

PURCHASE MONEY MORTGAGE

THIS PURCHASE MONEY MORTGAGE, made on or as of the _____ day of _____, 2008, between **Unit South Durham Homestead House, Inc.** (hereinafter called "Mortgagor") to the MAYOR AND CITY COUNCIL OF BALTIMORE, a body politic and corporate, and a political subdivision of the State of Maryland (the "City") acting by and through the Department of Housing and Community Development (the "Department"). The City and the Department shall hereinafter be called, collectively, the Mortgagee.

WHEREAS, the Mortgagor is indebted to the Mortgagee in the sum of FORTY NINE THOUSAND NINE HUNDRED NINETY-NINE DOLLARS (\$49,999.00) (hereinafter the "Mortgage Debt") which funds were advanced for Lender's sale and conveyance to Maker of certain parcel of real property (the "Parcel"), together with the improvements thereon, more particularly described in Exhibit A attached hereto and incorporated herein by reference (collectively the "Property") pursuant and subject to the Land Disposition Agreement dated _____, 2008, by and between the Maker and Lender (the "Land Disposition Agreement") which is incorporated herein by reference and which sum shall be repaid to the City in accordance with the Promissory Note of even date; and

WHEREAS, the Mortgagor is willing to provide security to the Mortgagee for the payment of the debt by executing this Mortgage.

WHEREAS, the Mortgage shall be satisfied by the City sharing in the net sales proceeds if the Mortgagor decides to sell the Property or change the use of the vacant lot before the expiration of Purchase Money Mortgage. The Purchase Money Mortgage shall expire within ten years of the recordation of the executed Land Disposition Agreement dated _____, 2008 between the Mortgagor and Mortgagee.

NOW THEREFORE, THIS MORTGAGE WITNESSETH, that in consideration of the premises, accepts the Property in its "as is" condition, the said Mortgagor does grant, convey and assign unto the said Mortgagee, its successors and assigns its fee simple interest all that lot of ground situate and lying in Baltimore City, Maryland, in said State, and described as follows:

**SEE EXHIBIT A ATTACHED HERETO
AND INCORPORATED HEREIN BY REFERENCE**

TOGETHER with all appurtenances thereto and all the estate and rights of the Mortgagor in and to such property or in anywise appertaining thereto; all buildings and other structures now or hereafter thereon erected or installed, and all fixtures and articles of personal property now or hereafter attached to, or used in, or in the operation of, any such land, buildings or structures which are necessary to the complete use and occupancy of such buildings or structures for the purpose for which they were or are to be erected or installed, including but not limited to, all heating, plumbing, bathroom, lighting, cooking,

laundry, ventilating, refrigerating, incinerating and air-conditioning equipment and fixtures, and all replacements thereof and additions thereto, whether or not the same are or shall be attached to such land, buildings or structures in any manner.

TOGETHER with any and all awards now or hereafter made for the taking of the property mortgaged hereby, or any part thereof (including any easement), by the exercise of the power of eminent domain, including any award for change of grade or any street or other roadway, which awards are hereby assigned to the Mortgagee and are deemed a part of the property mortgaged hereby, and the Mortgagee is hereby authorized to collect and receive the such awards, to give proper receipts and acquittances therefor, and to apply the same toward the payment of the indebtedness secured by this mortgage.

TOGETHER with all right, title and interest of the Mortgagor in and to the land lying in the streets and roads in front of and adjoining the above described land (all the above described land, buildings, other structures, fixtures, articles of personal property, awards and other rights and interest being hereinafter collectively called the "Mortgaged Property").

TO HAVE AND TO HOLD the Mortgaged Property hereby granted or mentioned with the appurtenances, unto the Mortgagee, its successors and assigns to and for the proper use and benefit of the Mortgagee.

PROVIDED, that the conveyance shall be null and void upon the performance of all conditions and stipulations mentioned herein and upon the full payment of the Mortgage Debt secured hereby, interest and all monies advanced or expended, and all other proper costs, charges, commissions and expenses as herein provided. When this Mortgage shall have been fully paid off in accordance with its terms and tenor, it will be duly released by the Mortgagee at the request and expense of the Mortgagor, but in the event of default in the payment of principal or interest under the Promissory Note and as above provided, or if there be a default in any of the conditions, stipulations or covenants of this Mortgage, subject in all cases, to all applicable grace, notice and cure periods, then the Mortgagee may exercise the option of treating the Mortgage Debt hereby secured due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise it at any other time.

And the Mortgagor, in order more fully to protect the security of this Mortgage, covenants and agrees to do the following:

1. That they will pay on an annual basis a sum equal to the ground rents, if any, next due, taxes or assessments plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property.

2. If the payments made by the Mortgagor under paragraph 1 preceding shall not be sufficient to pay ground rents, taxes, assessments, or insurance premiums when the same shall become due and payable, then the Mortgagor shall pay any amount necessary to

make up the deficiency on or before the date when payment of such ground rents, taxes, assessments or insurance premiums shall be due.

3. That they will pay all taxes, assessments, water rates and other governmental or municipal charges, fines, or impositions, and ground rents for which provision has not been made hereinabove, and will at the Mortgagee's request promptly deliver the official receipts therefore to the Mortgagee, and in default of such payment by the Mortgagor, the Mortgagee may pay the same, and any sum or sums so paid by the Mortgagee shall be added to the Mortgage Debt hereby secured, shall be payable on demand, shall bear interest at the rate of five percent (5%) per annum and shall be secured by this Mortgage.

4. That they will keep the said premises in as good order and condition as they are now and will not commit or permit any waste therefor, reasonable wear and tear accepted and comply promptly with all laws ordinances and regulations affecting the Property or its use.

5. That they will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and other hazards, casualties and contingencies in such amounts (not to exceed replacement costs) and for such periods as may be required by the Mortgagee, and will pay promptly, when due, any premiums on such insurance provisions for payment of which has not been made hereinabove. All insurance shall name the Mortgagee as an additional insured as its interest may appear. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

6. It is the intention of the parties hereto that the Mortgage shall also constitute a security agreement under the Maryland Uniform Commercial Code so that the Mortgagee shall have and may enforce a security interest, to secure payment of the indebtedness secured hereby in any and all of the Property described in the granting clause hereof and other articles of real, personal or mixed property in addition to (but not in limitation of) the grant made hereby to the Mortgagee as part of the realty, such security interest to attach at the earliest moment permitted by law and also to include and attach to all substitutions and replacements therefor, all contract rights, rental payments and general intangibles of the Mortgagor obtained in connection with or relating to the operation, construction and maintenance of the premises as well as any and all items or Property in the foregoing classifications which are hereafter acquired, and all proceeds and products (cash or non-cash) of any of the foregoing including insurance and proceeds of insurance thereon.

7. That upon a default in any of the covenants of this mortgage, the Mortgagee shall be entitled, after giving written notice to the Mortgagor with a period of

thirty (30) days in which to cure said default, to the immediate appointment of a receiver of the property covered hereby, without regard to the adequacy or inadequacy of the property as security for the Mortgage Debt; and upon any such default, whether or not a receiver has been appointed, the rents and benefits of said property are hereby assigned to the Mortgagee as additional security. Until there is a default under this mortgage, the Mortgagor shall have the right of possession of the said property.

8. It shall be a default under this Mortgage if there is an uncured default under any loan document relating to the development or operation of the Property or under the existing contract between the Mortgagee and Mortgagor dated _____, 2008 which shall include a default under any loan documents securing any permitted senior lien holder.

9. If a monetary or non-monetary default is not cured or commenced to be cured and prosecuted thereafter in good faith and with due diligence (such determination to be made by the Mortgagee with use of reasonable discretion) thirty (30) days following the date of written notice of such default from the Mortgagee, then, the entire Mortgage Debt, at the option of the Mortgagee, shall become due and payable, without further notice and demand and whether or not such option is exercised, interest shall run from such time at the rate of five percent (5%) per annum.

10. That Mortgagor specifically warrants the property herein mortgaged, and that they will execute such further assurances thereof as may be required by the Maryland Rules of Procedures.

AND the said Mortgagor hereby assents to the passage of a decree for the sale of the property hereby mortgaged (the sale to take place after a default in any of the covenants or conditions of this mortgage as herein provided, subject to all grace, notice and cure provisions), and the said Mortgagor hereby also authorizes the said Mortgagee, its successors or assigns or its representatives and its duly authorized Attorney or Agent, after any default in the terms of this mortgage, to sell the hereby mortgaged property, and any such sale, whether under the above assent to a decree or under the above power of sale, shall be in accordance with the Real Property Article of the Annotated Code of Maryland, in accordance with the Maryland Rules of Procedure or any Public General Law or Public Local Law of the State of Maryland relating to deeds of trust or mortgages, including any supplements, amendments or additions thereto. And upon a sale of said property, whether under the above assent to a decree or under the above power of sale, the proceeds shall be applied as follows: (1) To the payment of all expenses incident to such sale, including a reasonable Attorney's Fee and a commission to the party making the sale of said property equal to the commission allowed Trustees for making sale of the property by virtue of a decree of a Court having equity jurisdiction in the State of Maryland; (2) To the payment of all claims of the said Mortgagee, its successors or assigns, under this mortgage whether Mortgagee, its successors or assigns, under this mortgage whether the same shall have matured or not; (3) The surplus (if any there be), to the said Mortgagor, their successors, assigns, or to whomever may be entitled to the same. Commissions and all such expenses

and costs shall be paid by the Mortgagor in the event that the Mortgage Debt shall be paid after any advertisement of said property but before sale thereof.

The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

All notices given or required to be given pursuant to this Mortgage shall be in writing, and shall be sent by first class, postage paid, registered or certified mail, return receipt requested, to the parties hereto at the addresses hereinafter set forth, or at such other addresses as may from time to time be designated in writing by either party hereto the other. All notices sent to the Mortgagor hereunder shall be sent to:

To Mortgagor:

Unit South Durham Homestead Houses, Inc
12 (12-14) South Durham
Baltimore, Maryland 21231

To Mortgagee:

Department of Housing and Community Development
13th Floor
417 East Fayette Street
Baltimore, Maryland 21202
Attention: Commissioner

Mortgagor expressly represents and warrants that the loan secured by this Mortgage is a commercial loan within the meaning of the Commercial Law Article of the Annotated Code of Maryland, and Mortgagor further represents and warrants that all loan proceeds will be used for business or commercial investment purposes. Mortgagor understands and agrees that all the terms, conditions and the lien of this Mortgage shall be construed, determined and enforced pursuant to the laws of the State of Maryland.

[signature page follows]

WITNESS the signature and seal of the Mortgagor on the day and year first above written.

WITNESS/ATTEST:

Lorie A. Mayora

Nancy West

By: Lorie A. Mayora
[SEAL]

Name: Lorie A. Mayora

Title: Mortgagor

STATE OF MARYLAND, TO WIT:

I HEREBY CERTIFY, that on this 8 day of Nov, 2008, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared Lorie Mayora of the Mortgagor, in the within Mortgage and acknowledged that he/she/they executed same on behalf of the Mortgagor as for the purposes therein contained.

In testimony whereof, I have hereunto set my hand and affixed by official seal the day and year aforesaid.

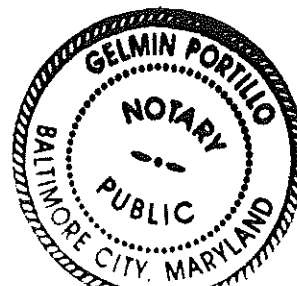
[Signature]

Notary Public

My Commission Expires: 10/01/2010

Approved as to form and legal sufficiency
this 15 day of October, 2008

Wm C Stifler
Chief Solicitor



THIS IS TO CERTIFY that the within instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

Wm C Stifler
Attorney-at-Law

EXHIBIT A
(Legal Description)

The legal description for the property known as 7 South Durham Street, Block 1735, Lot 068, can be referenced by the Land Disposition Agreement. Schedule A, shall be prepared and provided by the Developer at no cost or expense to the City.

PROMISSORY NOTE

DATE: _____

\$49,999.00

BALTIMORE, MARYLAND

FOR VALUE RECEIVED, the undersigned, Unit South Durham Homestead House, Inc, ("Maker"), promises and agrees to pay to the order of MAYOR AND CITY COUNCIL OF BALTIMORE, a body corporate and politic and a political sub-division of the State of Maryland ("Lender"), at its principal office at 100 North Holliday Street, Baltimore, Maryland 21201, or at such other place or places as Lender may from time to time designate in writing, the principal sum of Forty Nine Thousand Nine Hundred Ninety-Nine Dollars (\$49,999.00). On the date hereof Lender has sold and conveyed to Maker a certain parcel of real property, together with the improvements thereon, located in Baltimore City, Maryland at 7 South Durham Street (the "Property"). The loan evidenced hereby, is intended to be utilized by Maker to finance a portion or all of the cost of acquisition of the Property. The project costs will be financed, in part, with private funds.

This Note shall be repaid as follows:

- A. This note for Forty Nine Thousand Nine Hundred Ninety-Nine Dollars (\$49,999.00) shall expire ten years after the execution of the promissory note and purchase money mortgage.
- B. The Maker has the right to prepay the principal sum in whole at any time.
- C. The entire outstanding balance shall be paid to the Lender in full at the time of sale of the property if sold or the use of the vacant lot changes before the note's expiration date, which is ten (10) years after the date of this note if the Maker has not sold the property.

YEAR	PERCENTAGE	AMOUNT DUE
1 year later	90%	\$44,999.10
2 years later	80%	\$39,999.20
3 years later	70%	\$34,999.30
4 years later	60%	\$29,999.40
5 years later	50%	\$24,999.50
6 years later	40%	\$19,999.60
7 years later	30%	\$14,999.70
8 years later	20%	\$9,999.80
9 years later	10%	\$4,999.90
10 years later	0%	0%

D. Pursuant to the terms of the Purchase Money Mortgage, the City shall agree to release its lien on the property once it is sold.

E. The Note shall be secured by a Purchase Money Mortgage favor of the Lender.

F. Time is of the essence of this Note, and if this Note is collected by law or through an attorney at law, Maker agrees to pay all costs of collection, including a reasonable attorney's fees.

G. The entire outstanding principal balance evidenced by this Note shall be immediately due and payable upon the occurrence of any of the following events:

(1) Should Maker (a) file a voluntary petition in bankruptcy or for an arrangement or reorganization pursuant to the Federal Bankruptcy Act or any similar law, state or federal, whether now or hereafter existing (hereinafter referred to as a "Bankruptcy Proceeding"); (b) fail to obtain a vacation or stay of any involuntary Bankruptcy Proceeding within 60 days, as hereinafter provided; (c) be adjudicated a bankrupt, or declared insolvent, or suffer an order for relief in any Bankruptcy Proceeding; (d) commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors or seek to have a trustee, custodian, or receiver appointed for or have any court take jurisdiction of its property, or a major part thereof, in any involuntary proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, if such trustee, custodian or receiver shall not be discharged or if such jurisdiction relinquished, vacated or stayed on appeal, or otherwise within 60 days; or have an order for relief under any title of the United State Bankruptcy Code entered against it or (e) failure to pay any principal or interest payment due under this Note.

(2) Unless the prior written consent of Lender has been obtained, the sale or transfer of all or a portion of Maker's interest in the Property.

(3) Foreclosure of the Property pursuant to any deed of trust or mortgage covering the Property.

(4) Any sale, transfer, exchange, encumbrance or other disposition of the Property made by Maker without the prior written consent of Lender;

(5) Failure to perform any material requirements under the Land Disposition Agreement or Lease Agreement between the parties of even date herewith.

H. Any consent or approval given or required to be given by Lender under this or any other section of this Note shall not be unreasonably withheld.

I. In case any provision (or any part of any provision) contained in this Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained herein but only to the extent it is invalid, illegal or unenforceable.

J. As to this Note and any other instruments securing the indebtedness, Maker and endorsers severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this note. Any payment hereunder may be extended from time to time without in any way affecting the liability of Maker or endorsers. In addition, Maker and endorsers severally agree that all or any part of the security for payment hereof may be released; that any party liable for this obligation may be released from such liability, and that any right or privilege or Lender under this Note or the instruments securing the Note in law or in equity may be waived without in any way affecting the liability of Maker and/or any such endorser.

K. This Note shall be governed by, and construed in accordance with, the laws of the State of Maryland.

L. The relationship between the parties hereto is and shall be that of borrower and lender.

The payments hereunder shall in no way create any partnership between Maker and Lender.

M. All payments hereunder shall be made during regular business hours at the principal office of Lender and shall be made in coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public or private debts.

IN WITNESS WHEREOF, Maker has caused this Note to be executed on its behalf on and as of the day and year first above written.

WITNESS:

Lorie A. Mayora

Nancy Best

BY: Lorie A. Mayora
Lorie A. Mayora, Maker

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Wm P Stiple
Chief Solicitor

10/15/08
Date