



U.S. Department of Housing and Urban Development

Homeownership Center
The Strawbridge Building
801 Market Street
Philadelphia, Pennsylvania 19107

January 11, 2024

Approved for the following areas:

Approved Date: 02/01/2024

Expiration Date: 02/01/2026

City and/or County, State Zip Codes: or Enclosure 2
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Erin Karpewicz, Executive Director
Arundel Community Development Services
2666 Riva Road – Suite 210
Annapolis, MD 21401

Dear Ms. Karpewicz:

The Philadelphia Homeownership Center is pleased to advise you that Arundel Community Development Services (ACDS) has been recertified as a nonprofit instrumentality of government (NPIOG) participant in the following activities:

- Provide Down Payment or Closing Cost Assistance with a Second Lien.

We have reviewed your application for re-approval as an NPIOG secondary financing provider. ACDS's housing development program as described meets HUD guidelines. ACDS 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.

Please provide a copy of this letter to any lender providing FHA financing in conjunction with ACDS 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 2-1-2026. 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 (NPDMS) in accordance with the instructions provided in *Single Family Housing Policy Handbook* 4000.1 (SF Handbook). 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 HUD-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 website 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 HUD-Approved Nonprofit Organization Roster. You can receive notification of any new Mortgagee Letters, training and other program updates by registering at the following website:
https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe.

We appreciate your interest in the Department's programs and your assistance to low and moderate-income individuals. ACDS will provide an excellent opportunity for affordable housing in your community. If we can be of further assistance, please contact Janice Skinner via email at janice.skinner@hud.gov.

Sincerely,

1/11/2024

X Elizabeth M. Cahall

Elizabeth M. Cahall
Director, Program Support Division
Signed by: Office of Administration

Elizabeth M. Cahall
Director
Program Support Division

Enclosures: #1 List of Reference Documents
#2 Approved Zip Codes
#3 Legal Documents

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

All documents listed herein may be accessed online at:

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
20701	ANNAPOLIS JUNCTION	ANNE ARUNDEL COUNTY	MD
20711	LOTHIAN	ANNE ARUNDEL COUNTY	MD
20714	NORTH BEACH	CALVERT COUNTY	MD
20724	LAUREL	ANNE ARUNDEL COUNTY	MD
20733	CHURCHTON	ANNE ARUNDEL COUNTY	MD
20736	OWINGS	CALVERT COUNTY	MD
20751	DEALE	ANNE ARUNDEL COUNTY	MD
20754	DUNKIRK	CALVERT COUNTY	MD
20755	FORT GEORGE G MEADE	ANNE ARUNDEL COUNTY	MD
20758	FRIENDSHIP	ANNE ARUNDEL COUNTY	MD
20764	SHADY SIDE	ANNE ARUNDEL COUNTY	MD
20765	GALESVILLE	ANNE ARUNDEL COUNTY	MD
20776	HARWOOD	ANNE ARUNDEL COUNTY	MD
20778	WEST RIVER	ANNE ARUNDEL COUNTY	MD
20779	TRACYS LANDING	ANNE ARUNDEL COUNTY	MD
21012	ARNOLD	ANNE ARUNDEL COUNTY	MD
21032	CROWNSVILLE	ANNE ARUNDEL COUNTY	MD
21035	DAVIDSONVILLE	ANNE ARUNDEL COUNTY	MD
21037	EDGEWATER	ANNE ARUNDEL COUNTY	MD
21054	GAMBRILLS	ANNE ARUNDEL COUNTY	MD
21056	GIBSON ISLAND	ANNE ARUNDEL COUNTY	MD
21060	GLEN BURNIE	ANNE ARUNDEL COUNTY	MD
21061	GLEN BURNIE	ANNE ARUNDEL COUNTY	MD
21076	HANOVER	ANNE ARUNDEL COUNTY	MD
21077	HARMANS	ANNE ARUNDEL COUNTY	MD
21090	LINTHICUM HEIGHTS	ANNE ARUNDEL COUNTY	MD
21106	MAYO	ANNE ARUNDEL COUNTY	MD
21108	MILLERSVILLE	ANNE ARUNDEL COUNTY	MD
21113	ODENTON	ANNE ARUNDEL COUNTY	MD
21114	CROFTON	ANNE ARUNDEL COUNTY	MD
21122	PASADENA	ANNE ARUNDEL COUNTY	MD
21123	PASADENA	ANNE ARUNDEL COUNTY	MD
21140	RIVA	ANNE ARUNDEL COUNTY	MD
21144	SEVERN	ANNE ARUNDEL COUNTY	MD

NP Participant Areas Screen			
Zip	City	County	State
21146	SEVERNA PARK	ANNE ARUNDEL COUNTY	MD
21401	ANNAPOLIS	ANNE ARUNDEL COUNTY	MD
21402	ANNAPOLIS	ANNE ARUNDEL COUNTY	MD
21403	ANNAPOLIS	ANNE ARUNDEL COUNTY	MD
21405	ANNAPOLIS	ANNE ARUNDEL COUNTY	MD
21409	ANNAPOLIS	ANNE ARUNDEL COUNTY	MD

After recording, return to:
Arundel Community Development Services, Inc.
2666 Riva Road, Suite 210
Annapolis, MD 21401

CDBG _____
HOME _____
County _____
Jacobsohn _____

EXEMPT FROM RECORDATION AND TRANSFER TAXES
(Tax Property Article §§ 12-108(a) and 13-207(a) (1))

PURCHASE MONEY DEED OF TRUST

THIS DEED OF TRUST is dated as of the ____ day of _____, 20__ from _____ (the "Borrower") to Erin Karpewicz and Edward Gosselin (the "Trustees") for the benefit of Arundel Community Development Services, Inc., a nonprofit Corporation of the State of Maryland, holder of the Note referred to below (the "Lender").

WITNESSETH

WHEREAS, the Lender has been awarded funds through the U.S. Department of Housing and Urban Development's Community Development Block Grant Program ("CDBG") and the Home Investment Partnerships Program ("HOME"), Anne Arundel County's Homeownership Opportunities Initiatives Program and private foundations; and

WHEREAS, the Lender awards these funds to first time homebuyers purchasing homes in Anne Arundel County and the Borrower desires to utilize such funds, and

WHEREAS, the Borrower is justly indebted to the Lender in the principal sum of _____ Dollars (\$ _____) (the "Loan") as evidenced by a Deed of Trust Note between the borrower and the Lender of even date (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 to secure to the holder(s) of the Note and the Trustees for all sums advanced by them (or on their behalf) hereunder, and

NOW, THEREFORE, in consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower irrevocably grants and assigns to the Trustee, in trust for the Lender, in fee simple, subject to the annual ground rent, if applicable, all of the property located at _____

which is more particularly described in Exhibit A attached hereto and incorporated herein, which property shall include:

(a) all buildings and improvements of every kind and description nor or hereafter erected or placed on the Property, and all fixtures, equipment, accessories, furniture and articles of personal property which are, or which may hereafter be, attached to and used with the Property;

(b) all the rights, roads, alleys, ways, waters, privileges, easements, profit, and appurtenances thereunto belonging or in any way appertaining, and including any right, title, interest, and estate hereafter acquired by the Borrower in the Property;

(c) any award made in the nature of compensation for condemnation or appropriation for the foregoing property by a governmental body, including awards or damages for matters other than a direct taking which nonetheless affect any of the foregoing property; and

(d) all proceeds of casualty insurance on the Property or any part thereof.

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; and the performance of the covenants and agreements of Borrower in this Deed of Trust; and (b) the timely repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to paragraph 27 hereof (herein "Future Advances").

TO HAVE AND TO HOLD the Property in fee simple.

[Check here and initial if applicable.]

Initial

TO HAVE AND TO HOLD the Property for all the term of years yet to come and unexpired therein with the benefit of renewal, subject to the payment of the annual ground rent of _____ Dollars (\$ _____), payable semi annually on the _____ day of _____ in each and every year.

[Check here and initial if applicable.]

Initial

Subject, However, to the terms and conditions of the following mortgages and deeds of trust (the "Permitted Liens"):

(a) Naming _____
as mortgagee/beneficiary, dated _____, and recorded in the
land records of Anne Arundel County, Maryland

[Check here and initial if applicable.]

Initial

(b) Naming _____
as mortgagee/beneficiary, dated _____, and recorded in the
land records of Anne Arundel County, Maryland.

[Check here and initial if applicable.]

Initial

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 and interest, if any, on any future advances secured by this Deed of Trust to the extent of net proceeds available from the sale of the property.

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

3. **Charges and 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, 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 percent 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.

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 or if 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 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 of five percent per annum and be added to the amount of the debt secured by this Deed of Trust.

If under paragraph 21 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 or acquisitions 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 of 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 shall be and become immediately due and payable without notice or demand.

6. **Use of Property.** Borrower shall not use the Property for other than his or her primary residence during the term of the Note. Leasing of the Property shall not be permitted without the prior written consent of the Lender which consent may be granted or withheld in the Lender's sole discretion. If the Property is used or maintained for any use which is illegal during the term of this Loan, then the total amount granted under this Loan shall be immediately due and payable.

7. **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;
- (ii) a default under this Deed of Trust or any other Loan Document;
- (iii) 30 years from the date first noted above;
- (iv) the property is no longer occupied by the Borrower as Borrower's principal place of residence; or
- (v) a default under any other Deed of Trust or Mortgage for the Property.

8. Preservation and Maintenance of Property; Leaseholds; Condominiums; and 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 15 days of written notice 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 is 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.

9. 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 9, 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 payments 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 9 shall require Lender to incur any expense or take any

action hereunder.

10. **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 therefore related to Lender's interest in the Property.

11. **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.

12. **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 condemner 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.

13. **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.

14. **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.

15. **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.

16. **Successor and Assigns Bound, Joint and Several Liability and 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 18 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.

17. **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.

18. **Governing Law and 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.

19. **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 tenants by the entirety; or

(b) 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

(c) the Borrower creates a purchase money security interest for a household appliance; or

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

20. **Acceleration.** Except as provided in paragraphs 5, 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 therefore, upon which said sums shall become due and payable.

21. **Remedies.** The Borrower hereby, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including paragraphs 5, 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 cancelled 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 21, 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.

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 warrant, 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 five percent of the gross sale price, attorney's fees not exceeding 10 percent of the gross sales price and costs of title evidence;

(b) to all sums secured by this Deed of Trust; and the excess, if any, to the person or persons legally entitled thereto.

22. **Foreclosure.** 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 come 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 5, 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 the 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 the 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, the Lender may elect to act through a Mortgage Lender or Mortgage Agent approved by the Lender, or to sell the Loan as evidenced by the amended Note or substitute note.

23. First Lender Foreclosure. Restrictions on conveyance must automatically terminate if title to the mortgage property is transferred by the first lender by foreclosure or Deed-In-Lieu of Foreclosure, or if the mortgage is assigned to the Secretary of HUD.

24. Borrower's Right to Reinstate. Except for an acceleration by Lender under paragraphs 5, 10 and 18 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 the following:

(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 20 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.

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.

25. **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.

26. **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.

27. **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.

28. **Trustees.**

(a) The Trustees 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.

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

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

WITNESS:

Name:

Name:

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 and for the County aforesaid, personally appeared _____, known to me or satisfactorily proven 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 Maryland and for the County aforesaid, personally appeared Erin Karpewicz, the agent of the party secured by this foregoing Deed of Trust, and made oath in due 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 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: _____

This is to certify that this Purchase Money Deed of Trust has been prepared by Erin Karpewicz, Executive Director of Arundel Community Development Services, Inc., a party to this Purchase Money Deed of Trust.

ATTEST:

By: Erin Karpewicz, Chief Executive Officer
Arundel Community Development Services, Inc.

After recording, return to:

Arundel Community Development Services, Inc.
2666 Riva Road, Suite 210
Annapolis, MD 21401

EXHIBIT A

Property Description