



The Savings Center
**BALTIMORE FEDERAL SAVINGS
& Loan Association**
FOUNDED 1884

685-7000

January 19, 1972

ROBERT E. HECHT
EXECUTIVE VICE PRESIDENT

Surf Bird, Ltd.
c/o Mr. George A. Purnell
Route 50
Berlin, Maryland 21811

OCEAN HIDEAWAY
re: ~~PHOENICIA~~ CONDOMINIUM
Ocean City, Worcester County, Maryland

Gentlemen:

The Association has considered your application for a mortgage loan for the purpose of constructing a 65 unit condominium project and offers the following commitment. The Rider attached hereto shall be considered part of this commitment and any changes in said Rider shall be noted herein.

1. The loan amount will be one million eight hundred fifty thousand dollars (\$1,850,000.00).
2. Interest at the rate of nine per cent (9%) per annum for a period of eighteen months, plus the remainder of the month of closing, payable in calendar quarterly installments, from date of closing during the construction period, on those amounts of the loan and from the dates of disbursement by trustees appointed by mortgagee.
3. Interest after the said construction period (not to exceed nineteen (19) months) shall be at the rate of nine per cent (9%) per annum. The loan shall be amortized by direct reduction principal and interest payments over a term of fifteen (15) years.
4. The mortgage premises shall be a tract of land, fronting 300 feet on the boardwalk at Ocean City, Maryland, between 18th and 19th Streets and running 300 feet to Baltimore Avenue, in fee simple.
5. Mortgagors: SURF BIRD, LTD., a Maryland Corporation, which shall be the owner-mortgagor. In addition, the following persons will sign the mortgage as co-mortgagors, becoming personally liable for the performance of the covenants in the mortgage: George A. Purnell, Michael Lynch Quillin and Judy W. Quillin, his wife, Jehu D. Quillin, III and Sandra M. Quillin, his wife.

At the Colonial Corner of FAYETTE & ST. PAUL STREETS, BALTIMORE, MARYLAND (21202) *en* Charles Street Office, Charles & Saratoga Streets (21201)
Eastpoint Shopping Center, 7812 Eastpoint Mall (21224) *en* Reisterstown Road Plaza, 6740 Reisterstown Road (21215) *en* Towson, 7 Allegheny Avenue (21284)
Carney, 9609 Harford Road (21234) *en* Yorktowne Plaza, 58 Cranbrook Road (21030) *en* Reisterstown, 107 Main Street (21136) *en* Columbia, Teachers Building (21044)
Severna Park, 49 Old Annapolis Road (21146) *en* Frederick, 16 East Patrick Street (21701) *en* Westminster, 6 East Main Street (21157)

6. Mortgagor shall construct on the mortgage premises the improvements on the plans submitted to mortgagee entitled "The Phoenicia Condominium" drawn by G. K. Industries, Inc.. However, before said plans are finally approved by mortgagee, they shall be amended to add the elevation of the first floor line of the building, measured in feet with reference to the mean low water of the Atlantic Ocean and said plans as amended, shall be subject to final approval by mortgagee.
7. (The prepayment fee stated in paragraph 5 of the Rider shall become effective only after the said nineteen (19) months construction period, and only in the event that at that time the condominium project has not been created of record in the land records of Worcester County, Maryland.
8. Mortgagor shall not cause the mortgage premises to be created a condominium project by recording any plat, master deed, etc. without the written consent of mortgagee; which consent shall be given only when the improvements have been constructed according to the plans approved, the loan is not in default, when all of the requirements of the Maryland law as to condominiums have been met, and when mortgagor has exhibited to mortgagee bonafide contracts for the sale of at least sixty per cent (60%) of the proposed condominium units.
9. Closing costs may be deducted from the first draw of the loan, at time of closing, provided that the final plans and specifications have been approved by mortgagee and that mortgagee has been furnished with a copy of the building permit or is satisfied that a building permit will be issued by the required public authorities.
10. Title to the mortgage premises shall be free of liens and encumbrances, and any exceptions thereto, or other conditions of title, shall be subject to approval of legal counsel for mortgagee before closing.
11. The loan must be closed within thirty (30) days from the date hereof; otherwise, this commitment will expire.
12. Construction draws of the loan funds from the trustee will be based on the "Commercial Draw Schedule" attached hereto.
13. Mortgagor will pay to mortgagee a total loan fee of three per cent (3%) of the amount of the loan; one per cent (1%) shall be paid upon acceptance of this commitment, as a non-refundable commitment fee, and the balance of two per cent (2%) shall be paid at closing. However, mortgagor shall have the right at closing, to have the entire three per cent (3%) fee disbursed from the loan.
14. The following are the terms we will extend for permanent financing to your purchasers:
 - (a) 75% loan based on the sales price or appraisal, whichever is less, to be amortized over a term of eighteen (18) years at an interest rate of not less than eight per cent (8%).
 - (b) 80% loan based on the sale price or appraisal, whichever is less, to be amortized over a term of twenty years at an interest rate of not less than eight per cent (8%). These loans will require mortgage insurance protecting the lender against loss on at least twenty per cent (20%) of the outstanding balance. The costs for this insurance are to be paid by the purchaser.

Handwritten signature/initials

January 19, 1972

15. Upon completion of the condominium project, the recording of the required plat, master deed, etc. and the transfer on the land records of the County of at least sixty per cent (60%) of the units to bonafide purchasers for value, and provided neither the land mortgage or the construction mortgage is in default, mortgagee shall release the extra land not included in the condominium project, namely, a parcel of land fronting three hundred feet on Baltimore Avenue and running easterly for an even depth of one hundred seventy feet. Said release will be granted upon application of the net proceeds from the sale of above parcel of land to, first interest and then to principal, and a reasonable fee to mortgagee's counsel for preparation and/or approval of the proper release.
16. Purnell Builders, Inc. will execute a Completion and Material Payment Bond in favor of Baltimore Federal in the amount of the construction contract relative to the mortgage premises, and deliver the same to mortgagee's counsel prior to closing of the loan. Said bond to secure performance of the contract and payment of materials, subject to performance by the owner of its obligations under the contract. The bond shall remain effective, as to the material payment aspect, for a period of one year after completion of the improvements on the mortgage premises.

The terms and conditions herein set forth and set forth in the commitment, when issued by Mortgagee shall survive the closing date and shall continue in full force and effect, unless otherwise modified or amended in writing and signed by Baltimore Federal.

It is understood and agreed, that no agent or broker is authorized to act in this transaction in behalf of the Mortgagee. All actions to be taken which would bind the Mortgagee shall be taken only by the Mortgagee directly with the Mortgagor.

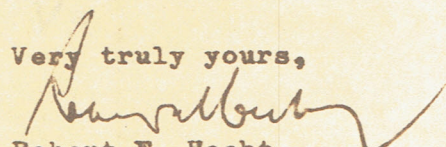
Any default under the terms of either this construction mortgage, the trust agreement in connection therewith, or the land mortgage (for which a commitment is offered simultaneously herewith) shall, at the option of the mortgagee render both mortgages in default.

The applicant shall accept this offer by signing, sealing, dating and returning a copy hereof to Baltimore Federal Savings and Loan Association within ten (10) days from the date hereof.

This offer, and if accepted, this commitment is extended to the applicant only. Any substantial change in the management or ownership of the entity, prior to the execution of the mortgage, without the prior written consent of the lender, shall, in the option of the lender, render this offer or commitment totally void.

We sincerely hope that this commitment is acceptable and we appreciate the opportunity to offer it to you.

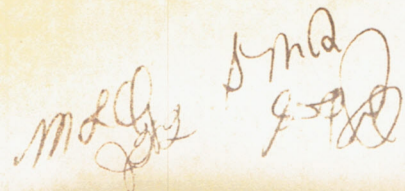
Very truly yours,


Robert E. Hecht
Executive Vice President

REH:hmf

Enclosure

cc: Mr. P. J. Coughlin, Jr.




Intending to be legally bound, the undersigned or so many of them as legally required to sign, hereby acknowledges receipt of the foregoing commitment and its acceptance of the terms and conditions thereof:

ACCEPTANCE

Accepted and approved this _____ day of _____, 1972

by the mortgagor, subject to the provisions of the addendum attached hereto and made a part hereof.

SURF BIRD, LTD.

BY: J. D. Quillin III  President

George A. Purnell
George A. Purnell, Co-Mortgagor

Michael Lynch Quillin
Michael Lynch Quillin, Co-Mortgagor

Judy W. Quillin
Judy W. Quillin, Co-Mortgagor

J. D. Quillin III
Jehu D. Quillin, III, Co-Mortgagor

Sandra M. Quillin
Sandra M. Quillin, Co-Mortgagor

Handwritten notes:
A
Exp
M.L.Q.
S.M.Q.

Addendum to commitment letter of Baltimore Federal Savings & Loan Association, dated January 19, 1972, re PHOENICIA CONDOMINIUM, Ocean City, Worcester County, Maryland

1.) Loan calculations in Item 14(a) and Item 14(b) shall be subject to the following limitations:

14.(a) 75% of the first \$50,000.00 of the sales price or appraisal, whichever is less, and 50% of the excess of the sales price or appraisal, whichever is less, over \$50,000.00

14.(b) 80% of the first \$50,000.00 of the sales price or appraisal, whichever is less, and 50% of the excess of the sales price or appraisal, whichever is less, over \$50,000.00

2.) The first sentence in Item 15. shall read as follows:

15. "Upon completion of the condominium project, the recording of the required plat, master deed, etc. and the transfer on the land records of the County of at least sixty per cent (60%) of the units to bonafide purchasers for value, or the mortgagor's submission to mortgagee of bonafide contracts for the sale of at lease sixty per cent (60%) of the units to bona fide purchasers for value, and"

3.) The first sentence in Item 16 shall read as follows:

16. "Purnell, Inc."

SURF BIRD, LTD.

BY:

John D. Quillin, Jr.
President

BALTIMORE FEDERAL SAVINGS & LOAN ASSOCIATION

BY:

Robert E. Hecht,
Executive Vice President

George A. Purnell
George A. Purnell, Co-Mortgagor

Michael Lynch Quillin
Michael Lynch Quillin, Co-Mortgagor

Judy W. Quillin
Judy W. Quillin, Co-Mortgagor

John D. Quillin, III
John D. Quillin, III, Co-Mortgagor

Sandra M. Quillin
Sandra M. Quillin, Co-Mortgagor

THE PHOENICIA CONDOMINIUM

- 1) LOAN INSTRUMENTS - This loan shall be secured by:
- (a) A Mortgage which shall constitute a first lien upon the mortgaged premises and improvements.
 - (b) A perfected security interest which shall constitute a first lien upon all furniture, furnishings, fixtures and equipment installed in, affixed to, placed upon or used in connection with the mortgaged premises and all such property which is thereafter installed in, affixed to, placed upon and all replacements thereof, except for any such items of property which are owned by tenants and which, according to the terms of any applicable lease, may be removed by such tenants at the expiration of the lease.
 - (c) A conditional assignment to Baltimore Federal of all rents due or to become due to Mortgagor under the terms of all leases of all or any part of the mortgaged premises whether such leases are created before, simultaneously with, or subsequent to the closing date.
- 2) HAZARD INSURANCE - Mortgagor shall present to Mortgagee at least fifteen (15) days prior to settlement, a policy of insurance against loss or damage by fire and perils covered by extended coverage endorsement and including vandalism coverage and including loss of rents in an amount not less than (\$1,750,000⁰⁰). The policy shall contain the standard Mortgagee Clause and be written on a company rated at least A+ Policyholders and AA Financial, by Best's Insurance Guide. The policy shall be accompanied by receipt for at least one year's premium. After completion of construction, or if this is not a construction loan, the insurance will be no less than the amount of the mortgage loan balance or that required under co-insurance regulations. The mortgage will contain a provision authorizing and directing all insurance companies concerned to make any payment for loss solely to the Mortgagee, which shall hold the funds paid until restoration by Mortgagor of the damaged premises and will be paid to the Mortgagor upon prompt restoration by Mortgagor of any casualty loss covered by insurance and in the event that restoration is not promptly commenced and diligently pursued, the insurance proceeds will be paid on the mortgage indebtedness. Such payment would not be subject to the prepayment penalty. However, the Mortgagee shall at all times have the option of requiring Mortgagor to restore the damage to premises. In any event, Mortgagor shall continue to pay the mortgage during any period of restoration. During the term of the mortgage, all renewal policies shall be delivered to the Mortgagee at least fifteen (15) days prior to renewal date and failure to do so shall be cause for default.
- 3) LIABILITY INSURANCE - Mortgagor shall also furnish evidence of coverage for personal liability, including personal injury and death in an amount not less than \$1,000,000 per person or a total liability of \$1,000,000.
- 4) COOPERATIVE USE RESTRICTION - If this loan is to cover an apartment project, then the mortgage shall contain a covenant that the premises shall not be operated as a cooperative apartment house or otherwise on a cooperative ownership basis

either the mortgage or the trust agreement shall render both in default.

- 10) RECIPROCAL EASEMENTS - If the mortgaged premises are a phase or section of a larger complex, then such premises must have the benefit of the use of all private roads located on any of the phases or sections of the complex, together with the right to the use of any utilities and utility easements located on said phases or sections that are necessary for the operation of the improvements constructed or to be constructed on the mortgaged premises. Mortgagor shall furnish evidence of a Reciprocal Easement Agreement recorded or in form to be recorded whereby such easements are created in favor of the mortgage premises.
- 11) SURVIVAL CLAUSE - The terms and conditions herein set forth and set forth in the commitment, when issued by Mortgagee shall survive the closing date and shall continue in full force and effect, unless otherwise modified or amended in writing and signed by Baltimore Federal.
- 12) AGENCY - It is understood and agreed, that no agent or broker is authorized to act in this transaction in behalf of the Mortgagee. All actions to be taken which would bind the Mortgagee shall be taken only by the Mortgagee directly with the Mortgagor.
- 13) MORTGAGEE'S LEGAL EXPENSES - Mortgagor may be represented by anyone of his choice; however, Mortgagee will be represented by its attorneys, Callahan, Calwell and Laudeman, in the processing and closing of this loan, including the examination of title, preparation of the mortgage and other loan documents, handling the loan settlement and the issuance of Mortgagee title policies to protect Mortgagee. Pursuant to federal regulations, Mortgagor will be charged an initial loan charge at the time of settlement to reimburse the Mortgagee for these expenses. All additional settlement expenses, incidental to closing the loan, including but not limited to, the cost of any required conveyancing, transfer tax, documentary stamps, recording, location survey, and any fees for representing Mortgagor's interest in this transaction shall be paid by Mortgagor.
- 14) TRANSFER OF TITLE - The mortgage shall contain a covenant binding on Mortgagor and all successive owners of the premises to the effect that any transfer of title voluntarily or involuntarily or any additional lien or encumbrance created or allowed by Mortgagor without written consent of Mortgagee shall render this loan in default. The foregoing provision shall not be deemed applicable in the event of an involuntary transfer resulting from death. If Mortgagor is a corporation, then any sale, transfer or assignment of the ownership of the issued and outstanding stock of the corporation, or the issuance of any additional stock must be approved in writing by Mortgagee.
- 15) PUBLIC WORKS AGREEMENT - If the mortgage premises are subject to regulations of any municipality or county requiring execution of a public works agreement, posting of bond or deposit of funds for installation of roads, streets, utilities such as water, sewer, storm sewer lines, then Mortgagor shall furnish evidence of such executed agreement and deposit money before the closing of the mortgage loan.