

Return to:
DHCD-Homeownership Programs
100 Community Place-4th Floor
Crownsville, MD 21032

Tax Identification # _____

Parcel Identification # _____

DSELP Loan No: _____

EXEMPT FROM RECORDATION TAXES

DEED OF TRUST

THIS DEED OF TRUST is made this ____ day of _____, 200__
by _____ and _____ between

_____ (whether one or more, collectively, the "Borrower") of the Property Address below and MARK S. PETRAUSKAS and ANTHONY J. MOHAN, having an address at 100 Community Place, Crownsville, Maryland 21032 (the "Trustees"), for the benefit of the Beneficiary, THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, a principal department of the State of Maryland, having its principal office at 100 Community Place, Crownsville, Maryland 21032 (the "Lender")

WITNESSETH, THAT WHEREAS the Borrower is justly indebted to Lender in the principal amount of _____ Dollars (\$ _____) for which amount the Borrower has signed and delivered a Deed of Trust Note of even date herewith (herein called the "Note") payable to the order of the Lender as provided in the Note; and

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

WHEREAS, this Deed of Trust secures the repayment of a loan made to the Borrower by the Beneficiary from its Downpayment and Settlement Expense Loan Program pursuant to and subject to the requirements of COMAR 05.03.04, to cover part of the Borrower's settlement expenses for the purchase of the property described below;

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 _____, Maryland, which is more particularly described in Exhibit A attached to this Deed of Trust and made a part hereof, and which has an address of: _____, Maryland _____ (the "Property Address");

TOGETHER with all the improvements now or hereafter erected on the property, and all leases, tenancies, easements, rights, appurtenances, 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 sums payable under all policies of insurance with respect to the mortgaged premises; all of the foregoing, together with the 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 the timely repayment of the Note and extensions and renewals thereof; the payment of all other sums, with interest thereon (if any), advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained.

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; and subject to the terms and conditions of a purchase money first deed of trust described on Exhibit B attached hereto (the "First Deed of Trust") securing a note for all or a major portion of the purchase price of the Property (the

"First Note"). This Deed of Trust is also subject to a second lien, if and as provided in Exhibit B (the "Second Deed of Trust") securing a note also described in Exhibit B (the "Second Note").

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 First Deed of Trust and the Second Deed of Trust (if any), 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 and interest (if any) on the indebtedness evidenced by the Note, and any late charges as provided in the Note.

2. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraph 1 hereof shall be applied by Lender first to expenses when applicable, then to interest (if any) payable on the Note, and then to the principal of the Note.

3. Compliance with Other Loan Documents; Deferral.

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

(b) The Note provides for deferral of principal and/or interest until the earlier of (a) the maturity date of the Note, (b) prepayment of the First Note, (c) sale or other transfer of the Property, or any interest therein, or (d) a default under any Loan Document.

4. Other Mortgages and Deeds of Trust. Borrower shall observe and comply with all the conditions and requirements of the First Note and the First Deed of Trust, the Second Note and Second Deed of Trust (if any), and any note, deed of trust, mortgage, or any other instrument evidencing or securing any lien subordinate to the lien of this Deed of Trust. The existence of any prior lien other than the First Deed of Trust and the Second Deed of Trust (if any) shall be a default under this Deed of Trust. A default under the First Deed of Trust, the Second Deed of Trust (if any) or any instrument securing any other prior lien or any subordinate lien shall be a default under this Deed of Trust, and all sums secured by this Deed of Trust shall be and become immediately due and payable without notice or demand.

5. Charges; Liens. Borrower shall pay or cause to be paid all taxes, assessments, and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust and shall pay all leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender upon request all notices of amounts due under this paragraph, and if Borrower shall make payment directly, Borrower shall promptly furnish to Lender upon request 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.

6. 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.

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 premiums on insurance policies shall be paid directly or in the manner required by a superior mortgagee.

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 as its interests may appear. Subject to the rights of a superior mortgagee, Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender upon request 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.

Subject to the rights of a superior mortgagee, 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, 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 (if any) stated in the Note and be added to the amount of the debt secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payments due under the Note or this Deed of Trust or change the amount of such payments. 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 acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately before such sale or acquisition.

7. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. 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. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider were a part hereof.

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

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

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

10. Further Covenants by Borrower. Borrower acknowledges and understands that the loan secured by this Deed of Trust is being made by the Lender under its Downpayment and Settlement

Expense Loan Program. Borrower covenants and agrees that all those matters and facts set forth in the Borrower's loan application, affidavits and all other documents executed in connection with the debt secured hereby are true and correct. Any misstatement, omission, misrepresentation or violation of any statement made in Borrower's loan application, the affidavits, or any other document executed in connection with the debt secured hereby shall constitute a default herein, 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 hereby to be immediately due and payable; whereupon, said sums shall become 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 or partial taking of the Property, the proceeds shall be applied first to sums secured by the First Deed of Trust and the Second Deed of Trust (if any), then to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower, except that if the taking is a partial taking, then subject to the provisions of the First Deed of Trust and the Second Deed of Trust (if any) relating to the application of proceeds, Lender may apply the proceeds, at Lender's option, to the restoration or repair of the property.

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.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payments due under the Note or this Deed of Trust or change the amount of such payments.

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. 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. Borrower's Copy. Borrower shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

19. Payment of the First Mortgage; Transfer of the Property. All the sums secured by this Deed of Trust shall be and become immediately due and payable without notice or demand (A) if all sums due under the First Note and secured by the First Deed of Trust are paid in full or (B) if the Property, or any interest therein, is leased, sold, transferred or otherwise conveyed without the prior consent of the Lender, unless: (i) a transfer is by devise, descent or operation of law upon the death of a joint tenant or tenant by the entirety; or (ii) a transfer is made to a person who occupies or will occupy the Property and the transfer is (a) to a relative upon the death of Borrower, (b) to Borrower's spouse or children, or (c) to a spouse pursuant to divorce, separation, or property settlement agreement; or (iii) 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 or any change in occupancy; or (iv) the Borrower creates a purchase money security interest for a household appliance; or (v) the lease is for three years or less and does not contain an option to purchase; or (iv) Borrower creates a lien which is subordinate to the lien of this Deed of Trust and which does not transfer rights of occupancy in the Property.

20. Acceleration. Except as provided in paragraphs 4, 10 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 sum secured by this Deed of Trust to be immediately due and payable without further demand therefor, upon which said sums shall become due and payable.

21. Remedies. The Borrower hereby, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including paragraphs 10 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 sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including, but not limited to, Trustee's fees of

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

Immediately upon the filing of any foreclosure under this Deed of Trust, there shall be and become due and owing by the Borrower all expenses incident to any foreclosure proceedings and/or this Deed of Trust. Immediately upon the first insertion of any advertisement or notice of sale, there shall be and become due and owing by the Borrower all expenses incident to any foreclosure proceedings under this Deed of Trust and a commission on the total amount of the indebtedness then due equal to one-half of the percentage allowed as commission to trustees making sale under orders or decrees of the equity court having jurisdiction, and the Beneficiary shall not 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.

22. Borrower's Right to Reinstate. Except for an acceleration by Lender under paragraphs 10 and 19 hereof, for which no right to reinstate shall exist, Borrower shall have the right, notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time before the earlier to occur of (a) the fifth day before sale of the Property pursuant to the power of sale contained in this Deed of Trust or (b) entry of a judgment enforcing this Deed of Trust if: (i) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred; (ii) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (iii) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in paragraph 21 hereof, including, but not limited to, reasonable attorney's fees; and (iv) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

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.

23. 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.

24. 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.

25. 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.

26. Trustees. 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. 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. Any one Trustee may act for or on behalf of all Trustees.

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

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

WITNESS:

_____(SEAL)

Name:_____

_____(SEAL)

Name:_____

_____(SEAL)

Name:_____

STATE OF MARYLAND, _____ COUNTY ss:

I HEREBY CERTIFY that on this ____ day of _____ 200__, before me the subscriber, a Notary Public of the State and 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 acknowledge that she/he/they executed the same for the purposes therein contained.

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 _____ 200__, before me the subscriber, a Notary Public of the State and County aforesaid, personally appeared _____, 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 that the actual sum of money advanced at the closing transaction by the secured party was paid over and disbursed by the secured party or parties to the Borrower or to the person responsible for disbursement of funds in the closing transaction or their respective agent at a time no later than the execution and delivery by the Borrower of this Deed of Trust; and also made oath that he is the agent of the party or parties secured and is duly authorized to make this affidavit.

AS WITNESS, my hand and notarial seal.

Notary Public

My commission Expires: _____

CERTIFICATION

The undersigned hereby certifies that this Deed of Trust was prepared by or under the supervision of a Maryland attorney, or by one of the parties to this Deed of Trust.

Name: _____

EXHIBIT A

Property Description

EXHIBIT B

Prior Liens

1. First Deed of Trust of even date from the Borrower to trustees for the benefit of _____ as Beneficiary, recorded or intended to be recorded immediately before this Deed of Trust, securing a note in the amount of \$_____.

[STRIKE OUT IF NOT APPLICABLE]

2. Second Deed of Trust of even date from the Borrower to trustees for the benefit of _____ as Beneficiary, recorded or intended to be recorded after the First Deed of Trust and immediately prior to this Deed of Trust, securing a note in the amount of \$_____.