

**Parcel ID No.: 04-00239013**

**Project Name: Scarborough Square Townhomes & Apartments**

**SUBORDINATE DEED OF TRUST  
SECURITY AGREEMENT AND ASSIGNMENT OF RENTS**

**HOUSING INITIATIVE FUND (HIF)**

THIS SUBORDINATE DEED OF TRUST, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS (as amended, modified or supplemented from time to time, this “**Deed of Trust**”) is made as of December \_\_, 2024, among the land records of Montgomery County Maryland, by and between RHE Scarborough Square, LLC (hereinafter called the “**Grantor**”), a limited liability company organized and existing under the laws of the State of Maryland whose address is 1300 Piccard Drive Suite 203, Rockville, MD 20850, and John P. Markovs in his capacity as County Attorney of Montgomery County, Maryland (the “**Trustee**”), for the benefit of **MONTGOMERY COUNTY, MARYLAND**, a body politic and corporate, whose address is c/o Office of the County Attorney, Montgomery County, Maryland, 101 Monroe Street, 3<sup>rd</sup> Floor, Rockville, Maryland 20850 (the “**Beneficiary**”).

WHEREAS, the County Council for Montgomery County, Maryland, has adopted Article I of Chapter 25B of the Montgomery County Code (“**Chapter 25B**”), which authorizes the County Executive to encourage and assist in the production of affordable rental housing; and

WHEREAS, the Grantor has acquired a property located at 438 College Pkwy, Rockville, Maryland 20850, more particularly described in Exhibit A attached hereto (the “**Land**”) and made a part hereof, for the purpose of operating a 121-unit residential facility, with currently sixty-on (61) rented to households whose income is no greater than 60% of the area median income for the Washington Metropolitan Statistical Area (“**AMI**”) (the “**Project**”) in accordance with Chapter 25B; and

WHEREAS, the Grantor requires funding to pay essential mortgage payments, interest reserve replenishment, and new extension fees related to the prior financing of the acquisition of the Project, and has obtained a loan from the Beneficiary from the Housing Initiatives Fund (the “**HIF Program**”) in the amount of **One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00)** (the “**Loan**”); and

WHEREAS, the HIF Program provides financing for qualified recipients who utilize the funds to provide affordable housing as provided in Chapter 25B; and

WHEREAS, the Grantor is willing to comply with the requirements of the HIF Program as required by Beneficiary and as identified herein; and

WHEREAS, as of the date this Deed of Trust, the Grantor is justly indebted to the Beneficiary in the principal sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) as evidenced by a Promissory Note and Security Agreement and Guaranty Housing Initiative Fund of even date herewith made by the Grantor in favor of the Beneficiary (the “**Note**”); and

WHEREAS, as of the date of this Deed of Trust, the Grantor is further justly indebted to the Beneficiary in the principal sum of Ten Million Seven Hundred Seventy Thousand and 00/100 Dollars (\$10,770,000.00) as evidenced by a Deed of Trust Note, as amended by that certain Allonge to Deed of Trust Note dated December \_\_, 2024 made by the Grantor in favor of the Beneficiary (the “**County Senior Note**”).

WHEREAS, it is a condition precedent to the making of the Loan that the performance of all Grantor’s obligations to the Beneficiary now or hereafter contracted will be secured by this Deed of Trust.

NOW THEREFORE, in consideration of the promises set forth herein and other good and valuable consideration, the Grantor irrevocably grants and conveys to the Trustee, in trust for the Beneficiary, the Grantor’s fee simple interest in the Land, together with:

- (a) all buildings and improvements of every kind and description now or hereafter erected or placed on the Land, and all fixtures and articles of personal property which are, or which may hereafter be, attached to and used with the Land (except such personal property belonging to any tenants) (the “**Improvements**”);
- (b) all the rights, roads, alleys, ways, waters, privileges, easements, and appurtenances thereunto belonging or in any way appertaining, and including any right, title, interest, and estate hereafter acquired by the Grantor in the Land;
- (c) all building materials and other chattels on the Land now owned or hereafter acquired by the Grantor and incorporated or intended to be incorporated in the buildings and improvements now or hereafter on the Land and all of the Grantor’s present and future fixtures, equipment, accessories, and furniture now or hereafter attached to or affixed to the buildings and improvements including, but not limited to kitchen cabinets, hot water heaters, gas and electric ranges, laundry equipment and tubs, medicine cabinets, lighting fixtures, heating and air conditioning equipment, piping, tubing, duct work, radiators, storm windows, storm doors, screens, screen doors, window shades and awnings, all of which fixtures, accessories and equipment now or hereafter placed upon the Land and are hereby declared by the Grantor to be fixtures and permanent additions to the Land and intended to be included as part of the Land hereby conveyed, except in all cases personal property owned by any tenants (collectively the “**Equipment**”);
- (d) the Grantor’s interest in any award made in the nature of compensation for condemnation or appropriation for any of the foregoing property by any governmental body or any other person exercising any powers in the nature of condemnation over or with respect to the Mortgaged Premises (as defined below), including awards or damages for matters other than a direct taking which nonetheless affect any of the foregoing property;
- (e) any and all federal and state assistance payments to which the Grantor is entitled with respect to the Mortgaged Premises (as defined below);

(f) all rents, revenues and other moneys of whatever nature that the Grantor may receive or be entitled to receive generated by operation of the Mortgaged Premises excluding funding for social services provided to residents, including those now due, past due, or to become due, (hereinafter collectively called “**Rents**”) as a result of any lease or other occupancy agreement, for the occupancy or use of all or any part of the Mortgaged Premises (as defined below), now existing or hereafter created, and all renewals and guaranties thereof (hereinafter collectively called “**Leases**”);

(g) all amounts payable to or receivable by the Grantor under the terms of any contract for the construction of the Mortgaged Premises (as defined below) or any surety bond issued on account of such construction.

(h) all rights under and amounts recoverable under warranties as to quality or performance of any material, part, subassembly, appliance, or other component part of the Mortgaged Premises (as defined below);

(i) all proceeds of casualty insurance on the Mortgaged Premises (as defined below) or any part thereof;

(j) any real estate tax rebates or refunds which it is determined the Grantor is entitled to receive;

(k) any fee simple interest or other estate or interest in the Land which the Grantor shall hereafter acquire shall be subject to the terms of this Deed of Trust without any further conveyance and become part of the Mortgaged Premises (as defined below);

(l) all leases and licenses now existing or hereafter made for any property described in these granting clauses; and

(m) all construction or improvement work in progress on any of the property described above.

TO HAVE AND TO HOLD said Land, Improvements and other property and rights described above (hereinafter collectively called the “**Mortgaged Premises**”) to the Trustee, in fee simple, in trust for the following purposes:

To secure to the Beneficiary (a) the full and punctual repayment of the Loan evidenced by the Note, with interest thereon, if not sooner paid, due and payable in accordance with its terms; (b) the payment of all other sums, with interest thereon, advanced according to this Deed of Trust to protect the security of this Deed of Trust; (c) the performance of the covenants and agreements of the Grantor herein contained; and (d) the repayment of any future advances with interest thereon, made to the Grantor by the Beneficiary.

PROVIDED, HOWEVER, that if the Grantor, or its successors or assigns, shall pay in full the Note together with interest thereon from the date hereof in the manner provided in the Note and this Deed of Trust, and keeps and performs every obligation, term, covenant, condition and warranty contained herein and in the Note, then this Deed of Trust shall be void and the Beneficiary shall, upon the written request of the Grantor, execute a release of the same form from the Land Records of Montgomery County, Maryland.

The Grantor, in order to more fully protect the security of this Deed of Trust covenants and agrees with Beneficiary, its successors and assigns, as follows:

1. Representations and Warranties. The Grantor represents and warrants to the Beneficiary that at the time of recordation of this Deed of Trust:

(a) the Grantor is a limited liability company duly organized and validly existing under the laws of the State of Maryland and is in good standing and may hold title to real property in the State of Maryland;

(b) all statements or information contained in all applications, correspondence or other materials delivered to the Beneficiary for its consideration of the Loan or relating to the Mortgaged Premises by the Grantor (and, to the best of the Grantor's knowledge, any third party at the Grantor's request) are true and correct in all material respects, and the Grantor has not failed to state any fact necessary in order to make the statements or information in such statements, in light of the circumstances under which they were made, not misleading;

(c) the Grantor is seized and possessed of marketable fee simple interest in the Mortgaged Premises;

(d) no event has occurred and no condition exists which constitutes an Event of Default under this Deed of Trust or which, but for a requirement of notice or lapse of time, or both, would constitute such an Event of Default;

(e) the Grantor has taken all action necessary to make the Note valid, binding and legal obligation of the Grantor, to make this Deed of Trust a valid, binding and legal obligation and instrument for the security of the Note in accordance with its terms, and to authorize in accordance with all applicable requirements the execution and delivery of the Note and this Deed of Trust.

2. Payment of Principal and Interest. The Grantor covenants to pay promptly the unpaid principal sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) together with interest accrued on the indebtedness, as evidenced by the Note, at the date and place, and in the manner and subject to the terms provided in the Note.

3. Payment of Additional Sums. The Grantor shall repay to the Beneficiary or the Trustee, as the case may be, at the times and in the manner provided herein, any additional sums advanced or expended by the Trustee or the Beneficiary for the Grantor's account pursuant to the provisions of this Deed of Trust.

4. Prepayment of the Loan. The Loan may be prepaid in full at any time without penalty or premium.

5. Warranty of Title. The Grantor hereby warrants specially its fee simple interest in the Land and its fee simple interest in the balance of the Mortgaged Premises and every part thereof, whether now owned or hereafter acquired, to the Beneficiary and its successors and assigns. The

Grantor covenants that it will comply with all terms, covenants and conditions of all agreements and instruments of record or known to the Grantor affecting the Mortgaged Premises.

6. Further Assurances. The Grantor shall, within fifteen (15) days after receipt of a written request to do so, execute and record, or file, all and every such further instrument, document, renewal, or assurance as may be required in the Beneficiary's reasonable opinion to (a) subject the Mortgaged Premises to the lien of this Deed of Trust, (b) perfect, preserve or protect such lien, (c) secure the rights and remedies of the Beneficiary and the Trustee, (d) better assure, assign and confirm to the Beneficiary the Leases and Rents, or (e) transfer the Mortgaged Premises to any new trustee or trustees. The Grantor shall repay to the Beneficiary on demand all expenses, charges and taxes incurred by the Beneficiary or the Trustee in connection therewith.

7. Payment of Taxes, Insurance Premiums and Assessments.

(a) The Grantor covenants to duly and punctually pay or cause to be paid and discharged or cause to be discharged before they become delinquent, all taxes, water rents, assessments, public and private, and other governmental or municipal dues, charges, levies and impositions, or payment in lieu of taxes (collectively "**Taxes**") which are or may be imposed upon the Mortgaged Premises or on the Loan, together with all insurance premiums that next become due or payable on policies of fire and other property insurance covering the Mortgaged Premises as required by Section 11 hereof (the "**Premiums**"). The Grantor shall upon request provide the Beneficiary with copies of evidence of the payment of such Premiums.

(b) The Grantor will pay all the Taxes, Premiums and charges before the same become delinquent or subject to interest or penalties, and failure to do so is an event of Default, and thereafter the Beneficiary may elect, but is not required, to pay the same, or cause the same to be paid. All such sums so paid by or on behalf of the Beneficiary shall bear interest at the Legal Rate of Interest provided in Article 3, §57 of the Maryland Constitution ("**Legal Rate**") from the date of the advance and shall be due and payable to the Beneficiary upon demand.

8. Use of Mortgaged Premises. The Grantor shall not, without prior written approval of the Beneficiary, which approval may be withheld in the Beneficiary's sole discretion:

(a) except in connection with sales, dispositions, and other transfers of property constituting the Mortgaged Premises which are necessary in the day-to-day operation of the Mortgaged Premises, sell assign, encumber or otherwise transfer, the Mortgaged Premises or any part thereof, or permit the sale, assignment, transfer, or encumbrance of the Mortgaged Premises, or any part thereof, or permit any other lien, junior or senior, against the Mortgaged Premises or modify or amend any note or subordinate deed of trust unless previously approved by Beneficiary;

(b) except in connection with sales, dispositions, and other transfers of property constituting the Mortgaged Premises which are necessary in the day-to-day operation of the Mortgaged Premises, sell assign, encumber or otherwise transfer any personal property which is used with, or is part of, the Mortgaged Premises, including rents, or pay out any funds, except for reasonable operating expenses and necessary repairs.

(c) except for: (i) leases of units in the Mortgaged Premises; (ii) transfers of the Mortgaged Premises resulting from foreclosure or deed in lieu of foreclosure; or (iii) sell, assign, encumber or otherwise transfer any beneficial interest in the Mortgaged Premises, or the Grantor's right to manage the Mortgaged Premises or receive the Rents;

(d) sell, assign, encumber or otherwise transfer any right or interest in, or title to, any funds, including, without limitation, letters of credit and other assets, deposited by the Grantor with the Beneficiary pursuant to this Deed of Trust, or reserved by the Beneficiary for the Grantor; or

(e) except as set forth in Section 10 below, substantially remodel, add to, reconstruct, or demolish any material part of the Mortgaged Premises or materially subtract from any real or personal property comprising the Mortgaged Premises, except as previously identified to Beneficiary.

#### 9. Management and Environmental Protection.

(a) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials furnished.

(b) The Mortgaged Premises, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any reasonable time by the Beneficiary or its duly authorized agents at the Beneficiary's cost. The Grantor shall keep copies of all written contracts or other instruments which affect the Mortgaged Premises, all of which are subject to inspection and examination by the Beneficiary or its duly authorized agents.

(c) The books and accounts of the operations of the Mortgaged Premises and the Land shall be kept according to the requirements of the Beneficiary and in accordance with generally accepted accounting procedures.

(d) The Grantor warrants and represents that it has investigated or caused to be investigated the previous ownership and uses of the Mortgaged Premises, in a manner consistent with good commercial practices, to determine whether activities have been conducted which might involve the use, manufacturing, storage or disposal of any "Hazardous Wastes" (as herein defined) or any "Toxic Substances" (as herein defined), and, except for the presence of any Hazardous Wastes or Toxic Substances that are used and stored in compliance with all Environmental Laws, such investigation has revealed no information which would indicate that any of the Mortgaged Premises has been subjected to the use, manufacturing, storage or disposal of any Hazardous Wastes or Toxic Substances.

As used in this Deed of Trust: (i) "**Hazardous Wastes**" means all waste materials subject to regulation under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Sections 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 et seq., or applicable state law and any other applicable federal, state or local laws

and their regulations now in force or hereafter enacted relating to hazardous waste disposal; and (ii) **“Toxic Substances”** means and includes any materials present on the Mortgaged Premises which have been shown to have significant adverse effects on human health or which are subject to regulation under the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., applicable state law, or any other applicable federal, state or local laws now in force or hereafter enacted relating to toxic substances. “Toxic Substances” includes, but is not limited to, asbestos, polychlorinated biphenyls (**“PCBs”**), petroleum products, and lead based paints. All such laws relating to hazardous waste disposal and toxic substances are collectively referred to herein as **“Environmental Laws.”**

(e) The Grantor warrants and represents that, to its knowledge, there is no pending or threatened litigation, order, ruling, notice, permit or investigation regarding any Hazardous Wastes or Toxic Substances on or affecting any of the Mortgaged Premises.

(f) The Grantor and any other parties, including but not limited to, tenants, licensees and occupants, will not be involved in any activity at or near the Mortgaged Premises, which activity could involve or lead to (i) the use, manufacture, storage or disposal of any Hazardous Wastes or any Toxic Substances (other than a de minimus amount of such substances which are used in accordance with, and are in such amounts, as are permitted under applicable law), or (ii) the imposition of liability on the Grantor or any other subsequent or former owner of the Mortgaged Premises, or the creation of a lien on the Mortgaged Premises under any Environmental Laws.

(g) The Grantor will comply strictly and in all respects with the requirements of all Environmental Laws and shall promptly notify the Beneficiary in the event of the discovery of any Hazardous Wastes or Toxic Substances upon the Mortgaged Premises (other than a de minimus amount of such substances which are used in accordance with, and are in such amounts, as are permitted under applicable law). Further, the Grantor will promptly forward to the Beneficiary copies of all orders, notices, permits, applications or other communications and reports in connection with any discharge, spillage, use or the discovery of any Hazardous Wastes or Toxic Substances or any other matters relating to the Environmental Laws as they may affect the Mortgaged Premises.

(h) The Grantor agrees that if at any time the Beneficiary has reasonable cause to believe that there is any Hazardous Wastes or Toxic Substances upon the Mortgaged Premises (other than a de minimus amount of such substances which are used in accordance with, and are in such amounts, as are permitted under applicable law), the Beneficiary may obtain, at the Grantor’s cost, an environmental site assessment or environmental audit report from a firm acceptable to the Beneficiary to assess with a reasonable degree of certainty (i) the presence of any Hazardous Wastes and Toxic Substances and (ii) the cost in connection with abatement, cleanup or removal of such.

(i) The Grantor agrees that if at any time the Beneficiary has reasonable cause to believe that there is any Hazardous Wastes or Toxic Substances upon the Mortgaged Premises (other than a de minimus amount of such substances which are used in accordance with, and are in such amounts, as are permitted under applicable law), whether or not the same originates or emanates from there, or if the Grantor, following notice from the Beneficiary, fails to comply with any of the requirements of any of the Environmental Laws within sixty (60) days thereafter, the

Beneficiary may, at the Grantor's expense, but without obligation to do so, (i) give such notices, (ii) cause such work to be performed at the Mortgaged Premises, and/or (iii) take any and all other actions as the Beneficiary shall deem necessary or advisable in order to abate, remove and clean up the Hazardous Waste or Toxic Substances or otherwise cure the Grantor's non-compliance.

10. Maintenance. The Grantor (i) will keep the Mortgaged Premises in good order, condition, and repair, and will not permit or suffer any waste thereof; (ii) will make all needed and proper renewals, replacements, repairs and additions of and to the same and will permit the Beneficiary or its designee to enter upon and inspect the Mortgaged Premises at any reasonable time or times; (iii) will not alter or tear down the improvements to be made therein nor permit them to be altered or torn down, without the written consent of the Beneficiary; (iv) will not make any substantial improvements to or on the Mortgaged Premises that have not been approved in writing by the Beneficiary (except for the improvements and alterations contemplated in connection with the acquisition of the Mortgaged Premises, as such plans may be amended from time to time); (v) will not sell, abandon, cease to own, assign, encumber, transfer or dispose of the Mortgaged Premises or any interest therein, without prior written consent of the Beneficiary; (vi) will obey and comply with all applicable statutes, laws, ordinances, regulations, orders or other requirements of any governmental body exercising jurisdiction over the Mortgaged Premises, or the use, condition or occupancy of the Mortgaged Premises; and (vii) will observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses and permits applicable to the Mortgaged Premises.

11. Insurance.

(a) The Grantor will at all times maintain or cause to be maintained during the Loan and keep in force, at its own expense, at least the following:

(i) Policies of insurance (A) insuring the Mortgaged Premises against loss or damage by fire and all other casualties, as are presently included in the form of casualty insurance commonly known as "Extended Coverage," and against vandalism and malicious mischief, in an amount not less than the actual cash value of the existing Improvements on the Mortgaged Premises, (exclusive of excavation and foundation, costs of underground tanks, conduits, pipes, pilings and other similar underground items) with building ordinance and renovation endorsements converting to full replacement value of the Mortgaged Premises and the improvements upon completion of any renovation of the improvements, if any, without deductions for the depreciation thereof, and (B) in no event less than the aggregate of the principal amount of the Note and the principal amount of any senior loan. The Grantor shall be named insured, and Beneficiary shall be named as loss payee as its interests may appear.

(ii) Rent insurance against loss of income arising out of damage or destruction resulting from fire or other casualty covered by the so called "Extended Coverage" referred to in Section 11(a)(i) in an amount equal to the gross rental income receivable from the Mortgaged Premises for a period of six (6) months. The proceeds from any such insurance shall be payable to Beneficiary and drawn upon by the Grantor pursuant to the Beneficiary's draw schedule and upon completion of repairs and restoration for the portion of the Mortgaged Premises damaged or destroyed, if the Grantor is not then in default under this Deed of Trust, any remaining of such



proceeds shall be payable to the Grantor. The Grantor shall be named insured under such policy and Beneficiary shall be named as additional insured, as its interests may appear.

(iii) Subject to the requirements of subsection 11(e) below, with respect to the Mortgaged Premises, Comprehensive General Liability insurance against claims for bodily injury, including personal injury or death, occurring upon or in the Mortgaged Premises and on or in the streets adjoining the Mortgaged Premises, to afford protection to the limit of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate in the event of bodily injury, personal injury, or death of any number of persons or of damage to property arising out of one occurrence, and an umbrella liability policy in the amount of Twenty Five Million Dollars (\$25,000,000) in the event of bodily injury, personal injury, or death of any number of persons or of damage to property arising out of one occurrence. The Grantor shall be named insured and Beneficiary shall be named as additional insured as its interests may appear.

(b) Upon the closing and on each anniversary date of the closing, the Grantor shall provide Beneficiary with certificates of insurance and other evidence of the continued existence of adequate hazard insurance required by this Section 11 and other policies of insurance as determined by Beneficiary.

(c) All insurance policies, exclusions and certificates shall be prepaid in form and substance acceptable to Beneficiary from companies acceptable to the Beneficiary and licensed to do business in Maryland and maintaining a Best's rating of at least A+. Said policies shall carry deductibles, if any, of not more than Ten Thousand Dollars (\$10,000).

Such insurance policies shall provide that they shall not be cancelled, allowed to expire or changed in any manner that will reduce coverage without thirty (30) days prior written notice to the Beneficiary. Prepaid policies meeting the requirements of subparagraph (a) above shall be furnished by the Grantor to the Beneficiary at or prior to the execution and delivery of this Deed of Trust, and thereafter on the anniversary date of each such policy.

(d) Each policy shall have attached thereto a standard noncontributing mortgagee clause (in favor of the Beneficiary and entitling the Beneficiary, to collect any and all proceeds payable under all insurance), as well as a standard waiver of subrogation endorsement, all in such form as is acceptable to the Beneficiary. The Grantor hereby authorizes and empowers Beneficiary as attorney-in-fact for the Grantor to make proof of loss, to adjust and compromise any claim under the insurance policies referred to in Section 11(a)(i), to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom the Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained herein shall require the Beneficiary to incur any expense or take any action hereunder. If the Grantor is the payee, or one of the payees, of any check or other instrument representing payment of any insurance proceeds referred to in Section 11(a)(i), then upon the occurrence and during the continuance of an Event of Default hereunder, then the Grantor will endorse the same to the order of the Beneficiary and deliver the same to the Beneficiary; and if the Grantor fails to do so, the Grantor hereby irrevocably authorizes any officer of the Beneficiary to endorse and deliver the same to the order of the Beneficiary as the Grantor's attorney-in-fact. The policy for insurance required by Section 11(a)(i) shall provide that any losses thereunder shall be

payable to the Beneficiary for application as provided herein notwithstanding any act or neglect of the Grantor or other interested party which might otherwise result in a forfeiture of such insurance. The Grantor covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery upon the aforesaid insurance policies.

(e) The Beneficiary may require the Grantor to furnish additional insurance, at the Grantor's expense, deemed necessary by the Beneficiary.

(f) If the Grantor fails to maintain any insurance as provided in this Section 11, the Beneficiary may (but shall be under no obligation to), upon such notice to the Grantor as is reasonable under the circumstances, procure and maintain such insurance, and any amounts so advanced therefore by the Beneficiary shall become an additional obligation of the Grantor to the Beneficiary, which amounts together with interest thereon at the Legal Rate from the date thereof, the Grantor agrees and covenants to pay; and such payments and interest shall be considered to be additional indebtedness secured hereby. The Grantor shall not carry separate insurance, concurrent in kind or form or contributing in the event of loss, with any insurance required hereunder.

(g) In the event of any damage to the Mortgaged Premises costing in excess of Fifty Thousand Dollars (\$50,000), the Grantor shall immediately notify the Beneficiary. If the casualty insurance proceeds exceed Fifty Thousand Dollars (\$50,000) an estimate of costs of repairing or replacing the damaged property and such plans and specifications as may, in the judgment of the Grantor, be required therefore, shall be prepared by an architect selected by the Grantor and approved by the Beneficiary. Provided that no Event of Default hereunder exists and is continuing, the casualty insurance proceeds less the costs and expenses, if any, of collecting the same, shall, to the extent necessary, be applied to the repair and replacement of the damaged property; provided, however, that if the Grantor and the Beneficiary agree in writing that either such repair or replacement is not economically feasible, or that the failure to repair or replace will not adversely affect the payment of the principal and interest on the Note, such proceeds shall be retained by the Beneficiary and applied proportionately to prepayment of the Note. If such proceeds are to be applied to repair or replacement, the Grantor shall, in such manner as Beneficiary shall prescribe, apply such proceeds to the payment of the costs of repair or replacement. If such proceeds are more than sufficient for repair or replacement, the balance shall be applied to prepayment of the Note as aforesaid. If the insurance proceeds are applied to the prepayment of the Note, any such application of proceeds to principal shall not extend or postpone the Maturity Date of the Note or the due dates of the monthly installments referred to herein or change the amount of such installments.

(h) If the Mortgaged Premises are sold pursuant to Section 18 hereof or if the Beneficiary acquires title to the Mortgaged Premises, the Beneficiary shall have all the right, title and interest of the Grantor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Mortgaged Premises prior to such sale or acquisition.

(i) Except in cases where the Grantor and the Beneficiary agree not to make repairs or replacements, the Grantor shall commence and diligently prosecute the repair or replacement of the damaged property according to any plans or specifications prepared by the architect; provided, however, that no plans and specifications need to be prepared where the amount of loss or damage does not exceed Fifty Thousand Dollars (\$50,000.00).

12. Advances by the Beneficiary. If the Grantor shall fail to perform any of the covenants or obligations contained herein, and does not rectify such matter within thirty (30) days after written notice is provided to the Grantor, or does not commence to rectify such matter within said thirty (30) days and thereafter diligently pursue the remedy, the Beneficiary may make advances or payments to perform the same but shall be under no obligation to do so; and any amount so advanced shall become part of this indebtedness secured hereby and bear interest at the Legal Rate. No such advance of payment shall relieve the Grantor of any obligation or waive an Event of Default hereunder; provided however that the Beneficiary may make such advances or payments without any notice and/or cure period if (a) in the Beneficiary's sole but reasonable judgment, the same is necessary on account of any emergency, to preserve the value of or otherwise protect the Mortgaged Premises and/or to keep in effect any of the leases and/or (b) there then exists any Event of Default hereunder other than with respect to such advances of payments.

13. Discharge of Liens; Compliance with Laws. The Grantor shall (a) keep the Mortgaged Premises free from all liens and claims of every kind, and such encumbrances as are approved by the Beneficiary in writing and except as permitted by this Deed of Trust; and (b) promptly and faithfully comply with and obey all laws, ordinances, rules, regulations, requirements and orders of every duly constituted governmental authority or agent having jurisdiction over the Mortgaged Premises.

14. Non-Discrimination. The Grantor will comply with the provisions of the federal, state and local law prohibiting discrimination in housing on the grounds of race, color, creed, national origin, sex, ancestry, marital status, or physical or mental disability, family responsibility, gender identity, sexual orientation, genetic status or handicap, including Title VI and VII of the Civil Rights Act of 1964 (Public Law 88-352) and Title VIII of the Civil Rights Act of 1968 (Public Law 90-284), Title 20 of the State Government Article of the Annotated Code of Maryland and Chapter 27 of the Montgomery County Code, and Executive Regulations promulgated under Chapter 27.

15. Events of Default. The occurrence of any one or more of the following events shall be deemed an "**Event of Default**" for purposes of this Deed of Trust:

(a) if the Grantor fails to make payment on account of the unpaid principal sum of the indebtedness secured hereunder or interest thereon under the Note or of any sum required to be paid under this Deed of Trust (including amounts referenced in Sections 2, 3 and 7 hereof) or the Note within fifteen (15) days of when the same is due and payable as herein or in the Note provided; or

(b) (i) if the Grantor, or any party on behalf of or against the Grantor, (A) files any petition for relief under the Bankruptcy Code, as amended from time to time, (B) files any petition or pleading initiating any state or federal bankruptcy or insolvency proceeding, (C) makes, or files any petition to initiate, an assignment or composition for the benefit of creditors, or (D) files any petition or pleading initiating any action seeking a judicial modification or alteration of the rights of the Beneficiary; or (ii) if the Grantor shall (A) become bankrupt or insolvent, as the terms are defined in the Bankruptcy Code, Annotated Code of Maryland, or other applicable law, or (B) become unable to pay debts generally as they become due or (iii) if any court of competent

jurisdiction enters an order appointing a trustee or receiver of or for the Mortgaged Premises, or a substantial portion of the Mortgaged Premises, or for the Grantor; or

(c) if the Grantor fails to observe or perform any one or more terms, covenants or conditions on the part of the Grantor contained in any document executed in connection with the Loan, including but not limited to the Note, this Deed of Trust and the Regulatory Agreement within the time (including any applicable grace period) set forth therein; or

(d) if the Grantor institutes any proceedings for its dissolution or liquidation (unless its rights and obligations under the Note and this Deed of Trust have been assigned to a successor or assignee with the written permission of the Beneficiary) or fails to remain in good standing in the State of Maryland; or

(e) if the Grantor fails to pay or perform any obligation contained in any other mortgage, deed of trust, security agreement or other instrument that creates a lien upon the title to the Mortgaged Premises which is not cured within any permissible grace period, if any, specified in any such instrument; or

(f) if any representation or warranty of the Grantor contained in this Deed of Trust, the Note or any other document or certificate executed in connection with the Loan shall be untrue in any material respect; or

(g) if the Grantor fails to satisfy any judgment entered against it relating to the Mortgaged Premises after time to appeal such judgment has passed; or

(h) upon the dissolution of the Grantor.

With respect to subsections (b) through (g), the Grantor shall have forty-five (45) days after written notice from the Beneficiary to the Grantor to cure any Event of Default or to commence a cure for any Event of Default which cannot be fully satisfied within such period provided it diligently and continuously prosecutes the cure. The Beneficiary shall accept any cure tendered by Rockville Housing Enterprises upon the same terms as if tendered directly by the Grantor.

16. Beneficiary's Rights Upon Event of Default. The Beneficiary may, in addition to any remedy granted or existing by law or equity, or by custom, usage or otherwise, without further notice to or demand upon the Grantor or any other party having an interest in the Mortgaged Premises, and without regard to the value of the Mortgaged Premises held as security for the indebtedness due hereunder or the solvency of any entity liable for the payment of such indebtedness, at its option and whether or not electing to declare the whole indebtedness due and payable, do any or all of the following:

(a) declare the entire amount of the indebtedness evidenced by the Note which is then unpaid, including any interest and other unpaid sums accruing thereunder, and any other amounts payable under the provisions of this Deed of Trust or of any other document executed in connection therewith, to be immediately due and payable;

(b) terminate the license granted to the Grantor under the provisions of Section 23 and, either personally or by any attorney or agent without bringing any action or proceeding, or by a receiver appointed by a court of competent jurisdiction, enter upon and take possession of any of all of the Mortgaged Premises;

(i) upon such entry, the Beneficiary shall have the right (A) to exclude the Grantor, its agents and servants wholly from the Mortgaged Premises, and to have, hold, manage, lease, use, operate and control it on such term and for such period of time as the Beneficiary may deem proper in its sole discretion, and/or (B) to collect and receive all Rents, for which this Deed of Trust shall be sufficient authority whether or not any such Lease has been assigned to the Beneficiary;

(ii) upon every such entry, the Beneficiary, at the expense of the Grantor and Mortgaged Premises, may from time to time (A) take such steps and expend such sums as are reasonably necessary to preserve and protect the Mortgaged Premises, and (B) make all necessary and proper repairs, renewals, replacements and useful or required alterations and improvements to the Mortgaged Premises as, in the Beneficiary's sole judgment, may be reasonably necessary or desirable;

(iii) after deducting the expenses of or incident to managing and operating the Mortgaged Premises, conducting the business thereof, making any repair, maintenance, renewals, replacements, alterations and improvements thereto, taking and retaining possession of the Mortgaged Premises, and keeping it properly insured, the Beneficiary shall be entitled to apply the residue of the Rents in such order or priority as the Beneficiary may determine, any statute, law, custom or use contrary notwithstanding, to the payment of (A) any tax the lien of which may have priority over the lien of this Deed of Trust, (B) premiums for all insurance which the Beneficiary may deem necessary or desirable with interest thereon, (C) the interest and principal due and secured by this Deed of Trust, and (E) all costs and attorney's fees incurred in connection therewith;

(c) cure any Event of Default without releasing the Grantor from any obligation hereunder;

(d) commence and maintain one or more actions at law or in equity or by any other appropriate remedy (i) to protect and enforce the Beneficiary's rights whether for specific performance of any covenant or agreement herein contained which covenants and agreements Grantor agrees shall be specifically enforceable by injunction or other appropriate equitable remedy, (ii) to collect any sum then due hereunder, (iii) to aid the execution of any power herein granted, (iv) to foreclose this Deed of Trust, and/or (v) to sell the Mortgaged Premises, without regard to whether or not any sum secured by this Deed of Trust is then due and payable and without prejudice to the right of the Beneficiary thereafter to pursue and enforce any other appropriate remedy against the Grantor, whether such remedy is provided for hereunder or by any applicable law for any Event of Default which may have occurred at the time which any such earlier action was commenced; or

(e) use, convert to cash, dispose of, transfer, sell or assign any and all reserves, deposits or escrows held for its benefit, including letters of credit, pledges or guarantees for any purpose necessary, desirable, or useful, in the Beneficiary's sole discretion, for the construction,

maintenance, protection or preservation of the Mortgaged Premises or as an offset to amounts owing and secured hereby whether or not such amounts have been accelerated.

17. Assent to Decree; Power of Sale. The Grantor hereby (a) declares its assent to the passing of a decree upon or after the occurrence of an Event of Default for the sale of any or all of the Mortgaged Premises or any estate or interest therein by any equity court having jurisdiction over the sale of the Mortgaged Premises, and (b) authorizes and empowers the Trustee to take possession upon or after the occurrence of an Event of Default of any or all of the Mortgaged Premises and to sell any or all of it or any estate or interest therein according to the provisions of the Maryland Rules of Procedure and Title 14 of the Real Property Article of the Annotated Code of Maryland, as amended, and of laws, statutes, or ordinances relating to or affecting deeds of trust or security agreements, including any amendments thereof or additions thereto. Neither the foregoing assent to decree or the foregoing power of sale shall be exhausted if such proceeding or sale is dismissed or canceled before the indebtedness secured hereby is paid in full.

Any sale made under this Deed of Trust whether under power of sale, judicial proceedings, foreclosure of assent or decree, or otherwise shall operate to direct all right or interest of the Grantor in and to the Mortgaged Premises, and rights so sold, and shall be a perpetual bar both in law and equity against the Grantor.

18. Foreclosure. If any or all of the Mortgaged Premises or any estate or interest therein is to be sold under the provisions of this Deed of Trust, by virtue of a judicial sale or otherwise, it may be sold at public auction, as an entirety or in one or more parcels, by one sale or by several sales held at one time or at different times, with such postponement of any such sale as the Trustee may deem appropriate and without regard to any right of the Grantor or any other person to the marshaling of assets. Any such sale or sales shall be held at such time or times, and at such place or places, and shall be made upon such terms and conditions and after such previous public notice as required by law, as the Trustee may deem appropriate. The Beneficiary may bid and become the purchaser at any such sale, and shall, upon presentation of the Note or a true copy thereof at such sale, be credited for the unpaid balance or interest as the Beneficiary may specify, against any price bid by the Beneficiary thereat. The terms of sale being complied with, the Trustee shall convey to and at the cost of the purchaser at such sale the Grantor's interest in so-much of the Mortgaged Premises as is so sold, free of and discharged from all estate, right, title or interest of the Grantor at law or in equity, such purchaser being hereby discharged from all liability the application of the purchase money.

19. Application of Proceeds of Sale of Mortgaged Premises. In the case of any sale of the Mortgaged Premises or of any part thereof, whether under the power of sale herein granted, assent to decree or other judicial proceedings, the purchase money, proceeds and avails thereof, together with any other sums which may then be held as security hereunder or be due under any of the provisions hereof as a part of the property, shall be applied as follows:

FIRST, to pay all proper costs, charges, reasonable attorneys' fees and expenses, including the fees and costs of the Trustee, and to pay or repay to the Beneficiary all money advanced by the Beneficiary for Taxes, insurance or otherwise, with interest thereon at the Legal Rate, and to pay all taxes due upon the Mortgaged Premises at the time of sale unless said sale is made subject to any such taxes and if necessary, to pay a commission to the person or persons making the sale

equal to the commission allowed trustees for making sales of property under decrees of the equity court having jurisdiction;

SECOND, to pay whatever may then remain unpaid of the principal indebtedness hereunder and interest thereon to the date of payment, whether the same shall be due or not, it being agreed that the indebtedness shall, upon such sale being made before the maturity of the indebtedness, be and become immediately due and payable at the election of the Beneficiary;

THIRD, to pay the remainder of said proceeds, if any, less the expense, if any, of obtaining possession, to the Grantor or other party lawfully entitled to receive the same, upon the delivery and surrender of possession of the Mortgaged Premises sold and conveyed and delivery of all records, books, leases, agreements, security deposits of the lessees and all other material relating to the operation of said Mortgaged Premises. Immediately upon the first insertion of any advertisement or notice of sale of the Mortgaged Premises, or any part thereof under this Deed of Trust, there shall become due and owing by the Grantor expenses incident to such advertisement or notice, all court costs and all expenses incident to any foreclosure proceeding brought under this Deed of Trust or otherwise, and a commission on the total amount of the indebtedness secured hereby equal to one-half ( $\frac{1}{2}$ ) the percentage allowed as commissions to trustees making sales under orders or decrees of the equity court having jurisdiction and the Beneficiary shall not be required to review the principal and interest in satisfaction of the indebtedness secured hereby, but said sale may be proceeded with unless, prior to the day appointed therefor, tender is made of said principal, interest, commissions and all expenses and costs incident to such sale and all other sums that are part of the indebtedness secured hereby, including any amounts which would be required in the event of voluntary payments.

20. Intentionally Omitted.

21. Effect of Payment/Cure. Any payment or other cure made according to the provisions of this Deed of Trust by any subsequent owner of any or all of the Mortgaged Premises, by any other person whose interest in the Mortgaged Premises might be prejudiced in the event of a failure to make such payment, or by any stockholder, officer or director of a corporation which any time is liable for such payment or owns or has an interest in the Mortgaged Premises or in the Grantor, shall be deemed, as between the Beneficiary and all persons who at any time may be liable as aforesaid or may own any or all of the Mortgaged Premises or the Grantor, to have been made on behalf of all such persons.

22. Use of Mortgaged Premises in Absence of Default. Until one or more of the Events of Default shall happen (but not thereafter), the Grantor shall have possession of the Mortgaged Premises and shall have the right to use and enjoy the same and to receive any Rents, subject to the terms of this Deed of Trust.

23. Assignment of Rents; Appointment of Receiver. As part of the consideration for the indebtedness evidenced by the Note, the Grantor hereby absolutely and unconditionally assigns and transfers to the Beneficiary all the Rents. The Grantor hereby authorizes the Beneficiary or the Beneficiary's agents to collect the Rents and hereby directs each occupant of the Mortgaged Premises to pay such Rents to the Beneficiary or the Beneficiary's agents; provided, however, that the Grantor shall have a license, terminable by the Beneficiary upon the occurrence of an Event of

Default and the expiration of any applicable notice and cure period, to collect and receive all Rents when due and to hold them in trust as trustee for the benefit of the Beneficiary, and to apply the Rents so collected to the sums secured by this Deed of Trust as provided in Sections 2, 3 and 7 hereof with the balance, so long as no Event of Default has occurred and is continuing, to the account of the Grantor, it being intended by the Grantor and the Beneficiary that this assignment of Rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by the Beneficiary to the Grantor that the Beneficiary exercises its rights to such Rents, and without the necessity of the Beneficiary entering upon the taking and maintaining full control of the Mortgaged Premises in person, by agent or by a court-appointed receiver, the Beneficiary shall immediately be entitled to possession of all Rents as specified in this Section 23, as the same become due and payable, including but not limited to Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by the Grantor's trustee for the benefit of the Beneficiary only. The Grantor agrees that commencing upon delivery of such written notice, each occupant of the Mortgaged Premises shall make such Rents payable to and pay such Rents to the Beneficiary or the Beneficiary's agents on the Beneficiary's written demand to each occupant therefor, delivered to each occupant personally, by mail or by delivering such demand to each dwelling unit, without any liability on the part of said occupant to inquire further as to the existence of a default by the Grantor.

24. Security Agreement; Financing Statements. It is the intention of the parties hereto that this Deed of Trust shall also constitute a security agreement under the Maryland Uniform Commercial Code so that the Grantor hereby grants and Beneficiary 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 Trustee 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 Grantor obtained in connection with or relating to the operation and maintenance of the Mortgaged Premises as well as any and all items of property in the foregoing classifications which are hereafter acquired, and all proceeds and products (cash and non-cash) of any of the foregoing including insurance and proceeds of insurance thereon.

The Grantor hereby irrevocably authorizes the Beneficiary to execute on its behalf one or more financing statements or continuations thereof in respect of any of the security interests granted by this Deed of Trust.

25. Remedies Under Uniform Commercial Code. Upon an Event of Default, the Beneficiary may at its discretion require the Grantor to assemble some or all of the Mortgaged Premises and make it available at a place reasonably convenient to both parties to be designated by the Beneficiary. If the Beneficiary elects to proceed under the Maryland Uniform Commercial Code to dispose of some of the Mortgaged Premises, it shall give the Grantor notice, by mail postage prepaid, of the time and place of any public sale of any of such property or of the time after which any private sale or other intended disposition thereof is to be made by sending, or requiring the Trustee to send, said notice to the Grantor at least fifteen (15) days before the time of the sale or other disposition; provided, however, that nothing herein shall preclude the Beneficiary from proceeding as to all the Mortgaged Premises in accordance with the rights and



remedies of the Beneficiary in respect of the real property, as provided in Title 9, Subtitle 6 of the Commercial Law Article of the Annotated Code of Maryland, as amended from time to time.

26. Indemnity. The Beneficiary shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by the Grantor concerning the Mortgaged Premises, including but not limited to, the Grantor's obligations under any Lease; and the Grantor hereby agrees to indemnify the Beneficiary for and to save it harmless from any and all liability or expense (including that of attorneys' fees and expenses), other than liability or expense which results from the gross negligence or willful misconduct of the Beneficiary, arising from the operation of the Mortgaged Premises, any breach of the covenants of this Deed of Trust or any Leases, or assignment thereof; and any assignment thereof shall not place the responsibility for the control, care, management or repair of the Mortgaged Premises upon the Beneficiary, nor make the Beneficiary liable for any negligence of the Grantor or any agent, employee, invitee or licensee of the Grantor in the management, operation, upkeep, repair or control of the Mortgaged Premises resulting in loss or injury or death to any lessee, agent or stranger. This indemnification shall survive the foreclosure of this Deed of Trust, the acceleration of the Note, or the acceptance of a deed in lieu of foreclosure.

27. Beneficiary's Expenses. The Grantor shall pay all costs, charges and expenses, including reasonable attorney's fees, unless covered by title insurance, which the Beneficiary may incur or expend in defending or enforcing the validity or priority of this Deed of Trust, or any term, covenant or condition hereof, or in collection of any sum secured hereby, or in protecting the security of the Beneficiary, or if an Event of Default shall happen, in administering and performing its powers, privileges and duties hereunder. The Beneficiary may make advances or payments for such purposes but all advances or payments made by the Beneficiary for such purposes shall be repayable at once by the Grantor and shall bear interest at the Legal Rate from the date the same shall become due and payable until the date paid, and any such sum or sums with interest as aforesaid shall become part of the indebtedness secured hereby, but no such advance or repayment shall relieve the Grantor from any Event of Default hereunder. This indemnification shall survive the foreclosure of this Deed of Trust, the acceleration of the Note, or the acceptance of a deed in lieu of foreclosure.

28. Extension, Amendments and Waivers. The Beneficiary may at any time, and from time to time: (a) extend the time for payment of the indebtedness secured hereby, or any part hereof, or interest thereon, and waive, modify or amend any of the terms, covenants or conditions in this Deed of Trust or in any other paper or document executed for the Loan, in whole or in part, either at the request of the Grantor or of any person having an interest in the Mortgaged Premises; (b) consent to the release of all or any part of the Mortgaged Premises from the lien of this Deed of Trust; (c) release any party primarily or secondarily liable hereunder or on such other security, grant extensions, renewals or indulgences therein or herein; (d) apply to the payment of the principal and interest and premium, if any, of the indebtedness secured hereby any part of all of the proceeds obtained by sale or otherwise as provided herein, without resort or regard to other security; or (e) resort to any one or more of the securities or remedies which the Beneficiary may have and which in its absolute discretion it may pursue for the payment of all or any part of the indebtedness secured hereby, without in any way releasing the Grantor or any party secondarily liable from any of the terms, covenants or conditions of this Deed of Trust or the other documents executed for the Loan, or releasing the unreleased property from this Deed of Trust for all amounts

due under this Deed of Trust. No such modification, extension, release or waiver shall be effective unless expressly made in writing and executed by the Beneficiary.

29. Commitment to Maintain Affordability; Right of First Purchase.

(a) The Grantor must continue to rent or hold available for rent: at least 61 units to households with incomes no greater than 60% of AMI, with rents established by the U.S. Department of Housing and Urban Development, adjusted for unit and household size.

(b) If during the term of this Deed of Trust, the Grantor decides to sell all or any part of the Project, the Borrower must ensure that the sale is conducted in accordance with Chapters 11A, 11C, and 53A of the Montgomery County Code, as amended.

30. Notices. Any notice or demand upon the Grantor which may be given or made hereunder or with reference to this Deed of Trust shall be a sufficient notice or demand if made in writing and delivered to the Grantor either by hand or by recognized overnight delivery service at the address of the Grantor as set forth below or sent certified or registered mail, return receipt requested, if deposited in any United States Postal Service mail receptacle enclosed in a postpaid envelope, addressed to such party at its address set forth below or at such other address as such party may notify the other in writing. Mailed notices shall be considered to have been given four (4) days after they are deposited. Copies of any such notice shall be sent as follows:

Grantor: RHE Scarborough Square, LLC  
c/o Rockville Housing Enterprises  
1300 Piccard Drive Suite 203  
Rockville, MD 20850  
Attention: Christele Etienbla

With a copy to: Coats Rose, P.C.  
201 East Fifth Street, Suite 1810  
Cincinnati, OH 45202  
Attention: Ronald A. Bell, Esq.

Beneficiary: Department of Housing and Community Affairs  
Montgomery County, Maryland  
1401 Rockville Pike, 4<sup>th</sup> Floor  
Rockville, MD 20852  
Attn: Director

With a copy to: Office of the County Attorney  
101 Monroe Street, 3<sup>rd</sup> Floor  
Rockville, MD  
Attn: DHCA Attorney

However, any notice or demand upon the Grantor in fact received shall be sufficient notice or demand. All notices to the Beneficiary shall be effective when written notice is received in

hand by the Beneficiary and shall be deemed effective when written notice is received in hand by the Beneficiary.

31. Governing Law. This Deed of Trust shall be construed according to the law of the State of Maryland.

32. Time is of the Essence. Time is of the essence as to obligations of the Grantor under this Deed of Trust.

33. Rights Cumulative, Non-Exclusive. The rights, powers, privileges and discretions specifically granted to the Beneficiary under this Deed of Trust are not in limitation of but in addition to those which are entitled under any general or local law relating to deeds of trust and mortgages in the State of Maryland, now or hereafter existing. The rights, powers, privileges and discretions (hereinafter collectively called the "rights") to which the Beneficiary may be entitled shall inure to the benefit of its successors and assigns. All the rights of the Beneficiary are cumulative and not alternative and may be enforced successively or concurrently. Failure of the Beneficiary to exercise any of its rights shall not impair any of its rights nor be deemed to apply to any other such rights nor shall it be effective unless in writing and signed by the party waiving the right.

34. Waiver of Jury Trial. The Grantor waives all rights to trial by jury in any action or proceeding initiated by or against the Beneficiary which directly pertains to this Deed of Trust, the Note, the Regulatory Agreement or the Loan.

35. Successors and Assigns. The terms and conditions agreed to by the Grantor and the grants and covenants of the Grantor hereof shall run with the land and shall be binding upon the Grantor, and successors and assigns of the Grantor and shall inure to the benefit of the Beneficiary, its successors and assigns, but this provision does not waive any prohibition of assignment or any requirement of consent to an assignment under the other provisions of this Deed of Trust. Any consent to an assignment shall not be consent to any further assignment, each of which must be specifically obtained in writing.

36. Successor Trustees. The Beneficiary shall have the irrevocable power to appoint a substitute trustee or trustees hereunder and to remove trustees from time to time acting hereunder (including, in case of death of a trustee or trustees or their refusal to act or their nonacceptance of the trust, absence or for any other reason), to be exercised at any time hereafter, with or without cause, without notice and without specifying any reason therefor, by filing for record in the office where this instrument is recorded a Deed of Appointment, and said power of appointment of successor trustees may be exercised as often and whenever the Beneficiary deems it advisable, and the exercise of said power of appointment no matter how often shall not be an exhaustion thereof, that upon the recordation of such Deed or Deeds of Appointment the trustee or trustees so appointed shall thereupon, without any further act or deed or conveyance, become fully vested with identically the same title and estate in and to the Mortgaged Premises and with all the rights, powers, trusts and duties of his, her, their or its predecessor in the trust hereunder with like effect as if originally named as Trustee or as one of the Trustees hereunder; that whenever in this Deed of Trust reference is made to Trustee, it shall be construed to mean the trustee or trustees for the time being, whether original or successors or successor in the trust; and that all title, estate, rights,

powers, trusts and duties hereunder given or appertaining to or devolving upon the trustees shall be in each of the Trustees so that any action hereunder or purporting to be hereunder of any one of the original or any successor trustees shall for all purposes be considered to be as effective as the action of all Trustees.

37. Non-Recourse Liability. The sole recourse of the County for any amounts due under the Note or the Deed of Trust shall be the collateral described in the Deed of Trust or any other assets of the Grantor. Neither the Grantor nor any employee, partner, limited partner, officer or director of the Grantor, nor any of their respective spouses, assumes any personal liability for any payments of principal, interest or other amounts due hereunder. Provided, however, the foregoing parties will be held liable for funds or property received by them which by the provisions of this Note, the Deed of Trust and all agreements pertaining to the Loan of even date herewith, or any law, they are not entitled to retain, whether the receipt of the funds is attributable to their own acts and deeds or the acts and deeds of others which they have authorized.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Grantor has executed this Deed of Trust or has caused the same to be executed by its authorized representative.

**WITNESS**

**BORROWER:**

RHE SCARBOROUGH SQUARE, LLC, a  
Maryland limited liability company

By: RHE Development Corporation, Inc., a  
Maryland not-for-profit nonstock  
corporation, its Sole Member

\_\_\_\_\_

By: \_\_\_\_\_  
Name: Christele Etienbla  
Title: Secretary

**STATE OF** \_\_\_\_\_  
**COUNTY OF** \_\_\_\_\_

I hereby certify that on this \_\_\_\_ day of December, 2024, before me, the subscriber, a Notary Public in and for the aforesaid jurisdiction, personally appeared Christele Etienbla, Secretary of RHE Development Corporation, Inc., a Maryland not-for-profit nonstock corporation, the sole member of RHE Scarborough Square, LLC, and that (s)he did acknowledge that (s)he executed the foregoing Subordinate Deed of Trust Security Agreement and Assignment of Rents (“**Deed of Trust**”) on behalf of RHE Development Corporation, Inc. for the benefit of RHE Scarborough Square, LLC for the purposes therein contained, and further acknowledged the foregoing Deed of Trust to be the act of RHE Development Corporation, Inc. for the benefit of RHE Scarborough Square, LLC.

As witness my hand and Notarial Seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

**AFTER RECORDING, PLEASE RETURN TO:**  
Montgomery County, Maryland  
Department of Housing and Community Affairs  
1401 Rockville Pike, 4<sup>th</sup> Floor  
Rockville, MD 20852  
Attn: Lawrence Cager

## EXHIBIT A

### Legal Description of Property

All that certain lot or parcel of land together with all improvements thereon located and being in the County of Montgomery, Maryland and being more particularly described as follows:

Parcel lettered B, in the subdivision known as “College Gardens” as per plat thereof duly recorded among the land records of Montgomery County, Maryland in Plat Book 80 at Plat 8131.

Having a street address of 438 College Pkwy, Rockville, MD 20850

Tax ID No.: 04-00239013