Recorded: 8/21/2019 at 10:58:04.0 AM
County Recording Fee: $67.00
Iowa E-Filing Fee: $3.00
Combined Fee: $70.00
Revenue Tax:
Delaware County, Iowa
Daneen Schindler RECORDER
BK: 2019 PG: 2267

[Space Above This Line For Recording Data]

ADJUSTABLE RATE SECOND MORTGAGE
(HOME EQUITY CONVERSION)
THIS MORTGAGE SECURES A REVERSE MORTGAGE LOAN

2019-06-212

Requested by and returned to:
American Advisors Group
3800 W. Chapman Avenue, 3rd Floor
Orange, CA 92868

FHA Case Number: 161-3868121-962
Loan Number: 9688466
MIN: 100940000096884664
Legal Description: **See Exhibit A on Page 12**

Prepared by:
Name: Sade Villa
Address: 3800 W. Chapman Ave., 3rd & 7th Floor Orange, CA 92868
Telephone No.: 866-948-0003

NOTICE: This mortgage secures credit in the amount of $219,000.00. Loans and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.

THIS MORTGAGE ("Security Instrument" or "Second Security Instrument") is given on **August 12, 2019**. The mortgagor is **Fay Lynn Smith and Brenda Rae Smith, husband and wife, as joint tenants with full rights of survivorship, and not as tenants in common** whose address is **104 S Wine ST,Earlville, IA 52041** ("Borrower"). The term "Borrower" does not include the Borrower's successors and assigns. This Security Instrument is given to the Commissioner OF HOUSING AND URBAN DEVELOPMENT, whose address is 451 Seventh Street, S.W., Washington, DC 20410 ("Lender" or "Commissioner"). Borrower has agreed to repay to Lender amounts which Lender is obligated to advance, including future advances, under the terms of a Home Equity Conversion Mortgage Adjustable Rate Loan Agreement dated the same date as this Security Instrument ("Loan Agreement"). The agreement to repay is evidenced by Borrower's Adjustable Rate Second Note dated the same date as this Security Instrument ("Second Note"). This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Second Note, including all future advances, with interest at a rate subject to adjustment, and all renewals, extensions and modifications of the Second Note, up to a maximum principal amount of **Two Hundred Nineteen Thousand and 00/100 Dollars** (U.S.**$219,000.00**); (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument or otherwise due under the terms of this Security

Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Second Note and the Loan Agreement. The full debt, including all amounts described in (a), (b), and (c) above, if not paid earlier, is due and payable on **April 27, 2100**. For this purpose, Borrower does hereby mortgage, grant and convey to Lender, the following described property located in **DELAWARE** County, Iowa, which has the address of:

104 S Wine ST, Earlville, IA 52041, and is described more fully on Exhibit A attached to and hereby incorporated into this Mortgage ("Property Address").

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

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is only encumbered by a First Security Instrument given by Borrower and dated the same date as this Security Instrument ("First Security Instrument"). 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. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Second Note.

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

3. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including but not limited to fire and flood, for which Lender requires insurance. Such insurance shall be maintained in the amounts and for the periods that Lender requires; Lender has the discretion to increase or decrease the amount of any insurance required at any time provided the amount is equal to or greater than any minimum required by the Commissioner of Housing and Urban Development ("Commissioner"). Whether or not Lender imposes a flood insurance requirement, Borrower shall at a minimum insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Commissioner. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss to Lender, instead of to Borrower and Lender jointly. Insurance proceeds shall be applied to restoration or repair of the damaged Property, if the restoration or repair is economically feasible and Lender's

security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied first to the reduction of any indebtedness under the Second Note and this Security Instrument and then to the reduction of the indebtedness under the First Note and First Security Instrument. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Second Note and this Security Instrument and the First Note and First Security Instrument shall be paid to the entity legally entitled thereto.

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

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

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

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

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

To protect Lender's security in the Property, Lender shall advance and charge to Borrower all amounts due to the Commissioner for the Mortgage Insurance Premium ("MIP") as defined in the Loan Agreement as well as all sums due to the loan servicer for servicing activities ("Servicing Fee") as defined in the Loan Agreement. Any amounts disbursed by Lender under this Paragraph shall become an additional debt of Borrower as provided for in the Loan Agreement and shall be secured by this Security Instrument.

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

7. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in place of condemnation, shall be paid to Lender. The proceeds shall be applied first to the reduction of any indebtedness under the Second Note and this Security Instrument and then to the reduction of the indebtedness under the First Note and First Security Instrument. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Second Note and this Security Instrument and the First Note and First Security Instrument shall be paid to the entity legally entitled thereto.

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

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

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

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

10. Grounds for Acceleration of Debt.

(A) Due and Payable – Death.

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

(ii) Lender shall defer the Due and Payable requirement under Paragraph 10(A)(i) above for any period of time ("Deferral Period") in which a Non-Borrowing Spouse identified in Paragraph 9 qualifies as an Eligible Non-Borrowing Spouse resides in the Property as [his/her] Principal Residence and all of the following conditions are, and continue to be, met:

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

This sub-paragraph (ii) is inapplicable or null and void if an Eligible Non-Borrowing Spouse is or becomes an Ineligible Non-Borrowing Spouse at any time. Further, during a deferral of the due and payable status, should any of the conditions for deferral cease to be met such a deferral shall immediately cease and the Note will become immediately due and payable in accordance with the provisions of Paragraph 7(A)(i) of the Note.

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

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

(i) The Property ceases to be the Principal Residence of a Borrower for reasons other than death and the Property is not the Principal Residence of at least one other Borrower; or

(ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to occupy the Property because of physical or mental illness and the Property is not the Principal Residence of at least one other Borrower; or

(iii) An obligation of the Borrower under this Security Instrument is not performed.

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

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

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

(i) Correct the matter which resulted in the Security Instrument coming due and payable; or

(ii) Pay the balance in full; or

(iii) Sell the Property for the lesser of the balance or ninety-five percent (95%) of the appraised value and apply the net proceeds of the sale toward the balance; or

(iv) Provide the Lender with a deed in lieu of foreclosure.

(F) Notice to Commissioner and Eligible Non-Borrowing Spouse. Lender shall notify the Commissioner and any Non-Borrowing Spouse identified in Paragraph 9 who qualifies as an Eligible Non-Borrowing Spouse whenever any event listed in Paragraph 10(B) and (C) occurs during a Deferral Period.

(G) Trusts. Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Commissioner, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph 10. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph 10.

11. No Deficiency Judgments. Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed.

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

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

14. Lien Status.

(A) Modification. Borrower agrees to extend this Security Instrument in accordance with this Paragraph 14(A). If Lender determines that the original lien status of the Security Instrument is jeopardized under state law (including but not limited to situations where the amount secured by the Security Instrument equals or exceeds the maximum principal amount stated or the maximum period under which loan advances retain the same lien priority initially granted to loan advances has expired) and state law permits the original lien status to be maintained for future loan advances through the execution and recordation of one or more documents, then Lender shall obtain title evidence at Borrower's expense. If the title evidence indicates that the Property is not encumbered by any liens (except the First Security Instrument described in Paragraph 15(A), this Second Security Instrument and any subordinate liens that the Lender determines will also be subordinate to any future

loan advances), Lender shall request the Borrower to execute any documents necessary to protect the priority of the lien status of future loan advances. Borrower agrees to execute such documents. If state law does not permit the original lien status to be extended to future loan advances, Borrower will be deemed to have failed to have performed an obligation under this Security Instrument.

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

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

15. Relationship to First Security Instrument.

(A) Second Security Instrument. In order to secure payments which the Commissioner may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, the Commissioner has required Borrower to execute a Second Note and this Second Security Instrument. Borrower has also executed a First Note and First Security Instrument.

(B) Relationship of First and Second Security Instruments. Payments made by the Commissioner shall not be included in the debt under the First Note unless:

(i) The First Security Instrument is assigned to the Commissioner; or

(ii) The Commissioner accepts reimbursement by the holder of the First Note for all payments made by the Commissioner.

If the circumstances described in (i) or (ii) occur, then all payments by the Commissioner, including interest on the payments, but excluding late charges paid by the Commissioner, shall be included in the debt under the First Note.

(C) Effect on Borrower. Where there is no assignment or reimbursement as described in (B)(i) or (ii) and the Commissioner makes payments to Borrower, then Borrower shall not:

(i) Be required to pay amounts owed under the First Note, or pay any rents and revenues of the Property under Paragraph 24 to the holder of the First Note or a receiver of the Property, until the Commissioner has required payment in full of all outstanding principal and accrued interest under the Second Note; or

(ii) Be obligated to pay interest or shared appreciation under the First Note at any time, whether accrued before or after the payments by the Commissioner, and whether or not accrued interest has been included in the principal balance under the First Note.

(D) No Duty of the Commissioner. The Commissioner has no duty to the holder of the First Note to enforce covenants of the Second Security Instrument or to take actions to preserve the value of the Property, even though the holder of the First Note may be unable to collect amounts owed under the First Note because of restrictions in this Paragraph 15.

16. Restrictions on Enforcement. Notwithstanding anything else in this Security Instrument, the Borrower shall not be obligated to comply with the covenants hereof, and Paragraph 24 shall have no force and effect, whenever there is no outstanding balance under the Second Note.

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

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

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

19. 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 all Borrowers jointly designate. Any notice to the Commissioner shall be given by first class mail to the HUD Field Office with jurisdiction over the Property or any other address designated by the Commissioner. Any notice to Non-Borrowing Spouse provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender, or Non-Borrowing Spouse when given as provided in this Paragraph 19.

20. 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 Second Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Second Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Second Note are declared to be severable.

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

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

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

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

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

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

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 24, except as provided in the First Security Instrument.

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

25. Foreclosure Procedure. If Lender requires immediate payment in full under Paragraph 10, Lender may foreclose this Security Instrument by judicial proceeding and invoke any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Paragraph 25, including, but not limited to, reasonable attorney's fees and costs of title evidence.

26. Lien Priority. The full amount secured by this Security Instrument shall have a lien priority subordinate only to the full amount secured by the First Security Instrument.

27. Adjustable Rate Feature. Under the Note, the initial stated interest rate of **Five and 516/1000's** percent (**5.516%**) which accrues on the unpaid principal balance ("Initial Interest Rate") is subject to change, as described below. When the interest rate changes, the new adjusted interest rate will be applied to the total outstanding principal balance. Each adjustment to the interest rate will be based upon the One-Year London Interbank Offered Rate ("LIBOR") as made available in the "Money Rates" section of the Wall Street Journal ("Index") plus a margin, rounded to three digits to the right of the decimal point.. If the Index is no longer available, Lender will be required to use any index prescribed by the Department of Housing and Urban Development. The new index will have a historical movement substantially similar to the original index, and the new index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original index becomes unavailable.

Lender will perform the calculations described below to determine the new adjusted interest rate. The interest rate may change on the first day of **09/01/2020 and on that day of each succeeding year**, ("Change Date") until the loan is repaid in full. "Change Date" means each date in which the interest rate could change.

The value of the Index will be determined, using the most recent Index figure available thirty (30) days before the Change Date ("Current Index"). Before each Change Date, the new interest rate will be calculated by adding a margin to the Current Index. The sum of the margin plus the Current Index, subject to the rate limitations below, will be called the "Calculated Interest Rate" for each Change Date. The Calculated Interest Rate will be compared to the interest rate in effect immediately prior to the current Change Date (the "Existing Interest Rate").

The interest rate will never increase or decrease by more than two percentage points (2.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of the Note.

The Calculated Interest Rate will be adjusted if necessary to comply with the rate limitation(s) described above and

will be in effect until the next Change Date. At any Change Date, if the Calculated Interest Rate equals the Existing Interest Rate, the interest rate will not change.

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

29. Waivers. Borrower relinquishes all right of dower and waives all right of homestead and distributive share in and to the Property. Borrower waives any right of exemption as to the Property.

30. HOMESTEAD EXEMPTION WAIVER. I UNDERSTAND THAT HOMESTEAD PROPERTY IS IN MANY CASES PROTECTED FROM THE CLAIMS OF CREDITORS AND EXEMPT FROM JUDICIAL SALE; AND THAT BY SIGNING THIS MORTGAGE, I VOLUNTARILY GIVE UP MY RIGHT TO THIS PROTECTION FOR THIS MORTGAGED PROPERTY WITH RESPECT TO CLAIMS BASED UPON THIS MORTGAGE.

Brenda Rae Smith _____ 8-12-2019 [Date]

Jay Lynn Smith _____ 8-12-2019 [Date]

31. Redemption Period. If the Property is less than 10 acres in size and if Lender waives in any foreclosure preceding any right to a deficiency judgment against Borrower which might arise out of the foreclosure proceedings, Borrower agrees the period of redemption from judicial sale shall be reduced to 6 months. If the Property is less than 10 acres in size, if the court finds that the Property has been abandoned by Borrower and those persons personally liable under the mortgage at the time of such foreclosure, and if Lender waives any right to a deficiency judgment against Borrower or the Borrower's successors in interest, Borrower agrees the period of redemption from judicial sale shall be reduced to 60 days. The provisions of this Section 26 shall be construed to conform to the provisions of Sections 628.26 and 628.27 of the Code of Iowa.

32. Life Estates. Borrower will retain a life estate in the Property until any of the events in Paragraph 10(A), (B) and (C) occurs, regardless of whether any annuity purchased with the reverse mortgage proceeds expires before such events.

33. Obligatory Loan Advances. Lender's responsibility to make Loan Advances under the terms of the Loan Agreement, including Loan Advances of principal to Borrower as well as Loan Advances for interest, MIP, Servicing Fees, and other charges shall be obligatory.

34. 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 all riders that are applicable]

	Condominium Rider		PUD Rider
	Shared Appreciation Rider		Other

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

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

Witnesses: _____

_____

Brenda Rae Smith
BRENDA RAE SMITH (Borrower)

8-12-2019
Date

Fay Lynn Smith
FAY LYNN SMITH(Borrower)

8-12-2019
Date

State of Iowa
County of Delaware

This instrument was acknowledged before me on **August 12, 2019** by **BRENDA RAE SMITH and FAY LYNN SMITH**

Pam Jones
Signature of Notary Public

NOTARIAL SEAL IOWA
PAM JONES
Commission Number 767510
My Commission Expires
April 11, 2020

Notary Public
Title (or Rank for Military Personnel)

Stamp/Seal

EXHIBIT A

Exhibit A to the Mortgage made on August 12, 2019, by Fay Lynn Smith and Brenda Rae Smith, husband and wife, as joint tenants with full rights of survivorship, and not as tenants in common (Borrower) to the Commissioner of Housing and Urban Development, and whose address is 451 Seventh Street, S.W., Washington, DC 20410, (Lender or Commissioner). The Property is located in the county of **DELAWARE**, stateof **IA**, and is described as follows:

Description of Property

APN Number: 550000401300

LEGAL DESCRIPTION ATTACHED

Exhibit A

LOTS THREE (3) AND FOUR (4), BLOCK ELEVEN (11), EARLVILLE, FORMERLY NOTTINGHAM, IOWA, ACCORDING TO PLAT RECORDED IN BOOK 1, L.D., PAGES 346—347.

Being the same property conveyed to Fay Lynn Smith and Brenda Rae Smith, husband and wife, as joint tenants with full rights of survivorship, and not as tenants in common from Fay Lynn Smith and Brenda Rae Smith, husband and wife by Quit Claim Deed dated June 6, 2019 and recorded June 6, 2019 among the Land Records of Delaware County, State of Iowa in Book 2019, Page 1410 .

Tax Account #: 550000401300