

City of Las Cruces®

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 10 Ordinance/Resolution# 13-029

For Meeting of _____
(Ordinance First Reading Date)

For Meeting of September 4, 2012
(Adoption Date)

Please check box that applies to this item:

QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION APPROVING AN ADDITIONAL EXCEPTION TO THE CITY'S HOME REHABILITATION HANDBOOK FOR FINANCING THE REHABILITATION PROJECT LOCATED AT 1944 LA JOLLA AVENUE.

PURPOSE(S) OF ACTION:

Approve an exception to the City requirements.

COUNCIL DISTRICT: 1		
<u>Drafter/Staff Contact:</u> Ray Sartin	<u>Department/Section:</u> Community Development / Planning & Neighborhood Services	<u>Phone:</u> 528-3027
<u>City Manager Signature:</u>		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The City of Las Cruces Home Rehabilitation Program is rehabilitating the home of Ms. Isabel Golden, whose house is located at 1944 La Jolla Avenue, which was previously approved under City Council Resolution 12-200.

The City of Las Cruces Home Rehabilitation Program utilizes mortgages and promissory notes to protect City funds that are used to rehabilitate a client's home, which are signed by the homeowner and the mortgage is recorded in the property records at the County Clerk's Office. As mortgages are recorded against individual properties, the order in recording creates a hierarchy or superiority listing of mortgages (or liens); thus creating "first lien" position, "second lien" position, and so on. When the client has one existing mortgage or more, the Home Rehabilitation Program guidelines do not allow for the City's mortgage to be beyond the second lien position, to help ensure that the City's mortgage(s) are reimbursed in the event of a foreclosure. The Resolution requested is for an exception to this guideline requirement allowing the City's mortgages to be in the third and fourth position. Following are the issues and factors contributing to this request.

The City has placed two mortgages against the home for the home rehabilitation project; one is a Deferred Payment Loan and the other is a Weatherization/Energy Efficiency Grant that is forgivable over time. Additionally, Ms. Golden has two existing mortgage liens against the home;

the first she is making payments on and the second is a down payment loan that is being forgiven over time. The debt for the second will be satisfied five years from now in 2017. At that time, if this exception is approved, the City's mortgages will then be compliant with program guidelines.

Staff anticipated having Ms. Golden's existing second position mortgage subordinate to the City's mortgages, to ensure compliance with the Home Rehabilitation Program guidelines. However, after the City of Las Cruces City Council approved Resolution 12-200, to allow funding for the project and before the closing of the City's mortgages, it was determined that this would not be possible, as three out of four of the companies that joined to provide Ms. Golden's down payment loan no longer exist. Since all parties included in the original mortgage lien are not available to sign, it is not possible to have that mortgage subordinate to the City's mortgages.

Staff moved forward with the City's mortgages in the lower positions and started construction with the approval of the homeowner, recognizing that the project would require Council's consideration for a further exception to the program guidelines. This was done for two reasons:

- 1) A contract with construction prices was in place and without moving forward the contract pricing would have expired, potentially costing the homeowner more money due to rebidding or price negotiation, and
- 2) Regardless of the mortgage position of the City's liens, both the City and the homeowner are protected financially as all loans combined total only 91 percent of the after rehabilitation appraised value of the home. This leaves the homeowner with sufficient equity and continued equity growth, since two of the loans are being forgiven yearly and will be fully forgiven with time (assuming the homeowner owns and occupies the home), one in the year 2017 and the other in 2029. Also, the homeowner is continuing with her original mortgage payments with nothing added by the City. The Deferred Payment Loan from the City will be required to be repaid only when she transfers ownership, with no interest incurred.

Therefore, staff is requesting that the City Council authorize the additional exception to the Home Rehabilitation Program guidelines to allow for the City's mortgage's to move to third and fourth positions, respectively. This exception can be granted by the City Council in approving the proposed, attached Resolution.

Attachment "A" provides an outline of the exception proposed.

SUPPORT INFORMATION:

1. Resolution.
2. Attachment "A", Memo outlining the Home Rehab Program Exception.
3. Attachment "B", Existing Homeowner Mortgages (Recorded Copies).
4. Attachment "C", City Home Rehabilitation Mortgages (Recorded Copies).

SOURCE OF FUNDING:

Is this action already budgeted? N/A	Yes	<input type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue? N/A	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$_____ for FY_____.
	No	<input type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

The project has begun due to the authorization under Resolution 12-200 and funding has been committed from CDBG Program Year 2011 Grant funds.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the Resolution to grant the necessary exception to the City's Home Rehabilitation Program and allow the City's mortgages to be subordinate to Ms. Golden's existing mortgages and approve staff's decision to continue with the rehabilitation while knowingly being in noncompliance with program guidelines.
2. Vote "No"; this will not approve the Resolution to grant the necessary exception to the City's Home Rehabilitation Program, allowing the project to move forward knowingly out of compliance.
3. Vote to "Amend"; this could allow City Council the opportunity to provide further direction.
4. Vote to "Table"; and provide direction to staff.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. Resolution 12-200

RESOLUTION NO. 13-029**A RESOLUTION APPROVING AN ADDITIONAL EXCEPTION TO THE CITY'S HOME REHABILITATION HANDBOOK FOR FINANCING THE REHABILITATION PROJECT LOCATED AT 1944 LA JOLLA AVENUE.**

The City Council is informed that:

WHEREAS, the City of Las Cruces Home Rehabilitation Program is rehabilitating the home of Ms. Isabel Golden, whose house is located at 1944 La Jolla Avenue, which funding was provided through Resolution 12-200; and

WHEREAS, the homeowner has two previous existing mortgage liens, one of which is forgivable and expires in the year 2017, that staff assumed could be subordinated to the City's Home Rehabilitation Program mortgages; and

WHEREAS, the Home Rehabilitation Program guidelines do not allow the City's mortgage to be beyond second lien position; and

WHEREAS, the City of Las Cruces, in anticipation of the subordination, has placed two additional mortgage liens against Ms. Golden's home to secure the City's investment against the property improvements; and

WHEREAS, it has been determined by the title company that the existing forgivable mortgage provided to Ms. Golden for down payment assistance cannot be subordinated to the two additional mortgage liens for the City's investment against the property improvements due to the fact that the three of the four mortgage holders (non-profit entities) no longer function or exist in order to approve the subordination; and

WHEREAS, due to the third and fourth position mortgages, the project is out of compliance with program guidelines; however, the City had contract obligations (price deadlines that were about to expire) and the homeowner and City's investment were protected because with all mortgages combined including the City's, the loan-to-value

ratio, after rehabilitation is completed is only 91%; and

WHEREAS, Home Rehabilitation staff is requesting City Council approval for an additional exception to allow the City mortgages to be in the third and fourth position behind the two existing mortgages; and

WHEREAS, the City Council has the authority to grant exceptions to the Home Rehabilitation Program guidelines.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the Home Rehabilitation Project is hereby granted the following Home Rehabilitation Handbook exception:

- a) An exception to Chapter VI, Part D, of the City's Home Rehabilitation Handbook, "The City of Las Cruces will not issue any mortgage for the same property with an applicant and/or homeowner where the City's mortgage would be beyond second lien position".

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 2012.

APPROVED:

Mayor

ATTEST:

City Clerk

(SEAL)

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:



City Attorney

VOTE:

Mayor Miyagishima: _____

Councillor Silva: _____

Councillor Smith: _____

Councillor Pedroza: _____

Councillor Small: _____

Councillor Sorg: _____

Councillor Thomas: _____

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**City of Las Cruces****Community Development
Memorandum**

To: Mayor and City Council

From: Ray Sartin, Housing Development Coordinator *MRS*

Subject: Home Rehabilitation Exception (Isabel Golden)

Date: July 18, 2012 File No.: M-12-155

Ms. Isabel Golden, who owns the home located at 1944 La Jolla, is participating in the City's Home Rehabilitation Program and the rehabilitation of her home is underway, which was approved through City of Las Cruces Council Resolution # 12-200 on June 4, 2012.

During the client qualification process, staff discovered that Ms. Golden has a first mortgage lien for the loan against her home and a second forgivable mortgage lien for a down payment loan. The down payment loan, provided to Ms. Golden when she bought her home in 1996, was provided by a company known as Rural Housing Inc., Hope III Program, part of the Esperanza Housing Partnership, which included the Tierra del Sol Housing Corporation (TdS).

At that time, staff contacted a representative of TdS to inquire into the possibility of TdS subordinating the second tier loan to the City's mortgages and staff was assured that the subordination would be provided at the time of closing for the City's mortgages. At the closing, staff learned from the title company that the second mortgage could not be subordinated or even released because Rural Housing Inc. and the Esperanza Housing Partnership no longer existed and TdS could not sign alone.

Staff moved forward with placing the City's mortgages in the third and fourth positions, after discussion and realizing that delays in signing a construction contract could negatively affect the homeowner through increased cost. Additionally the City's investment is protected either way, as the combined total of all four mortgages is only %91 percent of the after rehab appraised value of the home. Also, the homeowner will not be impacted financially regardless of the positions of the mortgages.

Since the City of Las Cruces Home Rehabilitation Program guidelines do not allow for the City's mortgage to be beyond second lien position, staff is requesting that the City Council authorize the following exception to approve staff's decision to move forward with the rehabilitation of the home and except the third and forth mortgage positions.

- a) An exception to Chapter VI, Part D, of the City's Home Rehabilitation Handbook, "The City of Las Cruces will not issue any mortgage for the same property with an applicant and/or homeowner where the City's mortgage would be beyond second lien position".

cc: Paul Michaud, Senior Planner *PEM*
David Dollahon, Chief Planning Administrator *DD*
David Weir, Community Development Director *DM*
Brian Denmark, ACM/COO

DONA ANA TITLE CO., INC.
GF# 9169833-2

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[Space Above This Line For Recording Data]

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on JULY 31, 1996. The mortgagor is ISABEL GOLDEN, A SINGLE PERSON.

("Borrower"). This Security Instrument is given to MATRIX CAPITAL BANK

STRAITS OF AMERICA, which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is 277 E. AMADOR, LAS CRUCES, NM 88001.

("Lender"). Borrower owes Lender the principal sum of SIXTY THOUSAND AND NO/100 ***** Dollars (U.S. \$ 60,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on AUGUST 1, 2026. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in DONA ANA County, New Mexico:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF.

which has the address of 1944 LA JOLLA AVENUE, LAS CRUCES,
New Mexico 88005 ("Property Address");
(City) (City)
(Zip Code)

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TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, 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 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 of record. Borrower warrants 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 and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charge due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

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 (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to 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 10 days of the giving of notice.

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insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. **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 Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. 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.

12. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. **Notices.** Any notice to Borrower 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 Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. **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.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument 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 under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

23. Redemption Period. If this Security Instrument is foreclosed, the redemption period after judicial sale shall be one month.

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24. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements 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)]

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- Other(s) [specify] **TAX EXEMPT RIDER & CONVENTIONAL SFM REVENUE BOND PROGRAM**
- Condominium Rider
- Planned Unit Development Rider
- Rate Improvement Rider
- 1-4 Family Rider
- Biweekly Payment Rider
- Second Home Rider

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.

X. Isabel Golden (Seal)
ISABEL GOLDEN -Borrower

Social Security Number 525-70-8727

..... (Seal)
-Borrower

Social Security Number

[Space Below This Line For Acknowledgment]

STATE OF NEW MEXICO

County of DONA ANA

The foregoing instrument was acknowledged before me this JULY 31, 1996 (date) by ISABEL GOLDEN, A SINGLE PERSON (name or names of person or persons acknowledging).

[Signature]
Notary Public

NOTARY PUBLIC
My Commission Expires: 7-1-99

Conventional Single Family Mortgage Revenue Bond Program

RIDER TO SECURITY INSTRUMENT
(Conventional Loans)

This Rider is made this day of JULY 31, 1996, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or other Security Instrument (the "Security Instrument") dated of even date, given by the undersigned ("Borrower") to secure Borrower's Note (the "Note") to MATRIX CAPITAL BANK (together with its successors and assigns, the "Lender") and covering the property described in the Security Instrument (the "Property") and located at:

1944 LA JOLLA AVENUE, LAS CRUCES, NM 88005
(property address)

The provisions of this Rider shall prevail notwithstanding any contrary provisions in the Note, or Security Instrument, or any other instrument which evidences the obligations secured by the Security Instrument.

Borrower agrees that Lender, at any time and without prior notice, may declare an event of default under the Security Instrument and accelerate all payments due under the Security Instrument and the Note under the following terms and conditions:

1. Failure to Occupy. Borrower agrees that Lender may declare an event of default under the Security Instrument and accelerate all payments due under the Security Instrument and the Note if Borrower fails to occupy the property without prior written consent of Lender.
2. Notice of Misrepresentation. Borrower understands that Lender has relied upon statements provided by the Borrower contained in the documents provided by Borrower in support of the loan application in the processing, financing and granting of this loan.

Upon discovery of fraud or misrepresentation by Borrower with respect to any information provided by Borrower in the loan application or other documents executed in connection with the Note and Security Instrument, or if Borrower omits or misrepresents a fact that is material with respect to the provisions of Section 143 of Internal Revenue Code of 1986, as amended, in an application for the loan secured by the Security Instrument, Lender, in its sole discretion, by written notice to Borrower, may declare all obligations secured by the Security Instrument and all obligations

payable under the Note immediately due and payable and exercise any other remedy allowed by law or provided by the Security Instrument.

Borrower shall notify Lender promptly in writing of any transaction or event which may give rise to such a right of acceleration. Borrower shall pay to Lender all damages sustained by reason of the breach of the covenant of notice set forth above or by reason of such fraud or misrepresentation.

3. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in the Note or the Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in the Security Instrument. Borrower will continue to be obligated under the Note and the Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay those sums prior to the expiration of this period, Lender may invoke any remedies permitted by the Note or by the Security Instrument without further notice or demand on Borrower.

4. Restrictions on Transfer of Property. As long as this Security Instrument related to the Note is backing a FHLMC Certificate held by the Trustee for the mortgage revenue bonds issued by [INSERT NAME OF ISSUER] (the "Agency"), the

unpaid principal balance of the Note may be declared immediately due and payable if all or part of the Property is sold or otherwise transferred by Borrower to a purchaser or other transferee:

(i) who cannot reasonably be expected to occupy the Property as a principal residence within a reasonable time after the sale or transfer, all as provided in Section 143(c) and (i)(2) of the Internal Revenue Code of 1986, as amended; or

(ii) who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Section 143(d) and (i)(2) of the Internal Revenue Code of 1986, as amended (except that the words "100 percent" shall be substituted for the word "95 percent or more" where the latter appears in Section 143(d)(1); or

(iii) at an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143(e) and (i)(2) of the Internal Revenue Code of 1986, as amended; or

(iv) whose family income exceeds that established by the Agency pursuant to Section 143 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, Borrower has executed this Rider to Security Instrument.


ISABEL GOLDEN

Borrower

Borrower

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TAX-EXEMPT FINANCING RIDER

THIS TAX-EXEMPT FINANCING RIDER is made this 31ST day of JULY, 1996, and is incorporated into and shall be deemed to amend and supplement the mortgage, deed of trust or security deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's note ("Note") to MATRIX CAPITAL BANK

("Lender") of the same date and covering the property described in the Security Instrument ("Property") and located at: 1944 LA JOLLA AVENUE, LAS CRUCES, NM 88005

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

Lender, or such of its successors or assigns as may by separate instrument assume responsibility for assuring compliance by the Borrower with the provisions of this Tax-Exempt Financing Rider, may require immediate payment in full of all sums secured by the Security Instrument if:

- (a) All or part of the Property is sold or otherwise transferred (other than by devise, descent or operation of law) by Borrower to a purchaser or other transferee:
(i) who cannot reasonably be expected to occupy the Property as a principal residence within a reasonable time after the sale or transfer, all as provided in Section 143(c) and (2) of the Internal Revenue Code; or
(ii) who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Section 143(d) and (1) (2) of the Internal Revenue Code [except that "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143(d) (1)]; or
(iii) at an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143(e) and (2) of the Internal Revenue Code; or
(iv) who has a gross family income in excess of (A) applicable median family income as provided in Section 143(f) and (1) (2) of the Internal Revenue Code, or (B) the applicable income limit in effect on the date of the sale or transfer established by the New Mexico Mortgage Finance Authority pursuant to the New Mexico Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27 of the New Mexico Statutes Annotated, as amended from time to time; or
(b) Borrower fails to occupy the Property without prior written consent of Lender or its successors or assigns described at the beginning of this Tax-Exempt Financing Rider; or
(c) Borrower omits or misrepresents a fact that this is material with respect to the provisions of Section 143 of the Internal Revenue Code in an application for the loan secured by the Security Instrument; or
(d) Borrower or any subsequent purchaser or transferee of an interest in the Property fails to: (i) notify the Lender or its successors or assigns described at the beginning of this Tax-Exempt Financing Rider in advance of any sale or transfer of an interest in the Property except by reason of death; or (ii) provide information requested by the Lender or its successors or assigns described at the beginning of this Tax-Exempt Financing Rider necessary to satisfy information reporting requirements under the Internal Revenue Code.

References are to the 1986 Internal Revenue Code in effect on the date of execution of the Security Instrument and are deemed to include the implementing regulations. The Lender and its successors or assigns described at the beginning of this Tax-Exempt Financing Rider have the right, at their option, to forgive the outstanding principal balance of the sums secured by the Security Instrument at any time.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions in this Tax-Exempt Financing Rider.

JULY 31, 1996
Date

[Signature]
Name ISABEL GOLDEN

Date Name

STATE OF NEW MEXICO)
COUNTY OF DONA ANA) ss.

Subscribed, sworn to and acknowledged before me this 31st day of JULY, 19 96

My commission expires: 11-21-98

Notary Public

STATE OF NEW MEXICO)
COUNTY OF) ss.

Subscribed, sworn to and acknowledged before me this ___ day of ___, 19 ___

My commission expires:

Notary Public

EXHIBIT "A"

LOT 1, BLOCK F OF AMENDED PLAT OF LOTS 1 & 2, BLOCK
PLACE, LOCATED IN THE CITY OF LAS CRUCES, DONA ANA
AS SHOWN ON THE PLAT THEREOF FILED FOR RECORD IN THE
COUNTY CLERK OF SAID COUNTY ON JUNE 21, 1954 AND REC
7 AT PAGE 54, PLAT RECORDS.

JD
V MEXICO
THE
BOOK

State of N. Mex., Co. of Dona Ana. ss
RECEPTION NO. 12500 I hereby
certify that this instrument was filed
for record and duly recorded on.

AUG 01 1996

at 5:24 o'clock P M.
Book 10 Page 582 of 11
Records of said County
Rita Torres, County Clerk
BY [Signature] DEPT

GF#969833/GOLDEN

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DONA ANA TITLE CO., INC.

GF# 469833-1

MORTGAGE

ISABEL GOLDEN, A SINGLE PERSON

to ESPERANZA HOUSING PARTNERSHIP DBA RURAL HOUSING INC., HOPE III PROGRAM, for consideration paid, grant. TIERRA DEL SOL INC., A NEW MEXICO CORPORATION

whose address is 5101 COPPER AVENUE, N.E., ALBUQUERQUE, NM 87108

the following described real estate in DONA ANA County, New Mexico:

LOT 1, BLOCK F OF AMENDED PLAT OF LOTS 1 & 2, BLOCK F, HIGHLAND PLACE, LOCATED IN THE CITY OF LAS CRUCES, DONA ANA COUNTY, NEW MEXICO AS SHOWN ON THE PLAT THEREOF FILED FOR RECORD IN THE OFFICE OF THE COUNTY CLERK OF SAID COUNTY ON JUNE 21, 1954 AND RECORDED IN BOOK 7 AT PAGE 54, PLAT RECORDS.

with mortgage covenants.

This mortgage secures the performance of the following obligations: (Here attach a copy of or summarize note or other obligation.)

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF:

THE REDEMPTION PERIOD IN THE EVENT OF FORECLOSURE AND JUDICIAL SALE SHALL BE ONE MONTH IN LIEU OF NINE MONTHS.

and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law. The amount specified for insurance as provided in the statutory mortgage condition is \$ 16,648.53 and the hazard to be insured against fire

WITNESS her hand and seal this 31st day of JULY, 1996

ISABEL GOLDEN (Seal) (Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO } ss. COUNTY OF DONA ANA

The foregoing instrument was acknowledged before me this 31st day of JULY, 1996 by ISABEL GOLDEN, A SINGLE PERSON (Name or Names of Person or Persons Acknowledging)

My commission expires: (Seal) 1-1-1999

Notary Public signature

FOR RECORDER'S USE ONLY

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO } ss. COUNTY OF

The foregoing instrument was acknowledged before me this day of 19

by (Name of Officer) of (Name of Corporation Acknowledging) corporation, on behalf of said corporation.

My commission expires: (Seal)

Notary Public

JCP

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Exhibit A

COPY

RURAL HOUSING, INC.
HOPE III PROGRAM

ESPERANZA HOUSING PARTNERSHIP

Date: 2/27/94

NOTE
(the "Property")
(Property Address)

Legal Desc:
Lot 1 Block F, Highland Place

1944 La Jolla
Address Las Cruces NM
City, State

1. BORROWER'S PROMISE TO PAY

A. **Purpose; Names.** This Note implements requirements applicable to assistance furnished by Seller to Borrower under a program to help eligible families become homeowners being carried out by Seller using, in part, grant funds furnished by the United States Department of Housing and Urban Development ("HUD") pursuant to 24 CFR Part 572. The Seller has assisted the Borrower with respect to the purchase and/or rehabilitation of the Property, for use as the Borrower's principal residence. The "Seller" is Rural Housing, Inc. which is the recipient of the grant assistance from HUD, or the recipient's designee approved by HUD. The Seller or any authorized party who takes this Note by assignment and is entitled to receive amounts due under this Note is called the "Note Holder." Anyone who signs this Note in a space so designated at the end of this Note is a "Borrower." Unless the context otherwise requires, all Borrowers shall be collectively referred to as the Borrower or "I" in this Note.

B. **Nonrecourse Note.** Payment of this Note may be enforced solely out of the proceeds of sale of the Property, whether the sale constitutes a Voluntary Sale under Paragraph 3.A. or a Default under Paragraph 5.A. (except in the event of fraud or misrepresentation by the Borrower). The Note Holder may not seek or obtain a deficiency judgment or any other recovery from the Borrower personally in the event that the proceeds of sale are insufficient to fully satisfy the amounts due on this Note. However, the Note Holder may, at its option, seek and obtain a personal judgment for all amounts payable under this Note against any Borrower responsible for any fraud or misrepresentation which constitutes a Default under Paragraph 5.A. (vi). This right shall be in addition to any other remedies available to the Note Holder for such fraud or misrepresentation.

C. **Subsidy Repayment Obligation; Principal.** In return for assistance I have received with respect to purchase and/or rehabilitation of the Property, I promise to pay U.S. \$\$16,648.53 (this amount is called "Principal") to the order of Seller. Payment of Principal under this Note will be initially deferred and then forgiven over time as stated in Paragraph D(i). Principal may be prepaid as stated in Paragraph 4. The amount of Principal that remains outstanding shall be due and payable on the Closing Date of Voluntary Sale of the Property after the first six years after the date of this Note, as stated in Paragraph 3.C., or in the event of Default, as stated in Paragraph 5.

D. **Deferral and Forgiveness of Principal.** If payment is not yet due under Paragraphs 3 and 5:

(i) the outstanding Principal balance of this Note shall remain the

(Beneficiary) as required by Paragraph 3.A. of the Note.

Consistent with 24 CFR 572.130(b). Beneficiary shall have ten (10) calendar days after the date it received the copy of the contract to decide whether to exercise its right to purchase hereunder by sending notice to the Borrower as provided in Paragraph 6 of the Note. If Beneficiary gives me such timely notice of its decision to exercise its right to purchase the property, it shall have sixty (60) additional calendar days after the date of its notice to me to complete closing of the purchase. If Beneficiary notifies me that it does not intend to purchase the property after receiving a copy of the contract, if it does not timely notify me of its decision to exercise its right to purchase, or if it does not timely close on its purchase of the Property, I shall have the right to take the property free of any claims of Beneficiary under this paragraph on the terms stated in the contract I presented to Beneficiary, or on such other terms as are permitted thereby.

This paragraph 3 shall terminate and have no further force and effect upon the occurrence of any of the following events:

- A. Title to the Borrower's interest in the Property is acquired by the Holder of the Senior Lien. Beneficiary, or another party upon foreclosure of the Senior Lien.
- B. Title to the Borrower's interest in the Property is acquired by the holder of the Senior Lien or by Beneficiary by deed in lieu of foreclosure.
- C. A mortgage insured by HUD is assigned to HUD.

4. PROHIBITION OF ASSUMPTIONS

Except where otherwise required or permitted by the Note Holder in connection with a transfer on death, divorce, legal separation, or legal incapacity of a Borrower as provided in Paragraph 3.A. of the Note, the Note and this Security Instrument may not be assumed.

5. SUCCESSOR NOTE

In the event of a Voluntary Sale for less than Fair Market Value as described in paragraph 3.A. of the Note, the Note Holder will require the purchaser to execute a secured promissory note payable to the Note Holder for the discount, or the amount then due on this Note, whichever is less.

6. SUBORDINATION

Note Holder and Borrower acknowledge and agree that this Subordinate Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage/Warranty Deed and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage/Warranty Deed including all sums advanced for the purpose of (a) protecting or

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(ii) "Closing Date" means the date of closing of my sale of the Property to my buyer, or if there is no formal closing, the date on which the conveyance (deed) is recorded.

(iii) "Down Payment" means the amount I, or someone on my behalf, paid down on the purchase of the Property, which I am not obligated to repay to anyone else and which is not counted as HOPE 3 match. The down payment may include an amount the Seller credited as "sweat equity" for my unpaid work on the Property, to the extent permissible under 24 CFR part 572.

(iv) "Principal Payments" means the amount I have paid as principal (only) on Senior Liens up to the Closing Date.

(v) "Value of my Improvements" is calculated by the Note Holder, based on evidence of their reasonable value when made, of improvements to the Property made at my expense (or through "sweat equity" as described in Subparagraph (iii) above) between the date of this Note and the Closing Date. Such improvements may not include routine maintenance or any rehabilitation or improvements required to meet the rehabilitation/housing quality standards of the Seller's homeownership program under 24 CFR Part 572.

(vi) "Allowable Appreciation" is calculated by the Note Holder by adding together my Down Payment, Principal Payments, and the Value of My Improvements, and multiplying the sum thereof by the cumulative increase, if any, in the Consumer Price Index (Urban Consumers) from the date of this Note to the Closing Date.

(vii) "My Other Liens" refers to unpaid liens or other charges that I have authorized, or allowed to exist, against the Property since the date of this Note. Such liens may include, for example, liens for money borrowed to finance additional improvements, home equity lines of credit, and other voluntary liens; liens for unpaid taxes, special assessments, water, sewer, and other utility charges, mechanics' liens, and other liens and charges arising by operation of law; and judgment or other creditor's liens, any of which may affect the amount of the sales proceeds. The Note Holder is hereby authorized to determine, in its sole discretion, the amount by which these liens or charges reduce the Bona Fide Net Resale Proceeds for the Property, and to reduce the amount payable to me as My Equity by an equal amount.

2. INTEREST

No interest will be charged on this Note unless and until a Default has been declared by the Note Holder under Paragraph 5. I agree to pay interest at a yearly rate equal to the rate charged on judgments in the State of _____, but not to exceed ten (10) percent) per annum on the then-outstanding Principal balance of this Note from the date of any Notice of Default until paid.

3. PAYMENT DUE ON VOLUNTARY SALE

a. **Voluntary Sale: Notice.** Except as otherwise provided in this paragraph, a "Voluntary Sale" of the Property for purposes of this Note is any sale or transfer of the Property, or any interest, therein (including a beneficial interest), for "Fair Market Value" (as defined in 24 CFR 572.130(d) (4) and with notice under this Paragraph, if the Borrower has not been, or is not before the Closing Date, sent a Notice of Default by the Note Holder. Any such transfer for less than Fair Market Value will also constitute a Voluntary Sale (and the Note Holder will not send a Notice of Default), if the purchaser executes a secured promissory note to the Note Holder for the discount, or the amount due on this Note on the Closing Date, whichever is less. I also authorize the Note Holder to determine, in its sole discretion, whether or on what conditions a transfer of the Property, or an interest in the Property, upon the death of a Borrower, or upon the divorce, legal separation, or legal incapacity of a Borrower, constitutes a Voluntary Sale for purposes of this Note. I further authorize the Note Holder to determine, in its sole discretion, whether a transfer of a portion of the Property, or a partial interest therein, for any other reason has an effect on the value of the Note Holder's interest substantial enough to be considered a transfer for purposes of this Paragraph or Paragraph 5. I will mail, certified mail, return receipt requested, or deliver notice of the proposed sale and a copy of the sales contract to the Note Holder at least 14 calendar days before the proposed Closing Date, at the following address:

Rural Housing, Inc.
5101 Copper Ave., NE
Albuquerque, NM 87108
(or any future designated address)

b. **First Six Years.** In the event of a Voluntary Sale within the first six years after the date of this Note, I will pay the Alternate Principal calculated as described in Paragraph 1.E. to the Note Holder in U.S. Dollars on the Closing Date of the Voluntary Sale at the address noted in Paragraph 3.A. above.

c. **After First Six Years.** In the event of a Voluntary Sale following the expiration of the first six years after the date of this Note, I will pay the Principal then outstanding under Paragraphs 1.C. and D(i). to the Note Holder on the Closing Date of the Voluntary Sale at the address noted in Paragraph 3.A. above.

4. BORROWER'S RIGHT TO PREPAY

This Note may not be prepaid within the first six years, except in the event of Voluntary Sale of the Property as described in Paragraph 3. At any time thereafter, if I am not in Default, I may make a full prepayment or partial prepayments without paying any prepayment or interest charge. In the event of prepayment, the Note Holder will use all of my prepayments to reduce the amount of Principal that I owe under this Note.

5. DEFAULT

a. **Events of Default.** Any of the following events shall constitute a

Default under this Note, as of the date of the Notice of Default under Paragraph 5.B.:

(i) **Rental during First Six Years.** If the Borrower rents or leases (including an oral lease) the Property, or any unit in a two to four unit Property, to any person or entity during the first six years after the date of this Note, the Borrower is in Default under this Note, except as follows:

(a) The Borrower may rent limited space, such as a room or basement, in a single-unit Property, or in the Borrower's unit in a multiunit Property, to the extent permitted by the law of the jurisdiction, provided that the Borrower continues to occupy the unit as his or her Principal Residence.

(ii) **Failure to Occupy Property as Principal Residence during the First Six Years.** If all Borrowers are continuously absent from the Property for a period of more than thirty (30) days, or move substantially all their personal possessions out of the Property, without the written consent of the Note Holder pursuant to 24 CFR 572.110(c), the Borrowers shall be deemed not to be occupying the Property as their Principal Residence and shall be in Default under this Note.

(iii) **Any Transfer of the Property Other than a Voluntary Sale.** Voluntary Sale is defined in Paragraph 3.A. Any transfer of the Property or any interest therein (including a beneficial interest) that is not a Voluntary Sale as defined in Paragraph 3.A. is a Default under this Note.

(iv) Any Default under the Subordinate Security Instrument.

(v) **Borrower's Fraud or Misrepresentation.** Any willful misstatement of, or failure to disclose, a material fact by a Borrower relating to his or her eligibility for assistance with respect to the Property under the Seller's homeownership program under 24 CFR Part 572 is a Default under this Paragraph. Recovery against the Borrower responsible for the fraud or misrepresentation is not limited to the proceeds of sale of the Property but may include personal judgment and execution thereon to the full extent authorized by law.

B. Notice of Default and Amount Due. If I am in Default, the Note Holder may send me a written notice stating the reason I am in Default and telling me to pay immediately: (i) the full amount of Principal or Alternate Principal (as defined below), whichever is larger, then due on this Note, (ii) all of the interest that I owe, and that will accrue until paid, on that amount, and (iii) all of the Note Holder's costs and expenses reimbursable under this Note, and only for purposes of this Paragraph, the Alternate Principal shall be calculated based on the appraised Fair Market Value of the Property, less the amount of any Senior Liens, as of the date of the Notice of Default.

C. Payment of Note Holder's Costs and Expenses. If the Note Holder

has notified me to pay immediately in full under Paragraph 5.B., the Note Holder has the right to be repaid from the proceeds of foreclosure for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

D. **No Waiver by Note Holder.** Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full under Paragraph 5.B., the Note Holder will still have the right to do so if I am in Default for the same reason, or for another reason, at a later time.

6. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above, or at a different address if I give the Note Holder a notice of my different address.

Except as stated in Paragraph 3.A., any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Paragraph 3.A., or at a different address, if I am given a notice of that different address.

7. 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, including the promise to pay the full amount owed from the proceeds of sale of the Property. Any person who is a guarantor, surety or endorser of this Note is also obligated to the same extent. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together.

8. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means my right to require the Note Holder formally to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

9. SECURED NOTE

In addition to the protections given to the Note Holder under this Note, the "Subordinate Security Instrument and the Rider", dated the same date as this Note, secures this Note. The indebtedness evidenced by this Note is subordinate in all respects to the indebtedness evidenced by one or more notes payable to one or more Senior Lien Holders, which notes are secured by the following "Senior Liens":

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IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT THE LIEN DESCRIBED HEREIN IS A LIEN SUBORDINATE AND INFERIOR TO THAT ONE CERTAIN NOTE IN THE ORIGINAL PRINCIPAL SUM OF \$60,000.00 DATED 7/31/96 PAYABLE TO THE ORDER OF NEIGHBORHOOD HOUSING SERVICES OF AMERICA, AS PROVIDED IN THE MORTGAGE NOTE & WARRANTY DEED OF EVEN DATE THEREWITH TO TIERRA DEL SOL HOUSING CORPORATION TRUSTEE, AND ANY AND ALL LIENS SECURING ITS PAYMENT.

FAILURE TO PAY ANY INSTALLMENT WHEN DUE ON THE ABOVE DESCRIBED INDEBTEDNESS TO THE MORTGAGE HOLDER, SHALL MATURE THIS INDEBTEDNESS AND MAKE IT SUBJECT TO FORECLOSURE UNDER THE TERMS OF THE MORTGAGE NOTE & WARRANTY DEED OF EVEN DATE HEREWITH, AT THE OPTION OF THE PAYEE HEREIN.

The Subordinate Security Instrument the Rider describes the conditions under which I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are set forth therein as follows:

TRANSFER OF THE PROPERTY. If all or any part of the Property or any interest in it (including a beneficial interest) is sold or transferred without notice to the Note Holder and compliance with the terms of the Note and this Security Instrument and Rider, the Note Holder will require immediate payment in full of all sums secured by this Security Instrument. In the event of such a sale, or in the event of any other Default under the Note or this Security Instrument, the Note Holder may give the Borrower Notice of Default and acceleration under Paragraph 5 of the Note.

10. RELEASE AND SATISFACTION

This Note shall be deemed satisfied and I shall be entitled to a release of the Subordinate Security Instrument the Rider upon payment of a reasonable fee, as determined by the Note Holder, for preparation and recordation of the release under the circumstances described in Paragraph 1.D., on the Closing Date of a Voluntary Sale in accordance with Paragraph 3, upon full prepayment under Paragraph 4, upon payment of all amounts due upon Default under Paragraph 5, or upon recordation of a deed-in-lieu of foreclosure under Paragraph 9.

11. GOVERNING LAW

This Note and the Subordinate Security Instrument the Rider implement 42 USC 12891-8 and 24 CFR Part 572 and shall be construed in accordance therewith. To the extent not inconsistent therewith, these documents shall be governed by the law of the State and local jurisdiction in which the property is located.

WITNESS THE HAND(S) OF THE UNDERSIGNED

- Borrower Date: 7/31/96

- Borrower Date: _____

ESPERANZA HOUSING PARTNERSHIP
RURAL HOUSING, INC. TIERRA DEL SOL UNITED SOUTH BROADWAY
HOPE III PROGRAM

Notary's commission expires:

RIDER TO SECURITY INSTRUMENT

This Rider is a part of the Subordinate Security Instrument to which it is attached.

MORTGAGE NOTE & WARRANTY DEED DATED 7/31/96, EXECUTED BY
ISABEL GOLDEN, A SINGLE PERSON
SECURING ESPERANZA HOUSING PARTNERSHIP BENEFICIARY.

In this Rider, the capitalized term "Property" refers to the Property legally described in the Subordinate Security Instrument, the terms "Borrower" or "I" refer collectively (unless the context otherwise requires) to all persons signing the Subordinate Security Instrument and the Note secured thereby, and any other capitalized terms used herein have the meaning assigned to them in the Note.

1. GOVERNING LAW

This Rider, Subordinate Security Instrument and the Note implement 42 USC 11891-8 and 24 CFR Part 572 and shall be construed in accordance therewith. To the extent not inconsistent therewith, these documents shall be governed by the law of the State and local jurisdiction in which the property is located.

2. TRANSFER OF THE PROPERTY

If all or any part of the Property or any interest in it (including a beneficial interest) is sold or transferred without notice to the Note Holder and compliance with the terms of the Note and this Security Instrument and Rider, the Note Holder will require immediate payment in full of all sums secured by this Security Instrument. In the event of such a sale, or in the event of any other Default under the Note or this Security Instrument, the Note Holder may give the Borrower Notice of Default and acceleration under Paragraph 5.B. of the Note.

3. RIGHT TO PURCHASE

In the event of a proposed sale or transfer of all or any part of the Property or any interest in the (including a beneficial interest) by the Borrower, Beneficiary shall have the right to purchase the Property from the Borrower for the amount and on the terms specified in a written, firm contract between the Borrower and the prospective purchaser, if the prospective purchaser is not a low-income family as determined by the Note Holder consistent with the definition in 24 CFR 572.5. I will give notice of the proposed sale and a copy of the contract to the Note Holder

575

same as the amount stated in Paragraph 1.C. until the end of the seventy-third (73rd) month after the date of execution of this note;

(ii) beginning on first date of the seventy-fourth (74th) month after execution of this Note, and on the first day of each and every month thereafter until payment is due under Paragraph 3 or 5, the outstanding Principal balance of this Note shall be reduced by 1/168th of the original balance, until the outstanding Principal balance of this Note is reduced to zero, and

(iii) if I do not sell the Property and am not in Default under this Note, I will owe nothing on this Note at the end of twenty (20) years and one month after the date of execution of this Note, and I will be due a release under Paragraph 10.

E. Borrower's Equity Entitlement/Other Sale Proceeds Repayment (Profit Limitation) Obligation: Alternate Principal. Notwithstanding any amount that may be due under Paragraph D(i), if before the end of the sixth year after the date of this Note, I make a Voluntary Sale of the Property with notice to the Note Holder as described in Paragraph 3, I shall be entitled to receive from the net resale proceeds an amount calculated as described in this paragraph, but no more than that amount. First, the Note Holder shall determine the "Bona Fide Net Resale Proceeds" for the Property, as defined below. Then the Note Holder shall add up my "Down Payment," "Principal Payments," "Value of My Improvements," and the "Allowable Appreciation" (all as defined below), and the sum thereof shall be called "My Equity." If the Bona Fide Net Resale Proceeds are sufficient, I shall be entitled to receive My Equity therefrom. If the Bona Fide Net Resale Proceeds are not sufficient to repay My Equity, I shall have no claim against the Note Holder, the Seller, or HUD. If there are any Bona Fide Net Resale Proceeds remaining after payment of My Equity, such remainder shall be paid to the Note Holder at the time and in the manner provided in Paragraph 3.B. The amount due the Note Holder pursuant to this Paragraph and Paragraph 3.b. is the "Alternate Principal" amount of this Note, except in the event of a Default as described in Paragraph 5.B. The terms below shall have the following meanings for purposes of this Note:

(i) "Bona Fide Net Resale Proceeds" is calculated by the Note Holder by subtracting from the contract sales price between the Borrower and the proposed buyer for the Property the amounts due on the Closing Date on any "Senior Liens" identified in Paragraph 9 and on "My Other Liens" as defined below, and also subtracting the amount of any reasonable and customary sales expenses paid by the Borrower in connection with the sale, each as determined by the Note Holder. If any part of the contract sales price for the Property is paid in the form of a promissory note, or any thing of value other than lawful money of the United States, the Note Holder is hereby authorized to assign a fair market value thereto. I agree to accept such thing of value at such assigned fair market value as part of My Equity, or to allow it to be retained by the Note Holder as Alternate Principal, as the Note Holder in its sole discretion may determine.

further securing the lien of the First Mortgage Note/Warranty Deed or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Mortgage Note/Warranty Deed are paramount and controlling, and they supersede any other terms and provisions of this Subordinate Security Instrument in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Mortgage/Note, any provisions herein or any provisions in any collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Borrower or a person or entity related to the Borrower), receiving title to the Property through foreclosure or deed in lieu of foreclosure of the First Mortgage Note/Warranty Deed shall receive title to the Property free and clear from such restrictions.

Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Subordinate Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the Note Holder has been given written notice of a default under the First Mortgage Note & Warranty Deed and (ii) the Note Holder (or another party acting on its behalf) shall not have cured the default under the First Mortgage Note: Warranty Deed, or diligently pursued curing the default as determined by the Senior Lien Holder, within the sixty-day period provided in such notice sent to the Note Holder.

Signed for Identification:

Borrower

Borrower

NOTARY:

STATE OF NEW MEXICO) ES.
COUNT OF DONA ANA

This instrument was acknowledged before me this 31st day of JULY, 1996, by ISABEL GOLDEN.

My commission expires:

NOTARY PUBLIC

State of New Mexico, County of Dona Ana, ss. I, _____, Notary Public, do hereby certify that this instrument was before me and duly acknowledged on _____.

AUG 01 1996

538
P.E.K. 200
Notary Public
1996-1997

swat #031653 EG/vy

**CITY OF LAS CRUCES
HOME REHABILITATION PROGRAM**

MORTGAGE AND RESTRICTIVE COVENANTS AGREEMENT

Mortgage of Property

Date: June 13, 2012

Isabel Golden ("Owner") for consideration paid, grants to the City of Las Cruces, a New Mexico municipal corporation, having an office located at 700 N. Main Las Cruces, NM, 88001 ("Lender"), the following described real estate in Dona Ana County, New Mexico ("Property"), which has an address of 1944 La Jolla Ave., Las Cruces, NM, 88001, and which is more particularly described as follows in Exhibit "A" attached hereto and made a part hereof. If there is a conflict between the legal description and the Property address, the legal description shall control.

WITH MORTGAGE COVENANTS.

This Mortgage and Restrictive Covenants Agreement ("Agreement") secures the performance of the following obligations and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law:

- (a) Repayment of the Promissory Note dated June 13, 2012 in the principal amount not to exceed \$17,000.00 and bearing interest at the rate of Zero (0) % ("Note"), and all renewals, extensions and modifications of the Note, including any increase in the principal amount of the Note made subsequent to the date of this Agreement,
- (b) The repayment of all other sums, with interest, advanced under the terms of the Note or this Agreement to protect the security of this Agreement,
- (c) The performance of all of Owner's obligations and agreements contained in this Agreement, and
- (d) The conditions and obligations imposed upon the use of the Property contained herein.

This Agreement secures all future advances of funds to Owner by Lender in connection with this Agreement, and the lien of each such advance will relate back to the date of recordation of this Agreement.

Restrictive Covenants

This Agreement restricts the use of the Property, and is in consideration of a loan from Lender to Owner in the amount of Seventeen Thousand Dollars and 00/100 (\$17,000.00) ("Loan") for the rehabilitation of the Property. The Loan will be made to Owner through Lender's Home Rehabilitation Program, and can be made to Owner only if Owner agrees to the restrictions and requirements set forth herein.

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 Owner agree as follows:

- A. **Affordability.** Owner shall maintain the Property as Owner-occupied, single family or two-family residential property for residential purposes only, until the Loan is paid in full.
- B. **Rehabilitation and Property Standards.** Owner will use the entire amount of the Loan to perform the rehabilitation work ("Work") on the Property. Upon completion of the Work, the Property will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in effect and applicable to the Property at the time of completion of the Work, and Owner expressly authorizes inspection of the Property by Lender or Lender's agent during and following completion of the Work.

- C. Owner Occupied. If, at any time during the repayment term of the Loan, the Property ceases to be the principal residence of Owner, whether through sale of the Property or otherwise, then the entire outstanding amount of the Loan, including all accrued and unpaid interest, if any, will be immediately due and payable to Lender without demand.
- D. Transfer of the Property. Owner agrees that the Property may not be sold, transferred or title to the Property conveyed without Lender's prior written consent, and Lender is under no obligation to provide such consent. Owner agrees that the entire Loan will be due and payable upon any such unapproved sale or transfer except as provided for in Paragraph (E).
- E. Exception to Transfer Restriction; Transfer by Devise. Notwithstanding any other provision of this Agreement, the Loan will not be due on transfer of the Property if (1) a transfer of the Property is the result of the death of Owner and the transfer is by devise or operation of law, (2) the transfer is to a member of Owner's immediate family ("Heir") (for purposes of this Agreement the term "immediate family" means parents, siblings or children only), (3) the Heir qualifies for assistance under the federal regulations governing income determinations, and (4) the Heir covenants and agrees in writing to maintain the Property as the Heir's principal residence for the remainder of the term of the Loan and to otherwise comply with all the terms and conditions of this Agreement and the Promissory Note.
- F. Default. Owner agrees that any default under the terms of the Loan, as those terms are set forth in this Agreement and the Note executed contemporaneously herewith, or under the terms of any other mortgage or encumbrance on the Property, whether superior to or junior to this Agreement, will constitute a default under this Agreement and shall cause the full amount of the Loan to become immediately due and payable.
- G. Right of Redemption. If this mortgage is foreclosed, the redemption period after judicial sale shall be one (1) month in lieu of nine (9) months.

Owner(s) acknowledges having read all the provisions of this Mortgage, and agrees to its terms.

IN WITNESS WHEREOF the undersigned Owner(s) have hereunto set their hand(s) this 13th day of September, 2011.



 Isabel Golden
 Owner/Borrower

 Owner/Borrower

Acknowledgment

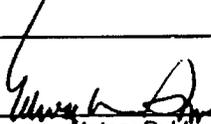
STATE OF NEW MEXICO)
) ss
 COUNTY OF DONA ANA)

The foregoing instrument was acknowledged before me this 13th day of June, 2012, by _____

Isabel Golden

My commission expires: 3/3/13

 OFFICIAL SEAL
 EDWARD A. GAMBOA
 NOTARY PUBLIC - STATE OF NEW MEXICO

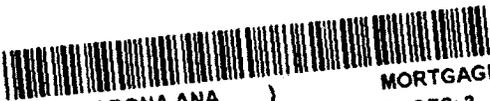


 Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION FOR THE PROPERTY LOCATED AT 1944 LA JOLLA AVENUE, LAS CRUCES, NEW MEXICO

Lot 1, Block F, AMENDED PLAT OF LOTS 1 & 2, BLOCK F, HIGHLAND PLACE, in the City of Las Cruces, Dona Ana County, New Mexico, as shown and designated on the plat thereof, filed in the office of the County Clerk of said County on June 21, 1954, in Book 7 Page 54 of Plat Records.


 COUNTY OF DONA ANA) MORTGAGE
 STATE OF NEW MEXICO) ss PAGES: 3

I Hereby Certify That This Instrument Was Filed for Record On JUN 20, 2012 01:26:54 PM And Was Duly Recorded as Instrument # 1214984 Of The Records Of Dona Ana County



Witness My Hand And Seal Of Office,
Lynn J. Ellins, County Clerk, Dona Ana, NM

Deputy Rafael Garcia



CITY OF LAS CRUCES
HOME REHABILITATION PROGRAM

swat#031653 EG/vy

MORTGAGE AND RESTRICTIVE COVENANTS AGREEMENT

Mortgage of PropertyDate: June 13, 2012

Isabel Golden ("Owner") for consideration paid, grants to the City of Las Cruces, a New Mexico municipal corporation, having an office located at 700 N. Main, Las Cruces, NM, 88001 ("Lender"), the following described real estate in Dona Ana County, New Mexico ("Property"), which has an address of 1944 La Jolla Ave., Las Cruces, NM, 88001, and which is more particularly described as follows in Exhibit "A" attached hereto and made a part hereof. If there is a conflict between the legal description and the Property address, the legal description shall control.

WITH MORTGAGE COVENANTS.

This Mortgage and Restrictive Covenants Agreement ("Agreement") secures the performance of the following obligations and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law:

- (a) Repayment of the Promissory Note dated June 13, 2012 in the principal amount not to exceed \$55,000.00 and bearing interest at the rate of Zero (0) % ("Note"), and all renewals, extensions and modifications of the Note, including any increase in the principal amount of the Note made subsequent to the date of this Agreement,
- (b) The repayment of all other sums, with interest, advanced under the terms of the Note or this Agreement to protect the security of this Agreement,
- (c) The performance of all of Owner's obligations and agreements contained in this Agreement, and
- (d) The conditions and obligations imposed upon the use of the Property contained herein.

This Agreement secures all future advances of funds to Owner by Lender in connection with this Agreement, and the lien of each such advance will relate back to the date of recordation of this Agreement.

Restrictive Covenants

This Agreement restricts the use of the Property, and is in consideration of a loan from Lender to Owner in the amount of Fifty Five Thousand Dollars and 00/100 (\$55,000.00) ("Loan") for the rehabilitation of the Property. The Loan will be made to Owner through Lender's Home Rehabilitation Program, and can be made to Owner only if Owner agrees to the restrictions and requirements set forth herein.

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 Owner agree as follows:

- A. **Affordability.** Owner shall maintain the Property as Owner-occupied, single family or two-family residential property for residential purposes only, until the Loan is paid in full.
- B. **Rehabilitation and Property Standards.** Owner will use the entire amount of the Loan to perform the rehabilitation work ("Work") on the Property. Upon completion of the Work, the Property will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in effect and applicable to the Property at the time of completion of the Work, and Owner expressly authorizes inspection of the Property by Lender or Lender's agent during and following completion of the Work.

- C. Owner Occupied. If, at any time during the repayment term of the Loan, the Property ceases to be the principal residence of Owner, whether through sale of the Property or otherwise, then the entire outstanding amount of the Loan, including all accrued and unpaid interest, if any, will be immediately due and payable to Lender without demand.
- D. Transfer of the Property. Owner agrees that the Property may not be sold, transferred or title to the Property conveyed without Lender's prior written consent, and Lender is under no obligation to provide such consent. Owner agrees that the entire Loan will be due and payable upon any such unapproved sale or transfer except as provided for in Paragraph (E).
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- F. Default. Owner agrees that any default under the terms of the Loan, as those terms are set forth in this Agreement and the Note executed contemporaneously herewith, or under the terms of any other mortgage or encumbrance on the Property, whether superior to or junior to this Agreement, will constitute a default under this Agreement and shall cause the full amount of the Loan to become immediately due and payable.
- G. Right of Redemption. If this mortgage is foreclosed, the redemption period after judicial sale shall be one (1) month in lieu of nine (9) months.

Owner(s) acknowledges having read all the provisions of this Mortgage, and agrees to its terms.

IN WITNESS WHEREOF the undersigned Owner(s) have hereunto set their hand(s) this 13th day of June, 2012.

Isabel Golden
 Isabel Golden
 Owner/Borrower

 Owner/Borrower

Acknowledgment

STATE OF NEW MEXICO)
) ss
 COUNTY OF DONA ANA)

The foregoing instrument was acknowledged before me this 13th day of June, 2012, by _____

Isabel Golden



OFFICIAL SEAL
 EDWARD A. GAMBOA
 NOTARY PUBLIC - STATE OF NEW MEXICO

Edward A. Gamboa
 Notary Public

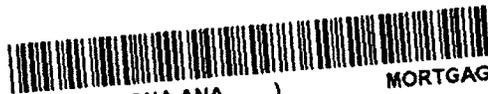
My commission _____

My commission expires 3/31/13

EXHIBIT "A"

LEGAL DESCRIPTION FOR THE PROPERTY LOCATED AT 1944 LA JOLLA AVENUE, LAS CRUCES, NEW MEXICO

Lot 1, Block F, AMENDED PLAT OF LOTS 1 & 2, BLOCK F, HIGHLAND PLACE, in the City of Las Cruces, Dona Ana County, New Mexico, as shown and designated on the plat thereof, filed in the office of the County Clerk of said County on June 21, 1954, in Book 7 Page 54 of Plat Records.


COUNTY OF DONA ANA) MORTGAGE
STATE OF NEW MEXICO) ss PAGES: 3

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Witness My Hand And Seal Of Office,
Lynn J. Ellins, County Clerk, Dona Ana, NM

Deputy Rafael Garcia