

THIS IS A MODEL DOCUMENT FOR USE IN FANNIE MAE RENOVATION LOAN TRANSACTIONS. THIS FORM IS PROVIDED AS AN EXAMPLE AND HAS NOT BEEN EVALUATED FOR VALIDITY AND ENFORCEABILITY IN ANY JURISDICTION. LENDERS SHOULD CONSULT WITH LEGAL COUNSEL TO ENSURE THAT ALL FORMS USED TO ORIGINATE LOANS ARE APPROPRIATE, AND THAT ALL LEGAL INSTRUMENTS ARE COMPLETED CORRECTLY AND IN COMPLIANCE WITH APPLICABLE LAW.

RENOVATION LOAN RIDER TO SECURITY INSTRUMENT

(To Be Recorded With The Security Instrument)

LENDER: _____

BORROWER: _____

PROPERTY: _____

THIS RENOVATION LOAN RIDER TO SECURITY INSTRUMENT (the “Rider”) shall be deemed to amend and supplement the Mortgage or Deed of Trust, and any and all riders or amendments thereto (the “Security Instrument”) of the same date, to which this Rider is attached, given by the undersigned (the “Borrower”) to secure Borrower’s Promissory Note to Lender of the same date (the “Note”) and covering the property (the “Property”) described in this Security Instrument. All terms defined in the Note and elsewhere in this Security Instrument shall have the same meaning in this Rider.

AMENDED AND ADDITIONAL COVENANTS. In addition to the covenants and agreements made in this Security Instrument, Borrower and Lender further covenant and agree as follows:

- 1. Renovation Loan Agreement.** Borrower’s Note evidences Borrower’s promise to pay Lender the aggregate amount of all disbursements made and distributed by Lender under the terms and conditions of a Renovation Loan Agreement between Lender and Borrower dated the same date as the Note (the “Loan Agreement”). The Loan Agreement provides for certain improvements (the “Improvements”) on the Property. Borrower agrees to comply with the covenants and conditions of the Loan Agreement. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, including the aggregate amount of all advances made by Lender from time to time under the terms of the Loan Agreement; (b) the performance of all of Borrower’s covenants and agreements under the Note, this Security Instrument, and the Loan Agreement (the “Loan Documents”); and (c) the payment of all other sums, with interest at the rate set forth in the Note, advanced by Lender to protect the security of this Security Instrument, or to perform any of Borrower’s obligations under the Loan Documents. Upon the failure of Borrower to keep and perform all the covenants, conditions, and agreements of the Loan Agreement, the Principal, all interest, and other charges provided for in the Loan Documents and secured hereby, shall, at the option of the Lender, become immediately due and payable in full.
- 2. Assignment of Rights or Claims.** From time to time as Lender deems necessary to protect Lender’s interest, Borrower will, upon request of Lender, execute, acknowledge before a notary, and deliver to Lender assignments of any and all rights or claims which relate to the Improvements on the Property.
- 3. Breach by Borrower.** In case of breach by Borrower of the covenants and conditions of the Loan Agreement, subject to any right of Borrower to cure Borrower’s default, Lender, at Lender’s option, with or without entry upon the Property, may: (a) invoke any of the rights or remedies provided in the Loan Agreement; (b) accelerate the sums secured by this Security Instrument and invoke any of the remedies provided in this Security Instrument; or (c) do both. Lender’s failure to exercise any of its rights and remedies at any one time will not constitute a waiver by Lender of its right to exercise

that right or remedy, or any other right or remedy, in the future.

4. **Security Agreement and Financing Statement.** The property covered by this Security Instrument includes the Property previously described or referred to in this Security Instrument, together with the following, all of which are referred to as the "Property." The portion of the Property that constitutes real property is sometimes referred to as the "Real Property." The portion of the Property which constitutes personal property is sometimes referred to as the "Personal Property," and is described as: (i) Borrower's right to possession of the Property; (ii) any and all fixtures, machinery, equipment, building materials, appliances, and goods of every nature whatsoever now or hereafter located in, on, used, or intended to be used in connection with the Property or the Improvements, and all replacements of and accessions to those goods; and (iii) proceeds and products of the Personal Property. Despite any other provision of this Rider or any other Loan Document, Lender is not granted, and will not have, a non-purchase money security interest in household goods, to the extent that such a security interest would be prohibited by applicable law.

This Security Instrument is and will be a security agreement granting Lender a first and prior security interest in all of Borrower's right, title, and interest in and to the Personal Property, under and within the meaning of applicable state laws, as well as a document granting a lien upon and against the Real Property. In the event of any foreclosure sale, whether made by Trustee or under judgment of a court, all of the Real Property and Personal Property may, at the option of Lender, be sold as a whole or in parcels. It will not be necessary to have present at the place of such sale the Personal Property or any part thereof. Lender, as well as Trustee on Lender's behalf, will have all the rights, remedies, and recourse with respect to the Personal Property afforded to a "Secured Party" by applicable state laws in addition to and not in limitation of the other rights and remedies afforded Lender and/or Trustee under this Security Instrument. Borrower will, upon demand, pay to Lender the amount of any and all expenses, including the fees and disbursements of Lender's legal counsel and of any experts and agents, which Lender may incur in connection with: (i) the making and/or administration of this Security Instrument; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon any Property, real and/or personal, described in this Security Instrument; (iii) the exercise or enforcement of any of the rights of Lender under this Security Instrument; or (iv) the failure by Borrower to perform or observe any of the provisions or covenants in this Security Instrument.

Borrower also authorizes Lender to sign and file, without Borrower's signature, such financing and continuation statements, amendments, and supplements thereto, and other documents that Lender may from time to time deem necessary to perfect, preserve, and protect Lender's security interest in the Property. Borrower acknowledges that Lender may require Borrower to sign other documents necessary to protect Lender's interest in the Property. Borrower gives Lender permission and grants it authority to sign such documents for Borrower.

5. **Invalid Provisions.** If any provision of this Security Instrument is declared invalid, illegal, or unenforceable by a court of competent jurisdiction, then such invalid, illegal, or unenforceable provision shall be severed from this Security Instrument and the remainder enforced as if such invalid, illegal, or unenforceable provision is not a part of this Security Instrument.

6. **Addresses.**

The name and address of the Borrower is: _____

The name and address of the Lender/Secured Party is: _____

Official Seal:

Notary Printed Name

Notary Public; State of _____

Qualified in the County of _____

My commission expires: _____