

(Owner-occupied, Single Family Residences)

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

CDBG _____
HOME _____
COUNTY _____

PURCHASE MONEY DEED OF TRUST

THIS DEED OF TRUST is made this _____ day of _____, 20__ by and between the Grantor, _____ (the "Borrower"), and KATHLEEN M. KOCH AND THOMAS L. OSBORNE (the "Trustees"), for the benefit of the Beneficiary, ARUNDEL COMMUNITY DEVELOPMENT SERVICES, INC., having its principal offices at 2666 Riva Road, Suite 210, Annapolis, Maryland 21401 (the "Lender").

WITNESSETH, THAT WHEREAS the Borrower is justly indebted to Lender in the maximum principal amount of _____ Dollars (\$) and evidenced by a Note executed by Borrower today payable to the order of Lender 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 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, Borrower, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys/assigns in trust to Trustees, in fee simple/subject to the annual ground rent, if applicable, the property located in the County of Anne Arundel, Maryland, and described in the attached Exhibit A, which has the address of:

(Street)

(City) (State and Zip Code)(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 (or the leasehold estate if this Deed of Trust is on a leasehold) 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, and this Deed of Trust 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 22 hereof (herein "Future Advances").

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,~~ subject to the payment of the annual ground rent of _____ Dollars (\$ _____), payable semi-annually on the _____ day of _____ in each and every year.] [STRIKE BETWEEN BRACKETS AND INITIAL IF NOT 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 of even date herewith and to be recorded in the land records of Anne Arundel County, Maryland.

(b) [Naming _____ as mortgagee/beneficiary, dated of even date herewith and to be recorded in the land records of Anne Arundel County, Maryland] [STRIKE BETWEEN BRACKETS AND INITIAL IF NOT 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 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 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; 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% 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 (5%) per annum and be added to the amount of the debt secured by this Deed of Trust.

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 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. 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) Thirty (30) years from the date first noted above; or
- (iv) The property is no longer occupied by the Borrower and said Property is leased to any persons or business entities.

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 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.

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 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.

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 therefore 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 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.

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 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.

19. **Acceleration.** Except as provided in paragraphs 5, 10 and 18 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.

20. **Remedies.** The Borrower hereby, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including paragraphs 5, 10 and 18 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 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.

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 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 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, 10 or 20 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 ACDS 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 ACDS 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, ACDS may elect to act through a Mortgage Lender or Mortgage Agent approved by ACDS, 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 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

(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.

22. **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. **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.

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:

NAME: _____ (SEAL)

NAME: _____ (SEAL)

STATE OF MARYLAND, _____ County as:

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 _____, 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 Sherry L. Williams, 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: _____

CERTIFICATION ON BEHALF OF LENDER

The undersigned hereby certifies that this deed of trust was prepared by Kathleen M. Koch on behalf of the Lender identified herein.

DATE: _____

Name: Kathleen M. Koch
Title: Executive Director
Arundel Community Development Services, Inc.

