



**U.S. Department of Housing and Urban Development**

Homeownership Center  
The Wanamaker Building  
100 Penn Square East  
Philadelphia, Pennsylvania 19107-3389

**Approved for the following areas:**

**Approved Date:** 01/12/21  
**Expiration Date:** 01/12/23

<b>City and/or County, State</b> <b>Zip Codes: Enclosure 2</b>
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Frank R. Hodgetts  
President  
Home Partnership, Inc.  
629 Towne Center Dr Suite 102  
Joppatowne, MD 21085

Dear Mr. Hodgetts:

The Philadelphia Homeownership Center is pleased to advise you that Home Partnership, Inc. has been recertified as a nonprofit instrumentality of government (NPIOG) participant in the following activities:

- **Purchase HUD foreclosed properties, in certain cases, at a discounted price.**
- **Provide Down Payment or Closing Cost Assistance with a Second Lien.**

**HUD has approved your application for approval for the HUD Homes Discount Program.** Home Partnership, Inc. program as described meets HUD guidelines. Your continued approval is contingent upon the receipt of reports documenting your accomplishments. Reports must be submitted within 60 days of property resale and must be submitted in compliance with the requirements defined in HUD Handbook 4000.1 I.B.4.c.iii. and Mortgagee Letter 2010-05.

As a reminder, all nonprofit agencies that are approved to participate in the HUD Homes Program are subject to the following limitations:

1. Unless an exception is granted in writing by the Department, the nonprofit purchaser of a property at a discount shall not resell the property for an amount in excess of 110% of the **allowed** net development costs (please see HUD Handbook 4000.1 I.B.4.c.iii. for allowed costs).
2. All HUD properties purchased with a discount and re-sold by a nonprofit agency must be sold to homebuyers who intend to occupy the property as their principal residence and whose income is at or below 115% of Median Income in the local geographic area, when adjusted for family size.
3. A nonprofit must have a functional accounting system that operates according to generally accepted accounting principles in order to properly capture **property specific** costs and revenues.

A requirement of the HUD Homes Discount Sales Program is to obtain a Name Address Identifier (NAID). The NAID currently assigned to your organization is HRFRDC2575. If there is any change to your address, EIN, agency contact, etc., please report such changes to the Philadelphia Homeownership Center immediately.

In order to access the list of properties available for purchase to nonprofit agencies, please access the Department's property list at the following web site: [www.hudhomestore.com](http://www.hudhomestore.com). The Asset Management (AM) Contractors are currently responsible for the sale of HUD Homes. Any questions regarding access to properties; bid results and instructions; and available properties should be addressed directly to the AM listed on the website.

We have reviewed your application for re-approval as an NPIOG secondary financing provider. Home Partnership, Inc. housing development program as described meets HUD guidelines. Home Partnership, Inc. may provide secondary financing assistance in conjunction with an FHA insured first mortgage, provided the following guidelines are met:

1. the secondary financing is disclosed at the time of application;
2. no costs associated with the secondary financing are financed into the FHA-insured first Mortgage;
3. the secondary financing payments must be included in the total Mortgage Payment;
4. the secondary financing must not result in cash back to the Borrower except for refund of earnest money deposit or other Borrower costs paid outside of closing;
5. the NPIOG may provide secondary financing for as much as 100 percent of the Borrower's Minimum Required Investment (MRI);
6. there is no maximum Combined Loan to Value (CLTV) for secondary financing loans provided by HUD-approved Nonprofits; and
7. the second lien may not provide for a balloon payment within 10 years from the date of execution.

Please be advised that a nonprofit organization that is assisting a government entity in the operation of its secondary financing program is not required to obtain approval or be placed on the Approved Nonprofit Organization Roster so long as it meets the underwriting requirements of HUD Handbook 4000.1 II.A.4.d.iii.(J)(1)(b) when underwriting through TOTAL or HUD Handbook 4000.1 II.A.5.c.iii.(J)(1)(b) for Manual underwriting.

Secondary financing related to Home Partnership, Inc.'s participation in the operation of a government entity's secondary financing program that do not require approval in accordance with the requirements of HUD Handbook 4000.1 II.A.4.d.iii.(J)(1)(b) when underwriting through TOTAL or HUD Handbook 4000.1 II.A.5.c.iii.(J)(1)(b) for Manual underwriting are not included as a part of this approval. In instances when such secondary financing is made and closed in the name of Home Partnership, Inc., it must be reviewed and approved by HUD prior to implementation.

Please provide a copy of this letter to any lender providing FHA financing in conjunction with Home Partnership, Inc.'s secondary financing program. This approval is limited to the geographic areas listed above and the secondary financing documents enclosed. Should you wish to expand into other areas please contact the individual listed below for the area expansion requirements.

Although your nonprofit agency has been approved and other HOCs will recognize this approval, the *affordable housing program* approval is limited to the geographic areas listed above. Should you wish to expand into other areas, please contact the individual listed below for expansion requirements. You must notify the Philadelphia Homeownership Center *immediately* of any proposed changes to your approved Affordable Housing Program. All proposed changes must be approved by HUD prior to implementation.

**Your nonprofit approval will expire after two years.** Please submit a request for recertification **a minimum of 90 days prior to the expiration** of this approval. Recertification packages must be submitted through our Nonprofit Data Management System (DMS) in accordance with the instructions provided in Mortgagee Letter 2010-05. **Failure to complete the recertification process and obtain re-approval prior to the two-year expiration of this approval letter will result in your removal from the Approved Nonprofit Organization Roster effective on the date of the approval expiration.**

It is the nonprofit agency's responsibility to be aware of guidelines and procedures relative to nonprofit participation in FHA programs and to maintain knowledge of any updates that relate to these guidelines and procedures. The enclosed list of guidance letters and handbooks will provide a baseline of information. However, future guidance and information will be made available on the HUD Internet site located at <http://www.hud.gov>. Those agencies that do not adhere to Departmental guidelines and procedures are subject to possible suspension and/or removal from the approved nonprofit listing. You can receive notification of any new Mortgagee Letters, training and other program updates by registering at the following website: <http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=FHA%20Homeownership%20Update&list=Homeownership-L>

We appreciate your interest in the Department's programs and your assistance to low and moderate-income individuals. Home Partnership, Inc. will provide an excellent opportunity for affordable housing in your community. If we can be of further assistance, please contact Glenn Stopera, of my staff, at (518) 862-2824 or via email at [glenn.n.stopera@hud.gov](mailto:glenn.n.stopera@hud.gov).

Sincerely,

1/12/2021

**X Elizabeth M. Cahall**

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Elizabeth M. Cahall

Director, Program Support Division

Signed by: Office of Administration

Elizabeth M. Cahall  
Director  
Program Support Division

Enclosures

## ***Enclosure 1***

### **LIST OF REFERENCE DOCUMENTS**

The following list of documents applies to qualified nonprofit agencies that have been pre-approved to participate in HUD's Single Family Housing Programs. Nonprofit organizations must have knowledge of, and comply with, the instructions contained in these documents, any amendments to these documents, and any future documents issued.

HUD periodically publishes new documents relating to the activities of nonprofit agencies and government entities. Nonprofit agencies and government entities can obtain new HUD, mortgagee letters and housing notices on the Internet at:

[https://www.hud.gov/program\\_offices/housing/sfh/FHA\\_INFO\\_subscribe](https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe)

All documents listed herein may be accessed online at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips)

#### **NATIONAL HOUSING ACT**

National Housing Act Sections 203(g) and 203(r) and 24 CFR Parts 203.41, 203.258, 203.510 and 203.512:

<http://www.gpo.gov/fdsys/pkg/CFR-2012-title24-vol2/pdf/CFR-2012-title24-vol2-subtitleB.pdf>

#### **HUD REGULATIONS**

24 CFR Part 291, governs the sales of HUD Homes

24 CFR Part 203, governs HUD's Single Family Mortgage Insurance programs

24 CFR Part 200, governs Nonprofit Placement and Removal Procedures for Participation in FHA Programs

#### **HUD MORTGAGEE LETTERS**

ML 96-21 203(k) w/Participation by State & Local Housing Agencies

ML 96-59 Moratorium on Investor Loans in Conjunction with the 203(k)

ML 02-02 Credit Policy Issues – Payment of Borrower Obligations by Non-profits

ML 02-22 Down payment Assistance Programs Operated by Governmental Agencies and Nonprofits Using Subordinate Financing

ML 03-07 Prohibition of Property Flipping

ML 11-36 Elimination of HQ Concurrence

ML 12-24 Secondary Financing Eligibility Requirements for Internal Revenue Code (IRC) Section 115 Entities

ML 19-06 Downpayment Assistance and Operating in a Governmental Capacity

#### **HOUSING NOTICES**

Housing Notice 05-09: Revitalization Areas

#### **HUD HANDBOOKS**

HUD Handbook 4000.1: Single Family Housing Policy Handbook - Doing Business with FHA, Origination through Post-Closing/Endorsement, Servicing and Loss Mitigation, and Quality Control, Oversight and Compliance

NP Participant Areas Screen			
Zip	City	County	State
21001	ABERDEEN	HARFORD COUNTY	MD
21009	ABINGDON	HARFORD COUNTY	MD
21013	BALDWIN	BALTIMORE COUNTY	MD
21014	BEL AIR	HARFORD COUNTY	MD
21015	BEL AIR	HARFORD COUNTY	MD
21017	BELCAMP	HARFORD COUNTY	MD
21028	CHURCHVILLE	HARFORD COUNTY	MD
21034	DARLINGTON	HARFORD COUNTY	MD
21040	EDGEWOOD	HARFORD COUNTY	MD
21047	FALLSTON	HARFORD COUNTY	MD
21048	FINKSBURG	CARROLL COUNTY	MD
21050	FOREST HILL	HARFORD COUNTY	MD
21078	HAVRE DE GRACE	HARFORD COUNTY	MD
21082	HYDES	BALTIMORE COUNTY	MD
21084	JARRETTSVILLE	HARFORD COUNTY	MD
21085	JOPPA	HARFORD COUNTY	MD
21087	KINGSVILLE	BALTIMORE COUNTY	MD
21111	MONKTON	BALTIMORE COUNTY	MD
21128	PERRY HALL	BALTIMORE COUNTY	MD
21132	PYLESVILLE	HARFORD COUNTY	MD
21136	REISTERSTOWN	BALTIMORE COUNTY	MD
21154	STREET	HARFORD COUNTY	MD
21160	WHITEFORD	HARFORD COUNTY	MD
21161	WHITE HALL	BALTIMORE COUNTY	MD
21162	WHITE MARSH	BALTIMORE COUNTY	MD
21204	TOWSON	BALTIMORE COUNTY	MD
21206	BALTIMORE	BALTIMORE CITY	MD
21220	MIDDLE RIVER	BALTIMORE COUNTY	MD
21221	ESSEX	BALTIMORE COUNTY	MD
21222	DUNDALK	BALTIMORE COUNTY	MD
21224	BALTIMORE	BALTIMORE CITY	MD
21234	PARKVILLE	BALTIMORE COUNTY	MD
21236	NOTTINGHAM	BALTIMORE COUNTY	MD
21237	ROSEDALE	BALTIMORE COUNTY	MD

NP Participant Areas Screen			
Zip	City	County	State
21286	TOWSON	BALTIMORE COUNTY	MD
21651	MILLINGTON	QUEEN ANNE'S COUNTY	MD
21901	NORTH EAST	CECIL COUNTY	MD
21903	PERRYVILLE	CECIL COUNTY	MD
21904	PORT DEPOSIT	CECIL COUNTY	MD
21911	RISING SUN	CECIL COUNTY	MD
21913	CECILTON	CECIL COUNTY	MD
21916	CHILDS	CECIL COUNTY	MD
21917	COLORA	CECIL COUNTY	MD
21918	CONOWINGO	CECIL COUNTY	MD
21919	EARLEVILLE	CECIL COUNTY	MD
21921	ELKTON	CECIL COUNTY	MD

**Home Partnership, Inc.  
626 Towne Center Drive, Suite 102  
Joppatowne, MD 21085  
410-679-3200**

**OWNER OCCUPANCY RIDER**

It is mutually understood and agreed between the parties hereto (i.e. Mortgagor and Mortgagee) that the granting of the within mortgage at the above described rate, which is below market rate currently available in Harford County, is conditioned upon and in partial consideration for the Mortgagors occupying the subject premises as an owner-occupant which the Mortgagors hereby agree to do during the life of this mortgage. Consequently, if the Mortgagor ceases to occupy the subject premises as an owner-occupant, then this action shall constitute a breach of this mortgage and, at the option of the Mortgagee, shall immediately mature the entire principal and interest hereby secured, and the Mortgagee may without notice institute proceedings to foreclose this mortgage.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date



HOME PARTNERSHIP, INC.  
626 Towne Center Drive, Suite 102  
Joppatowne, Maryland 21085  
Phone: 410-679-3200

**Program-Recapturable**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

Date: \_\_\_\_\_

FOR VALUE RECEIVED, \_\_\_\_\_

(herein referred to as "Mortgagor"), individually or jointly and severally, promise(s) to pay to the order of Home Partnership, Inc., a Maryland corporation (herein referred to as "Mortgagee") 626 Towne Center Drive, Suite 102, Joppatowne, Maryland 21085, or at such other place as the Mortgagee may from time to time designate, the principal sum as set forth herein, in lawful money of the United States, and which shall be legal tender in payment of all debts and dues, public and private, at the time of payment.

**PRINCIPAL AMOUNT**

Mortgagor hereby acknowledges receipt of the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Loan") from Mortgagee to pay the costs of acquisition, including settlement costs for the Property known as: \_\_\_\_\_

and as more particularly described in Schedule A of the Second Mortgage, as that term is defined herein (the "Property"), of even date herewith which affords Mortgagee a second lien security interest against the Property as security for the Loan (the "Second Mortgage").

It is a condition precedent to the making of the Loan that the performance of all the Mortgagor's obligations to the Mortgagee with respect to this Loan now or hereafter contracted is secured by the Loan as evidenced by the Second Mortgage.

**INTEREST RATE**

This Promissory Note shall not accrue interest.

**REPAYMENT**

Mortgagor shall repay Mortgagee the entire principal sum due upon the earlier to occur of:

1. Cessation of the use of the Property as Mortgagor's principal residence;
2. Default under the First Mortgage; or
3. Sale, transfer, or refinance of the Property, none of which shall occur without the prior written consent of the Mortgagee.
4. Thirtieth (30th) anniversary of loan closing

## **DEFAULT**

It is expressly agreed that if default is made in the performance of any covenant or condition of this Promissory Note or the First Mortgage as defined in the Second Mortgage, or the Second Mortgage, then and in that event, the unpaid balance of the Loan, shall, at the option of the Mortgagee, be immediately due and payable, anything hereinafter contained to the contrary notwithstanding. In addition, upon a default, the Mortgagee may take any and all action the Mortgagee may have against the Mortgagor at law or in equity.

## **WAIVERS**

The Mortgagor, guarantors, and endorsers hereof, jointly and severally, waive presentment protest and demand, notice of protest, notice of demand and of dishonor and nonpayment of this Promissory Note, and expressly agree that this Promissory Note or any payment thereunder may be extended from time to time without in any way affecting the liability of the Mortgagor, the guarantors and the endorsers.

## **CONFESSION OF JUDGEMENT**

Upon the occurrence of an Event of Default, the Mortgagor does hereby authorize any clerk of any court of record or any attorney to enter in any court of competent jurisdiction in the State of Maryland, or any other state or territory of the United States (including any United States District Court in any state or territory) judgment by confession against the Mortgagor, and in favor of the Mortgagee for the entire outstanding Loan amount of this Promissory Note remaining unpaid with interest, late charges and default interest and charges thereon, together with attorneys, fees of fifteen percent (15%) of the unpaid balance of the Loan amount outstanding and court costs, without stay of execution or right of appeal, expressly waiving the benefit of all exemption laws and all irregularity or error in entering said judgment or the execution thereon. No single exercise of the foregoing power to confess judgment shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable or void, but the power shall continue undiminished, and it may be exercised from time to time as often as the Mortgagee shall elect, until such time as the Mortgagee shall have received payment in full or all indebtedness of the Mortgagor to the Mortgagee. Any objections to venue are hereby waived.

## **WAIVER OF JURY TRIAL**

The Mortgagor and Mortgagee, by their execution and acceptance, respectively, of this Promissory Note, agree that any suit, action or proceeding, whether a claim or counterclaim, brought or instituted by either party or any successor or assigns of either party or with respect to this Promissory Note, which in any way relates directly or indirectly to the obligations of the Mortgagor to the Mortgagee under this Promissory Note or the dealings of the parties with respect thereto, shall be tried only by a court and not by a jury. The Mortgagor acknowledges and agrees that this waiver is knowingly, intelligently, and voluntarily made between Mortgagor and Mortgagee and that this provision is a specific and material aspect of the agreement between the parties and that the Mortgagee would not enter into this transaction with the Mortgagor if this provision were not part of the agreement. The Mortgagor acknowledges that Mortgagee or any person acting on behalf of the Mortgagee has not made any misrepresentation of fact to induce this waiver of trial by jury. Mortgagor further acknowledges that the Mortgagor has been represented (or had the opportunity to be represented) in signing this Promissory Note and in

making this waiver by independent legal counsel selected of the Mortgagor's own free will and that the Mortgagor has had the opportunity to discuss this waver with counsel.

**IN WITNESS WHEREOF**, this Promissory Note has been duly executed by the undersigned on the day and year above written.

WITNESS/ATTEST:

MORTGAGOR(S):

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(Owner-occupied, Single Family Residences)

Return to:  
Home Partnership, Inc.  
626 Towne Center Drive, Suite 301  
Joppatowne, MD 21085

Tax Identification #. \_\_\_\_\_

Parcel Identification #. \_\_\_\_\_

## DEED OF TRUST

THIS DEED OF TRUST is made this \_\_\_\_ day of \_\_\_\_\_, 2020, by and between \_\_\_\_\_ (the "Borrower"), and \_\_\_\_\_+, (the "Trustees"), for the benefit of the Beneficiary, Home Partnership, Inc., having its principal offices at 626 Towne Center Drive, Suite 102, Joppatowne, MD 21085 (the "Lender").

WITNESSETH, THAT WHEREAS the Borrower is justly indebted to Lender in the maximum principal amount of \_\_\_\_\_ Dollars, and evidenced by a Promissory Note ("the Note") executed by Borrower today payable to the order of Lender, with interest thereon as set forth in the Note; and

WHEREAS, Borrower desires to secure to the Lender the full and punctual payment of that debt and interest thereon, and the performance of the covenants herein contained, as well as any and all renewals or extensions of the Note, and interest thereon, and to secure to the holder(s) of the Note and the Trustees for all sums advanced by them (or on their behalf) hereunder; and

WHEREAS, this Deed of Trust secures repayment of a loan made under, and subject to the requirements of, the "Program-Recapturable" Program, set forth under the terms of a grant agreement by and between Maryland Department of Housing and Community Development and Home Partnership, Inc. dated \_\_\_\_\_.

NOW, THEREFORE, Borrower, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys/assigns in trust to Trustee, in fee simple, the property located in the County of Harford, Maryland, and described in the attached Exhibit A, which has the address of \_\_\_\_\_ (herein "Property Address");

TOGETHER with all the improvements now or hereafter erected on the property, and all leases, tenancies, easements, rights, appurtenances, rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and any and all awards made with respect to the mortgaged premises by any governmental or other lawful authorities for taking by eminent domain the whole or any part of said premises, and all of the foregoing, and any and all sums payable under all policies of insurance with respect to the mortgaged premises; all of the foregoing, together with said property are herein referred to as the "Property";

TO SECURE to Lender (a) the timely repayment of the Note; the payment of all other sums, with interest thereon, if any, to protect the security of this Deed of Trust;

TO HAVE AND TO HOLD the Property in fee simple/for all the term of years yet to come and unexpired therein with the benefit of renewal.

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, that the Property is unencumbered except for the permitted liens, and that Borrower will warrant and defend specially the title to the Property against all claims and demands and will execute such further assurances of the same as may be requisite.

### BORROWER AND LENDER COVENANT AND AGREE AS FOLLOWS:

**1. Payment of Principal and Interest.** Borrower shall promptly pay when due the principal of the indebtedness evidenced by the Note, any costs as provided in the Note, and the principal of and interest, if any, on any Future Advances secured by this Deed of Trust.

**2. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2, if applicable, hereof shall be applied by Lender first to the principal of the Note, then to amounts payable to Lender by Borrower under paragraph 2 hereof, and then to any amounts of deferred interest and principal.

**3. Charges; Liens.** Borrower shall pay all Assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and if Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Deed of Trust; provided, that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

**4. Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as Lender may require and in such amounts and for such periods as Lender may require and, if the Property is located in an area designated by or on behalf of the United States of America as having specific flood hazards shall also keep such improvements insured against loss by flooding; provided, that at all times the amount of such coverage shall be in an amount at least equal to the original principal amount of the debt secured hereby or 100% of the replacement value of the improvements located on the Property, whichever is the lesser. In determining the replacement value of such improvements, the Lender may either accept the value placed on the improvements by the insurer or use the value placed on such improvements by the Lender's appraisal of the Property. Such insurance shall pay in full the amount of any partial or total loss to the full amount of such insurance and shall be otherwise sufficient to prevent the Borrower from being a co-insurer.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. If required, all premiums on insurance policies shall be paid in the manner provided under paragraph 2 hereof.

All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgagee clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. If a loss occurs, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

All sums payable under the insurance policies are hereby assigned and shall be paid to Lender, and all sums received by Borrower on account of the policies shall be promptly paid over to Lender. At the option of Lender, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired, or if such restoration or repair is not economically feasible and the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to the Borrower. If the Property is abandoned by borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

If Borrower fails to pay any insurance premiums when due, Lender may, at its option, pay said premiums on behalf of Borrower, in which case, Borrower shall promptly reimburse Lender. Any amounts so advanced by Lender shall bear interest at the rate state in the Note and be added to the amount of the debt secured by this Deed of Trust.

Unless lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments (if any) referred to in paragraphs 1 and 2 hereof or change the amount of such installments. If under paragraph 20 hereof the property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property before the sale of acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately before such sale or acquisition.

**5. Permitted Liens and Other Liens.** Borrower shall observe and comply with all the conditions and requirements of any note, deed to trust, mortgage, or any other instrument evidencing or securing the Permitted Liens (if any) or a lien (if any) subordinate to the lien of this Deed of Trust. The existence of any prior lien other than a Permitted Lien shall be a default under this Deed of Trust. A default under an instrument securing a Permitted Lien or any other prior lien or any subordinate lien shall be a default under this Deed of Trust, and all the sums secured by this Deed of Trust, including by limited to any calculation pursuant to Section (7)(d), shall be and become immediately due and payable without notice or demand.

**6. Compliance with Other Loan Documents.**

(a) In connection with the loan secured by this Deed of Trust (the "Loan"), Borrower has entered into and executed the Note, and other documents (together, the "Loan Documents". A default under the terms of any Loan Document shall constitute a default under this Deed of Trust.

(b) Payment of principal or interest, if any, has been deferred until the earlier to occur of:

(i) The sale or transfer of the Property; or

(ii) A default under this Deed of Trust or any other Loan Document.

(c) Upon sale or transfer of all or any portion of the Property by the Borrower or a hold of a senior lien through a foreclosure, the following calculation is used to determine the amount of the Loan due to the Lender:

(i) The Loan shall be repaid in full out of the net proceeds from the sale of the house if the net proceeds are greater than or equal to the sum of original principal amount of the Loan.

(ii) For purposes of this section, the term "Borrower payments" means, the:

(A) Amount of the down payment made by the Borrower on the Property;

(B) Amount of any payments or prepayments of principal on any loan secured by the Property; and

(C) Cost of all capital improvements to the house made by the Borrower.

**7. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.**

(a) Borrower shall keep the Property in good repair and permit the Lender or its employees or agents to enter upon and inspect the Property at reasonable times. Borrower shall make all proper renewals, replacements, and additions to the Property within fifteen (15) days of written notice of a defect from the Lender. Borrower shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold.

(b) If the Deed of Trust Property is a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider were a part hereof.

**8. Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this paragraph 8, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender

agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 8 shall require Lender to incur any expense or take any action hereunder.

**9. Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice before any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

**10. Further Covenants by Borrower.** Borrower covenants and represents all those matters and facts set forth in all applications, affidavits, certifications, instruments, or other documents (the "documents") executed in connection with the loan secured by this Deed of Trust (the "Loan") are true and correct. The Lender has relied on Borrower's representations in determining the Borrower's eligibility for the Loan. Any misstatement, omission, misrepresentation or violation of any statement made in Borrower's loan application, or any other document executed in connection with the Loan shall constitute a default, upon which default Lender may, in addition to all remedies available to it at law or in equity, at its option and without notice or demand to Borrower, declare all sums secured by this Deed of Trust to be immediately due and payable.

**11. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, for any condemnation or other taking of the Property, or part thereof, 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 Deed of Trust, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately before the date of taking bears to the fair market value of the Property immediately before the date of taking, with the balance of the proceeds paid to Borrower.

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 such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to payment of the sums secured by this Deed of Trust.

**12. Borrower Not Released.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

**13. Forbearance by Lender Not a Waiver.** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens, charges or Assessments by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

**14. Remedies Cumulative.** All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

**15. Successor and Assigns Bound; Joint and Several Liability; Captions.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the benefit of, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 20 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

**16. Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

**17. Governing Law; Severability.** This Deed of Trust shall be governed by the law of the jurisdiction in which the Property is located. If any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Note are declared to be severable.

**18. Transfer of the Property.** All sums secured by this Deed of Trust shall immediately be and become due and payable without notice or demand upon the lease, sale, assignment, or other transfer of Property or any portion of the Property or any interest in the Property unless:

(a) A transfer is by devise, descent or operation of law upon the death of a joint tenant or tenant by the entirety; or

(b) A transfer is made to a person who occupies or will occupy the Property and the transfer is:

(i) to a relative upon the death of Borrower,

(ii) to Borrower's spouse or children, or

(iii) to a spouse pursuant to divorce, separation, or property settlement agreement; or

(c) A transfer is made into an inter vivos trust in which Borrower is and remains the beneficiary and the occupant of the Property; provided that prior to the transfer, Borrower provides Lender with reasonable means acceptable to Lender by which Lender will be assured of timely notice of any subsequent transfer of beneficial interest of any change in occupancy; or

(d) The Borrower creates a purchase money security interest for a household appliance; or

(e) The Lender, in its sole and absolute discretion, consents, in writing, to the transfer.

(f) Any restrictions contained in this Deed of Trust or Note, will automatically terminate if the title to the mortgaged property is transferred by foreclosure, deed in lieu of foreclosure, or if the mortgage is assigned to the Secretary of HUD.

**19. Acceleration.** Except as provided in paragraphs 6, 11 and 19 hereof (which paragraphs provide for acceleration by their terms), upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, and upon 10 days written notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand therefor, upon which said sums shall become due and payable.

**20. Remedies.** The Borrower hereby, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including paragraphs 6, 11 and 19 hereof and all covenants to pay when due any sums secured by this Deed of Trust, (a) declares its assent to the passing of a decree for the sale of any or all of the Property or any estate or interest therein by any equity court having jurisdiction



over the sale of the Property, and (b) authorizes and empowers the Trustee to take possession of any or all of the Property and to sell by one or more sales (or resell in the event of any default by a purchaser at any such sale) any or all of it or any estate or interest therein in accordance with applicable law. Neither the foregoing assent to decree nor the foregoing power of sale shall be exhausted if such proceeding or sale is dismissed or canceled before the indebtedness secured hereby is paid in full. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 20, including, but not limited to, reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall mail or cause Trustee to mail written notice of sale to Borrower in the manner prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender, or Lender's designee, may purchase the Property at any sale.

If Lender invokes the power of sale, Lender shall mail or cause Trustee to mail written notice of sale to Borrower in the manner prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender, or Lender's designee, may purchase the Property at any sale.

Any sale shall be made without regard to any right of the Borrower or any other person to the marshalling of assets.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order:

- (a) To all costs and expenses of the sale, including, but not limited to, Trustee's fees of 5% of the gross sale price, attorney's fees not exceeding 10% of the gross sales price and costs of title evidence;
- (b) To all sums secured by this Deed of Trust; and
- (c) The excess, if any, to the person or persons legally entitled thereto.

Immediately upon the filing of any foreclosure under this Deed of Trust, there shall be and become due and owing by the Borrower all expenses incident to any foreclosure proceedings and/or this Deed of Trust. Immediately upon the first insertion of any advertisement or notice of sale, there shall be and become due and owing by the Borrower all expenses incident to any foreclosure proceedings under this Deed of Trust and a commission on the total amount of the indebtedness then due equal to one-half of the percentage allowed as commission to trustees making sale under orders or decrees of the equity court having jurisdiction, and no person shall be required to receive only the aggregate indebtedness then secured hereby with interest thereon to the date of payment unless the same be accompanied by a tender of the said expenses, costs, and commissions.

In addition to any other remedy set forth herein or available at law or in equity, in the event of a default pursuant to Section 6, 11 or 19 hereof, Lender at its sole option, may elect to rescind the acceleration of the Note provided for in such Sections, provided the Borrower agrees to increase the rate of interest on the Note to a rate of interest determined by Lender to be comparable to conventional interest rates on similar mortgage loans having a maturity equal to the original maturity of the Note as in effect at the time of conversion of the rate of interest on the Note. In such event the Borrower shall execute and deliver to Lender an amendment to the Note or a substitute note setting forth the new interest rate, which amendment to the Note or substitute note shall not constitute a novation or new indebtedness, but shall be understood to evidence the indebtedness secured by this Deed of Trust. In these matters, Lender may elect to act through a Mortgage Lender or Mortgage Agent approved by Lender, or to sell the Loan as evidenced by the amended Note or substitute note.

**21. Borrower's Right to Reinstate.** Except for an acceleration by Lender under paragraphs 6, 11 and 19 hereof, for which no right to reinstate shall exist, Borrower shall have the right, notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time before the earlier to occur of

(a) The fifth day before sale of the Property pursuant to the power of sale contained in this Deed of Trust or

(b) Entry of a judgment enforcing this Deed of Trust if:

(i) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred;

(ii) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust (iii) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in paragraph 21 hereof, including, but not limited to, reasonable attorney's fees; and

(iv) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

**22.** Upon acceleration under this Deed of Trust or upon abandonment of the Property, Lender shall be entitled to have a receiver appointed by a court to enter upon, take possession of the Property and take any and all steps the receiver deems necessary and appropriate to protect and preserve the Property. **Future Advances.** Upon request of Borrower, Lender, at Lender's option before release of this Deed of Trust, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby. At no time shall the principal amount of the indebtedness secured by this Deed of Trust, not including sums advanced in accordance herewith to protect the security of this Deed of Trust, exceed the original amount of the Note.

**23. Estoppel Certificate.** Borrower shall, upon 20 days notice by Lender, furnish a written statement duly acknowledged, of the amount due hereunder, and whether any offsets, counterclaims, or defenses exist with respect to the debt secured hereby.

**24. Release.** Upon payment of all sums secured by this Deed of Trust, Lender or Trustee shall release this Deed of Trust without charge to Borrower.

**25. Trustee.**

(a) The Trustee shall have no liability or responsibility for any act or failure to act done in good faith or without willful misconduct or gross negligence.

(b) Lender at Lender's option may from time to time remove any Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the city or county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

(c) Any one Trustee may act for or on behalf of all Trustees.

**26. Further Assurances.** Borrower warrants specially the Property and will execute such further assurance thereof as may be necessary.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust on the day and year first above written.

WITNESS:

\_\_\_\_\_(SEAL)  
NAME

\_\_\_\_\_(SEAL)  
NAME

STATE OF MARYLAND, \_\_\_\_\_ County ss:

I HEREBY CERTIFY, that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the subscriber, a Notary Public of the State of Maryland and for the County aforesaid, personally appeared \_\_\_\_\_ and \_\_\_\_\_, known to me or satisfactory proved to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged the foregoing Deed of Trust to be his/her (their) Act.

AS WITNESS, my hand and notarial seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF MARYLAND, \_\_\_\_\_ County ss:

I HEREBY CERTIFY, that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the subscriber, a Notary Public of the State of \_\_\_\_\_ and for the County aforesaid, personally appeared \_\_\_\_\_, the agent of the party secured by this foregoing Deed of Trust, and made oath in form of law that the consideration recited in said Deed of Trust is true and bona fide as therein set forth; and also made oath that he/she is the agent of the party or parties secured and is duly authorized to make this affidavit.

AS WITNESS, my hand and notarial seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

CERTIFICATION

The undersigned hereby certifies that this Deed of Trust was prepared by or under the supervision of an attorney admitted to practice before the Court of Appeals of Maryland or by one of the parties hereto.

Name: \_\_\_\_\_

**EXHIBIT A – PROPERTY DESCRIPTION**