Capital Advance Program
Instructions for the Preparation of Mortgage, Deed of Trust, or Security Deed

Under Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0470
(expires 8/31/2013)

Public reporting burden for this collection of information is estimated to average 6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information collection is necessary to ensure that viable projects are developed. It is important to obtain information from applicants to assist HUD in determining if nonprofit organizations initially funded continue to have the financial and administrative capacity needed to develop a project and that the project design meets the needs of the residents. The Department will use this information to determine if the project meets statutory requirements with respect to the development and operation of the project, as well as ensuring the continued marketability of the projects. This information is required in order to obtain benefits. This information is considered non-sensitive and no assurance of confidentiality is provided.

Use the current FHA corporate mortgage, deed of trust, or security deed form applicable to the jurisdiction in which the mortgage premises are located to prepare the Section 202 or Section 811 mortgage, deed of trust or security deed.

Appropriate modifications will be needed to show that the Secretary of Housing and Urban Development is making a capital advance rather than insuring a loan and to delete all references to mortgage insurance. A sample form is shown below and on the following pages showing these changes and others (note especially paragraphs 10, 19 and 20) pertinent to the special features of the Section 202 or Section 811 program.

Sample Mortgage Form:

This Indenture, made this 23rd day of September, 2014, between Meadow Lane Housing Development Fund organized and existing under the laws of New York, a corporation and the United States of America acting by and through the Secretary of Housing and Urban Development, hereinafter referred to as Mortgagee.

Witnesseth: That whereas the Mortgagor is justly indebted to the Mortgagor in the principal (capital advance amount) sum of five million seven hundred thousand dollars ($5,700,000.00), evidenced by its note of even date herewith, said principal being payable provided in said note with a final maturity of October 1, 2005, which note is identified as being secured hereby by a certificate thereof. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

Now, Therefore, the said Mortgagor, for the better securing of the payment of the said principal sum of money and the performance of the covenants and agreements herein contained, does by these presents Convey, Mortgage, and Warrant unto the Mortgagor, successors or assigns, the following-described real estate situate, lying, and being in the County of Westchester, State of New York as described in Exhibit A annexed hereto.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof; and all apparatus and fixtures of every kind in, or that may be placed in, any building now or hereafter standing on said land, and all the estate, right, title, and interest of the said Mortgagor in and to said premises; including but not limited to all gas and electric fixtures; all radiators, heaters, furnaces, heating equipment, steam and hot-water boilers, stoves and ranges; all elevators and motors; all bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing fixtures; all mantels and cabinets; all refrigerating plants and refrigerators, whether mechanical or otherwise; all cooking apparatus; all furniture, shades, sowing, blinds, and other furnishings; all of which apparatus, fixtures, and equipment, whether affixed to the reality or not, shall be considered real estate for the purposes hereof; and including all furnishings now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, and all renewals or replacements thereof, or articles in substitution thereof; together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

To Have And To Hold the above-described premises, with the appurtenances and fixtures, unto the said Mortgagor, successors and assigns, forever, for the purposes and uses herein set forth.

And Said Mortgagor covenants and agrees:
1. That it will pay the Mortgage Note at the times and in the manner provided herein;
2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
3. That the Regulatory Agreement, executed by the Mortgagor and the Secretary of Housing and Urban Development, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement, the Mortgagor, at his/her option, may declare the whole indebtedness secured to be due and payable;
4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagor for the purpose of...
discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement:

5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom:

6. That at the option of the Mortgagor the principal balance secured hereby may be adjusted on terms acceptable to the Mortgagee if partial prepayment results from an award in condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income:

7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than eighty per centum (80%) of the insurable values or not less than the principal sum of the Mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee Clause with loss payable to the Mortgagee, as interest may appear, and shall be deposited with the Mortgagee:

That if the premises covered hereby, or any part thereof shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company, to the extent of the principal sum remaining, shall be paid to the Mortgagee, and, at his/her option, may be applied to the debt or released for the repairing or rebuilding of the premises:

8. That all awards of damages in connection with any condemnation for public use or injury to any of said property are hereby assigned and shall be paid to Mortgagee, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittance thereof and to appeal from any such award:

9. That it is lawfully seized and possessed of said real estate in fee simple and has good right to convey same;

10. To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; that it will not make any structural alterations to the building without the written consent of the Mortgagee; to pay to the Mortgagee, or deposit in an escrow account acceptable to the Mortgagee, as hereinafter provided, until the final maturity date, a sum sufficient to pay all taxes and special assessments that heretofore or hereafter may be lawfully levied, assessed or imposed by any taxing body upon the said land, or upon the Mortgagor or Mortgagee on account of the ownership thereof to the extent that provision has not been made by the Mortgagee for the payment of such taxes and special assessments as hereinafter provided in subparagraph 17;

11. In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or encumbrances, or to keep-said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and make such repairs to the property herein mortgaged as in the Mortgagee's discretion he/she may deem necessary for the proper preservation thereof, and any moneys so paid or expended shall become so much additional indebtedness, secured by this Mortgage, to be paid out of the proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor, and shall bear interest at the rate to be specified by the Mortgagee from the date of advance until paid, and shall be due and payable on demand:

12. It is expressly provided, however (all other provisions of this Mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall he/she have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessments, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same, but in the event of a tax contest, the Mortgagor shall deposit with the Mortgagee an amount estimated by the Mortgagee sufficient to satisfy all taxes, penalties, interest, and costs which may reasonably accrue during such contest:

13. That it will not voluntarily create or permit to be created against the property subject to this Mortgage any lien or liens inferior or superior to the lien of this Mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any all buildings now being erected or to be erected on said premises:

14. That the improvements about to be made upon the premises above described and all plans and specifications comply with all municipal ordinances and regulations made or promulgated by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of applicable fire rating or inspection organization, bureau, association, or office. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein, shall at the option of the Mortgagee become due and payable:

15. The Mortgagor covenants and agrees that so long as this Mortgage and the said note secured hereby are outstanding, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, national origin, sex, familial status, handicap, age, or creed, unless permitted by the Housing Act of 1959 or the National Afforable Housing Act and the HUD regulations promulgated thereunder:

16. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a Capital Advance Agreement between the Mortgagor and Mortgagee dated September 23, 2014, which Capital Advance Agreement (except such part or parts thereof as may be inconsistent therewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this Mortgage; and if the construction of the improvements to be made pursuant to said Capital Advance Agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lockouts, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon said premises, employ workmen to protect
such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said buildings, to make and enter into any contracts and obligations wherever necessary, either in his/her own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of portions of the principal of the indebtedness secured thereby) shall be additionally secured by this Mortgage and shall be due and payable on demand with interest at the rate to be specified by the Mortgagee. The principal sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this Mortgage and the note securing the same, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said Capital Advance Agreement. This covenant shall be terminated upon completion of the improvements to the satisfaction of the Mortgagee and the making of the final payment as provided in said Capital Advance Agreement;

17. The Mortgagor, will pay to the Mortgagee as required, until the final maturity date, a sum equal to the ground rents, if any, and the taxes and special assessments next due on the premises covered by the Mortgage, plus the premiums that will next become due and payable on policies of fire and other property insurance covering the premises covered hereby, plus water rates, taxes, and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, water rates, taxes and special assessments shall become due.

18. Any excess funds accumulated under the preceding paragraph remaining after payment of the items therein mentioned shall be credited to subsequent payments of the same nature required thereunder; but if any item shall exceed the estimate therefor the Mortgagee shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under the preceding paragraph shall be credited to the principal of the Mortgage as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and

19. That the Mortgagee shall have the right to inspect the mortgaged premises at any reasonable time.

20. That so long as the Mortgage and Note secured hereby are outstanding, it will not (a) rent dwelling accommodations in the mortgaged premises in excess of the rates approved by the Mortgagee or for periods of less than one month; (b) rent the premises as an entirety; (c) rent the premises or any part thereof to any persons for the purpose of subleasing; (d) rent the premises or permit its use for hotel or transient purposes; (e) require of any tenant as a condition of occupancy life-lease contracts, fees or other payments over and above those for rents, utilities, and collateral services.

21. In the Event of default in making any payment provided for herein or in the note secured hereby for a period of thirty (30) days after the due date thereof, or in case of a breach of any other covenant herein stipulated, then the whole of said principal sum shall, at the election of the Mortgagee, without notice, become immediately due and payable, in which event the Mortgagee shall have the right immediately to foreclose this Mortgage;

22. And In Case Of Foreclosure of this Mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees of the complainant, not to exceed in any case five percentum (5%) of the amount of the principal indebtedness found to be due, and the stenographer's fees of the complainant in such proceeding, and costs of minutes of foreclosure, master's fees, and all other costs of suit, and also for all outlay of documentary evidence and the cost of a complete abstract of title for the purpose of such foreclosure; and in case of any other suit, or legal proceeding, instituted by the Mortgagee to enforce the provisions of this Mortgage or in case of any suit or legal proceeding wherein the Mortgagee shall be made a party thereto by reason of this Mortgage, its costs and expenses, and the reasonable fees and charges of the attorneys or solicitors of the Mortgagee, so made parties, for services in such suit or proceedings, shall be further lien and charge upon said premises under this Mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in any decree foreclosing this Mortgage;

23. And There Shall Be Included in any decree foreclosing this Mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or suits, advertising, sale, and conveyance, including attorney's, solicitors', and stenographers' fees, outlay for documentary evidence and cost of said abstract and examination of title; (2) All the moneys advanced by the Mortgagee, if any, for any purpose authorized in the mortgage, with interest on such advances at the rate specified by the Mortgagee, from the time such advances are made; (3) All the accrued interest remaining unpaid on the indebtedness hereby secured; (4) All the said principal sum. The over-plus of the proceeds of sale, if any, shall then be paid as the court may direct;

24. A Reconveyance of said premises shall be made by the Mortgagee to the Mortgagor on full payment of the indebtedness aforesaid, the performance of the covenants and agreements herein made the Mortgagor, and the payment of the sums owed under the terms of the said note.

25. It Is Expressly Agreed that no extension of the time for payment of the debt hereby secured given by the Mortgagee to any successor in interest of the Mortgagor shall operate to release, in any manner, the original liability of the Mortgagor;

26. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on its own behalf and on behalf of each and every person except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the premises subsequent to the date of this Mortgage;

27. The Covenants Herein Contained shall bind, and the benefits and advantages shall inure to, the successors and assigns of the respective parties hereto. Wherever used, the singular number shall be plural, the plural the singular, and the use of any gender shall be applicable to all genders.
In Witness Whereof, the Mortgagor has caused its corporate seal to be hereunto affixed and these presents to be signed by its President, and attested by its Secretary on the day and year first above written, pursuant to authority given by resolution duly passed by the Board of Directors of said corporation.

[Corporate Seal]

By

Rita Edmar

Attest:

Mark Hartun

State of New York
County of Westchester

Richard A. Dennett, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that Rita Mabli and Mark Hartman, personally known to me to be the same persons whose names are respectively as President and Secretary of Meadow Lane Housing Development Fund Company, Inc., subscribed to the foregoing instrument, appeared before me in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with corporate seal, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 16th day of September, 2014.

[Seal]

Notary Public

RICHARD A. DENNETT
Notary Public, State of New York
No. 02DE6686832
Qualified in Nassau County
Commission Expires Nov. 26, 2017

My commission expires

Previous versions obsolete

Page 4 of 4

form HUD-90165-CA (12/20/2005) ref Handbooks 4571.4 & 4571.5
MORTGAGE continued
Project No. 012-EE382

28. Lien Law. The Mortgagor shall, in compliance with Section 13 of New York's Lien Law, receive the advances secured hereby and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvement and shall apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

29. Real Property Actions and Proceedings Law. A power of sale is granted in this Mortgage pursuant to Article 14 of New York's Real Property Actions and Proceedings Law. Upon default of the Mortgage, the Mortgagor shall have the right to sell the Mortgaged Property and foreclose in the manner prescribed by Article 14 for a non-judicial proceeding for foreclosure.

30. Acceleration, Remedies. At any time after the occurrence of an Event of Default, Mortgagor, at Mortgagor's option, may declare the Capital Advance Amount to be immediately due and payable without further demand, and may foreclose this Mortgage by judicial or non-judicial proceedings, shall be entitled to the appointment of a receiver, without notice, and may invoke any other remedies permitted by New York law or provided in this Mortgage or in any other loan documents. Mortgagor may, at Mortgagor's option, also foreclose this Mortgage for any portion of the Capital Advance Amount which is then due and payable, subject to the continuing lien of this Mortgage for the balance of the Capital Advance Amount. Mortgagor shall be entitled to collect all costs and expenses allowed by New York law, including attorneys' fees, costs of documentary evidence, abstracts, title reports, statutory costs and any additional allowance made pursuant to Section 8303 of the Civil Practice Law and Rules. The rights and remedies of Mortgagor specified in this Mortgage shall be in addition to Mortgagor's rights and remedies under New York law, specifically including Section 254 of the Real Property Law. In the event of any conflict between the provision of this Mortgage and the provisions of Section 254 of the Real Property Law, the provisions of this Mortgage shall control.

31. Additional Rights and Remedies. In addition to any other right or remedy contained in this Mortgage or in any other loan documents, Mortgagor shall have all the rights against lessees of all or any part of the Mortgaged Property as are set forth in Section 291 of the Real Property Law of New York.
IN WITNESS WHEREOF the Mortgagor has caused this instrument to be duly executed in its behalf as of the day and year first above written.

MEADOW LANE HOUSING DEVELOPMENT FUND COMPANY, INC.  
a New York not-for-profit corporation

By: [Signature]
Rita Mabli  
President & CEO

Witness

STATE OF NEW YORK  
) ss.:  
COUNTY OF WESTCHESTER  
)

On the 15th day of September, in the year 2014, before me, the undersigned, personally appeared Rita Mabli, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

[Signature]

RICHARD A. DENNETT,  
Notary Public, State of New York  
No. 02DE6068832  
Qualified in Nassau County  
Commission Expires Nov. 26, 2017
EXHIBIT A
(UNIT 2)
(Meadow Lane)

ALL THAT TRACT OR PARCEL OF LAND, situate and being a part of a condominium in the City of New Rochelle, County of Westchester and State of New York, known and designated as Unit 2 (the "Unit") in the premises known as the Willow Gardens Meadow Lane Condominium, and by street number 60 Willow Drive in the City of New Rochelle, County of Westchester and State of New York, said Unit being designated and described as Unit 2 in the Declaration Establishing a Plan for Condominium Ownership of Said Premises under Article 9-B of the Real Property Law of the State of New York (the "Statute"), dated September 16, 2014 and recorded in the Westchester County Clerk’s Office on September 22, 2014 at Control No. 542623287 (the “Declaration”); and also designated as Tax Lot 27A in Block 448 of Section 2 of the Tax Map of the City of New Rochelle, and on the Floor Plans of said building, certified by Perkins Eastman, Architects, P.C. on July 14, 2014 filed in the Westchester County Clerk’s Office on September 19, 2014 as Condominium Map No. 28806; together with a 50% undivided interest in the Common Elements as the same are described and defined in the Declaration and/or the By-Laws of the Willow Gardens Meadow Lane Condominium.

The real property within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the City of New Rochelle, County of Westchester, State of New York being more particularly bounded and described as follows:

BEGINNING at a point, the following five (5) courses and distances from a point on the westerly line of Pelham Road, where the same is intersected by the division line between the parcel herein described on the north and Lot No. 38 as shown in Block 448 in Section 2 of the City of New Rochelle Tax Assessment Maps on the south:

(1) North 39 degrees 57 minutes 15 seconds West, 249.03 feet;
(2) South 54 degrees 20 minutes 45 seconds West, 146.92 feet;
(3) North 35 degrees 39 minutes 15 seconds West, 75.00 feet;
(4) North 54 degrees 20 minutes 45 seconds East, 141.28 feet;
(5) North 39 degrees 57 minutes 15 seconds West, 7.05 feet to the point of beginning and from said point of beginning;

RUNNING THENCE North 39 degrees 57 minutes 15 seconds West, 149.10 feet (deed)(142.05 survey);

THENCE North 30 degrees 57 minutes 04 seconds East, 75.41 feet;

THENCE North 57 degrees 31 minutes 15 seconds West, 149.20 feet;

THENCE North 32 degrees 28 minutes 45 seconds East, 75.00 feet;
THENCE South 57 degrees 31 minutes 15 seconds East, 147.20 feet;
THENCE North 30 degrees 58 minutes 35 seconds East, 150.13 feet;
THENCE South 57 degrees 02 minutes 31 seconds East, 24.76 feet;
THENCE South 37 degrees 20 minutes 07 seconds West, 29.10 feet;
THENCE South 52 degrees 39 minutes 53 seconds East, 170.00 feet;
THENCE South 37 degrees 05 minutes 12 seconds West, 23.01 feet;
THENCE South 52 degrees 27 minutes 43 seconds East, 40.63 feet;
THENCE South 37 degrees 32 minutes 17 seconds West, 81.92 feet;
THENCE North 52 degrees 25 minutes 09 seconds West, 8.79 feet;
THENCE South 37 degrees 33 minutes 24 seconds West, 11.52 feet;
THENCE North 52 degrees 26 minutes 36 seconds West, 8.06 feet;
THENCE South 37 degrees 33 minutes 24 seconds West, 11.80 feet;
THENCE South 52 degrees 26 minutes 40 seconds East, 16.82 feet;
THENCE South 37 degrees 32 minutes 17 seconds West, 32.00 feet;
THENCE North 52 degrees 27 minutes 43 seconds West, 47.78 feet;
THENCE South 37 degrees 32 minutes 17 seconds West, 82.79 feet;
THENCE South 51 degrees 20 minutes 03 seconds West, 61.58 feet to the point or place of BEGINNING.
MEADOW LANE HOUSING DEVELOPMENT FUND COMPANY, INC.

TO

UNITED STATES OF AMERICA
ACTING BY AND THROUGH
SECRETARY OF HOUSING AND URBAN DEVELOPMENT

MORTGAGE

City: New Rochelle
County: Westchester
Section: 2
Block: 448
Lot: 27A

Record and Return To:

U.S. Department of Housing and Urban Development
Office of Regional Counsel
26 Federal Plaza, Room 3500
New York, New York 10278
Attn: Erica R. Levin, Esq.