals or exceeds the maximum amount stated to be secured by the lien of this Security Instrument or the maximum period under which loan advances retain the same lien priority initially granted to loan advances has expired) and state law permits the original lien status to be maintained for future loan advances through the execution and recordation of one or more documents, then Lender shall obtain title evidence at Borrower's expense. If the title evidence indicates that the Property is not encumbered by any liens (except this Security Instrument, and any subordinate liens that the Lender determines will also be subordinate to any future loan advances), Lender shall request the Borrower and Trustor to execute any documents necessary to protect the lien status of future loan advances. Borrower and Trustor agree to execute such documents. If state law does not permit the original lien status to be extended to future loan advances, Borrower will be deemed to have failed to have performed an obligation under this Security Instrument.

##### **(b) Tax Deferral Programs.**

Borrower shall not participate in a real estate tax deferral program, if any liens created by the tax deferral are not subordinate to this Security Instrument.

##### **(c) Prior Liens.**

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender'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 Lender subordinating the lien to all amounts secured by this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

**15. Forbearance by Lender Not a Waiver.** Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**16. Successors and Assigns Bound; Joint and Several Liability.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender. Borrower may not assign any rights or obligations under this Security Instrument or under the Note, except to a trust that meets the requirements of the Commissioner. Borrower's covenants and agreements shall be joint and several.

Notwithstanding anything to the contrary herein, upon the death of the last surviving Borrower, the Borrower's successors and assigns will be bound to perform Borrower's obligations under this Security Instrument.

**17. Notices.** Any notice to Borrower or Trustor provided for in this Security Instrument shall be given by delivering 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 all Borrowers jointly designate. Notices to Trustor shall be given at the address provided by Trustor to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice to a Non-Borrowing Spouse provided for in this Security Instrument shall be given by delivering 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. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower, Lender, Trustor or Non-Borrowing Spouse when given as provided in this Paragraph 17.

**18. Governing Law; Severability.** This Security Instrument 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 Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

**19. Borrower's and Trustor's Copy.** Borrower shall be given one conformed copy of the Note and this Security Instrument, and Trustor shall be given one conformed copy of this Security Instrument.

**20. Third-Party Beneficiary.** Except as set forth in Paragraph 10(a)(ii) and only for an Eligible Non-Borrowing Spouse, this Security Instrument does not and is not intended to confer any rights or remedies upon any person other than the parties. Borrower agrees that it is not a third-party beneficiary to the Contract of Insurance between HUD and Lender.

**21. Capitalized Terms.** Capitalized terms not defined in this Security Instrument shall have the meanings ascribed to them in the Loan Agreement.

NON-UNIFORM COVENANTS. Borrower, Trustor and Lender covenant and agree as follows:

**22. Assignment of Rents.** Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in this Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by this Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 22.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by this Security Instrument is paid in full.

**23. Foreclosure Procedure.** If Lender requires immediate payment-in-full under Paragraph 10, Lender may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Paragraph 23, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall record a notice of sale in each county in which any part of the Property is located and shall mail copies of the notice as prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the time required by applicable law and after publication and posting of the notice of sale, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place designated in the notice of sale. Trustee may postpone sale of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it or to the county treasurer subject to order of the superior court of the county in which the sale took place.

**24. Lien Priority.** The full amount secured by this Security Instrument shall have the same priority over any other liens on the Property as if the full amount had been disbursed on the date the initial disbursement was made, regardless of the actual date of any disbursement. The amount secured by this

Security Instrument shall include all direct payments by Lender to Borrower and all other loan advances permitted by this Security Instrument for any purpose. This lien priority shall apply notwithstanding any State constitution, law or regulation, except that this lien priority shall not affect the priority of any liens for unpaid State or local governmental unit special assessments or taxes.

**25. Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

**26. Substitute Trustee.** Lender may, for any reason or cause, from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

**27. Time of Essence.** Time is of the essence in each covenant of this Security Instrument.

**28. Mailing Addresses.** Borrower's mailing address is the Property Address. Trustee's mailing address is .

**29. Obligatory Loan Advances.** Lender's responsibility to make Loan Advances under the terms of the Loan Agreement, including loan advances of principal to Borrower as well as loan advances for interest, servicing fees, and other charges, shall be obligatory.

**30. Negative Amortization.** Since regular periodic payments are not required under the terms of the Note and the finance charges that accrue as well as other amounts Borrower may owe under the Note are added to the amount Borrower owes Lender, "negative amortization" will occur. Negative amortization will increase the amount Borrower owes Lender and reduce Borrower's equity in the Property.

**31. Riders to this Security Instrument.** If one or more riders are executed by Borrower and Trustor, and recorded together with this Security Instrument, the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es).]

Condominium Rider

Planned Unit Development Rider

Other [Specify]



BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

\_\_\_\_\_  
(SEAL)  
Russell B DeStefano

\_\_\_\_\_  
Date

\_\_\_\_\_  
(SEAL)  
Mary Ann DeStefano

\_\_\_\_\_  
Date

\_\_\_\_\_ [Space Below This Line For Acknowledgment] \_\_\_\_\_

State of ARIZONA

County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ (date) by  
\_\_\_\_\_ (name of person acknowledged).

\_\_\_\_\_  
(Signature of person taking acknowledgment)

\_\_\_\_\_  
(Title or rank)

\_\_\_\_\_  
(Serial number, if any)

**Loan Originator Organization**

Mortgage Loan Originator Organization: **All Reverse Mortgage, Inc.**

Nationwide Mortgage Licensing system and Registry Identification Number:

**Individual Loan Originator**

Mortgage Loan Originator:

Nationwide Mortgage Licensing system and Registry Identification Number:

SAMPLE

## **EXHIBIT A**

Exhibit A to the Security Instrument made on **June 19, 2018**, by ("Borrower") to **All Reverse Mortgage, Inc.** ("Lender"). The Property is located in the county of **PINAL**, state of **Arizona**, described as follows:

### **Description of Property**

**SAMPLE**