

RESOLUTION NO. 2005- 202

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ACCEPTING THE TERMS OF A SUBORDINATION AGREEMENT AND AUTHORIZING THE CHAIRMAN OF THE BOARD TO EXECUTE THE AGREEMENT ON BEHALF OF ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY ALLOWING SUBORDINATION OF THE MORTGAGE IN FAVOR OF ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY.

WHEREAS, E & C Construction of St. Augustine, a Florida corporation, has presented to the County a Subordination Agreement, attached hereto as Exhibit "A", incorporated by reference and made a part hereof, to allow subordination of the mortgage in favor of St. Johns County Community Redevelopment Agency; and

WHEREAS, E & C Construction is requesting subordination of the original mortgage for additional funding needed to construct affordable housing pursuant the terms of the original mortgage, attached hereto as Exhibit "B", incorporated by reference and made a part hereof, and;

WHEREAS, it is in the best interest of the County to approve this Subordination Agreement to insure construction of the much needed affordable housing for the citizens of St. Johns County.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, as follows:

Section 1. The above recitals are incorporated by reference into the body of this Resolution and such recitals are adopted as findings of fact.

Section 2. The Board of County Commissioners accepts the terms of the Subordination Agreement and authorizes the Chairman of the Board to execute said Subordination Agreement.

PASSED AND ADOPTED, this 20th day of September, 2005.

**BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA**

By: _____

Bruce A. Maguire, Chairman

ATTEST: Cheryl Strickland, Clerk

By: _____

Deputy Clerk

Exhibit "A" to Resolution

Prepared by and return to:
Craig M. Herzog
Action Title Services of St. Johns County, Inc.
3670 US 1 South, Suite
100, St. Augustine,
Florida 32086
File Number:05-1616

SUBORDINATION AGREEMENT

WHEREAS the undersigned is the owner and holder of that certain Mortgage/Lien executed by E&C Construction of St.Augustine, a Florida Corporation to St. Johns County Community Redevelopment Agency to secure an original indebtedness of \$6,000.00 dated 12-2-2004, and recorded in Official Records Book 2330, Page 1869, of the Public Records of St. Johns County, Florida, encumbering the following:

AFRO AMERICAN SUBDIVISION of Block 109 DANCY TRACT Lot 17, according to the plat thereof, recorded in Map Book 4, Page(s) 8 of the Public Records of St. Johns County, Florida.

WHEREAS a portion or all of the lands aforesaid have been mortgaged by E&C Construction of St.Augustine, a Florida Corporation to Evelyn C. Iovacchini, hereinafter called the Lender to secure a Mortgage in the amount of \$77,000.00; said Mortgage to the Lender being dated September ____ 2005.

WHEREAS Lender would not close its mortgage loan and disburse the proceeds unless its mortgage were a first lien, superior in right and dignity to the lien of the mortgage held by the undersigned.

NOW THEREFORE, for and in consideration of ONE DOLLAR (\$1.00) in hand paid by Lender, receipt whereof is hereby acknowledged, and to induce Lender to disburse the proceeds of its mortgage loan aforescribed, the undersigned do hereby represent, warrant, covenant and agree as follows:

1. The mortgage held by the undersigned and described in the first paragraph of the preamble of this Agreement together with the indebtedness secured thereby, is owned by the undersigned and neither said mortgage nor said indebtedness has been assigned, transferred, or pledged to any person whomsoever, so that the undersigned have full right and authority to executed this SUBORDINATION AGREEMENT.
2. The mortgage held by the undersigned aforescribed in the first paragraph of the preamble of this Agreement by, and the same hereby is, declared to be of all times inferior and subordinate in lien, right and dignity to the mortgage held by Lender hereinabove described, just as though said mortgage held by Lender hereinabove described, just as though said mortgage to Lender were executed, recorded and closed prior to the execution of the mortgage held by the undersigned and herein subordinated.

IN WITNESS WHEREOF, the undersigned has caused these presents to be duly executed this ____ day of September, 2005.

Signed, sealed and delivered in the presence of:

St. Johns County Community
Redevelopment Agency

Witness #1
Name Printed _____

BY: _____

Witness #2
Name Printed _____

STATE OF FL
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this _____ day of _____,
200 by _____ of St. Johns County Community Redevelopment
Agency and who produced a _____ as identification and who
did/did not take an oath or who is personally known by me.

Notary Public
My Commission Expires:

Public Records of
 St. Johns County, FL
 Clerk# 04-089749
 O.R. 2330 PG 1869
 08:16AM 12/07/2004
 REC \$65.00 SUR \$72.50
 Doc Stamps \$21.00
 Int Tax \$12.00

3
 (16)

This instrument prepared by:
 Ronald W. Brown, Esquire
 66 Cuna Street, Suite A
 St. Augustine, Florida 32084

MORTGAGE DEED

THIS MORTGAGE DEED, made and executed this 2nd day of December, 2004, by, E & C Construction of St. Augustine, Inc., a Florida Corporation, whose address is 255 North Washington Street, St. Augustine, FL, 32084, hereinafter called the "Mortgagor," which term shall include the, legal representatives, successors and assigns of the said Mortgagor wherever the context so requires or admits, to the ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY, whose address is 3149 Ponce de Leon Boulevard, Suite 9, St. Augustine, Florida 32084, hereinafter called the "Mortgagee," which term shall include the legal representatives, successors and assigns of the said Mortgagee wherever the context so requires or admits.

WITNESSETH; That for good and valuable consideration, and also in consideration of the aggregate sum of SIX THOUSAND and 00/100 Dollars, (\$6,000.00), named in the Promissory Note of even date herewith, a copy of which is attached hereto as Exhibit "B," providing for payment of principal, interest and advancements paid by the Mortgagee, if any, the said Mortgagor does hereby grant, bargain, sell, alien, remise, release, convey and confirm unto the said Mortgagee, its successors, and assigns all that certain piece, parcel or tract of land, of which the said Mortgagor is now seized and possession and in actual possession, situate in the County of St. Johns and State of Florida, described as follows ("The Property"):

Lot 17, Afro American Subdivision of Block 109 Dancy Tract as recorded in Map Book 4, page 8 of the Public Records of St. Johns County, Florida.
 (Site #1 Lot ID# 135);

and (i) all personal property and fixtures now or hereafter affixed to or located on the Property that are deemed to be fixtures and a part of the real property under applicable law; (ii) all articles of personal property and all materials delivered to the Property for use in any way thereon and owned by Mortgagor; (iii) all contract rights, general intangibles, actions and rights in action, including all rights to insurance policies and proceeds and all utility reservations and right to receive utility services and any fees or charges paid by Mortgagor or on its behalf in connection therewith; (iv) all equipment, including parts, accessories, attachments, special tools, additions and accessions thereto; and (v) all proceeds, products, replacements, additions, substitutions, renewals and

accessions of any of the foregoing items. This Mortgage is a self-operative security agreement with respect to the above described Property, but Mortgagor agrees to execute and deliver on demand such other security agreement as Mortgagee may request in order to perfect its security interest or to impose the lien hereof more specifically upon any such Property. Mortgagee shall have all of the rights and remedies in addition to those specified herein of a secured party under the Florida Uniform Commercial Code; and (vi) all rents, issues, profits, revenue, income, proceeds and other benefits flowing or derived from the Property, together with all leases thereof now or hereafter entered into, whether written or oral, and all modifications, renewals and extensions thereof; provided however, that permission is hereby given to Mortgagor so long as no Event of Default has occurred and is continuing hereunder, to collect, receive and use such benefits from the Property as they become due and payable, but not in advance hereof. Everything referred to in the paragraphs above and any additional property hereafter acquired by Mortgagor and subject to lien of this Mortgage or any part of these properties is herein referred to as the "Mortgaged Property."

TO HAVE AND TO HOLD the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining and the reversion and reversions, remainder and remainders, rents, issues and profits thereof and also the estate, right, title, interest, property, possession, claim and demand whatsoever as well in law and in equity of the said Mortgagor in and to the same and every part and parcel thereof unto the said Mortgagee and its heirs, successors and assigns, in fee simple.

And said Mortgagor, for itself and its legal representatives, successors and assigns, hereby covenants with said Mortgagee, its legal representatives, successors and assigns, that said Mortgagor is indefeasibly seized of said land in fee simple; that the said Mortgagor has full power and lawful right to convey the same in fee simple as aforesaid; that it shall be lawful for said Mortgagee, its legal representatives, successors and assigns, at all times peaceably and quietly to enter upon, hold, occupy and enjoy said land and every part thereof; that said land is free from all encumbrances; that said Mortgagor, its legal representatives, successors and assigns, will make such further assurances to perfect the fee simple title to said land in said Mortgagee, its legal representatives, successors and assigns, as may reasonable be required; and that said Mortgagor does hereby fully warrant the title to said land and every part thereof and will defend the same against the lawful claims of all persons whomsoever.

PROVIDED ALWAYS that said Mortgagor shall pay unto the said Mortgagee the aforesaid Promissory Note and shall duly, promptly and fully perform, discharge, execute, effect, complete, comply and abide by each and every the stipulations, agreements, conditions and covenants of said promissory note and of this Mortgage, then this Mortgage and the estate created shall cease and be null and void.

It is understood that each of the words, "Promissory Note," "Mortgagor" and "Mortgagee," respectively, and the pronouns referring thereto, whether in the singular or

plural anywhere in this Mortgage, shall be singular if one and only and shall be plural jointly and severally, if more than one, and shall be masculine, feminine or neuter wherever the context so implies or admits.

Mortgagor for itself and its legal representatives, successors and assigns, hereby covenants and agrees to and with said Mortgagee, its legal representatives, successors and assigns:

1. To pay all and singular the principal and interest and the various and sundry sums of money payable by virtue of said Promissory Note and this Mortgage, each and every, promptly on the days respectively the same severally become due.

2. To pay all and singular taxes, assessments, levies, liabilities, obligations and encumbrances of every nature and kind now on said described property, and/or that hereafter may be imposed, suffered, placed, levied or assessed thereupon, and/or that hereafter may be levied or assessed upon this Mortgage and/or the indebtedness secured hereby, each and every, when due and payable according to law, before they become delinquent, and before any interest attaches or any penalty is incurred; and insofar as any thereof is of record the same shall be promptly satisfied and discharged of record and the original official document (such as, for instance, the tax receipt or the satisfaction paper officially endorsed or certified) shall be placed in the hands of said Mortgagee within ten (10) days next after payment; and in then event that any thereof is not so paid, satisfied and discharged, said Mortgagee may at any time pay the same or any part thereof without waiving or affecting any option, lien, equity or right under or by virtue of this Mortgage, and the full amount of each and every such payment shall be immediately due and payable and shall bear interest from the date thereof until paid at the highest rate allowable by law and together with such interest shall be secured by the lien of this Mortgage.

3. To place and continuously keep on the buildings now or hereafter situate on said land, flood, fire, and windstorm insurance in the usual standard policy form, in a sum not less than the maximum insurable value, in such company or companies as may be approved by said Mortgagee; and all such insurance policies on any of said buildings, any interest therein or part thereof, in the aggregate sum aforesaid or in excess thereof, shall contain the usual standard Mortgagee clause making the loss under said policies, each and every, payable to said Mortgagee as its interests may appear, and each and every such policy shall be promptly delivered to and held by said Mortgagees; and, not fewer than ten (10) days in advance of the expiration of each policy, to deliver to said Mortgagee a renewal thereof, together with a receipt for the premium of such renewal; and there shall be no such insurance placed on any of said buildings, and interest therein or part thereof, unless in the form and with the loss payable under such policy or policies said Mortgagee shall have the option to receive and apply the same on account of the indebtedness secured hereby or to apply the same Mortgagor to receive and use it or any part thereof for other purposes without thereby waiving or impairing any equity, lien or right under or by virtue of this Mortgage; and in the event said Mortgagor shall for any reason fail to keep the said premises so insured, or fail to deliver promptly any of said policies of insurance to said Mortgagee, or fail promptly to pay fully any premium

therefore, or in any respect fail to perform, discharge, execute, effect, complete, comply with and abide by this covenant, or any part hereof, said Mortgagee may place and pay for such insurance or any part thereof until paid by the Mortgagor, and such payments by the Mortgagee, together with interest thereon at the highest rate allowed by law, shall be secured by the lien of this Mortgage.

4. To comply with the following terms:

(a) Mortgagor, at its sole cost and expense, will keep the Mortgaged Property insured during the entire term of this Mortgage, for the mutual benefit of Mortgagor and Mortgagee, against loss or damage by fire and against loss or damage by other risks and hazards covered by a standard extended coverage insurance policy including, but not limited to, riot and civil commotion, vandalism, malicious mischief, burglary and theft. Such insurance shall be in an amount (i) equal to at least the then full replacement cost of the improvements, fixtures and personal property comprising the Mortgaged Property (collectively, the "Improvements"), without deduction for physical depreciation and (ii) such that the insurer would not deem Mortgagor a co-insurer under said policies. The policies of insurance carried in accordance with this paragraph shall be annually in advance and shall contain the "Replacement Cost Endorsement" with a waiver of depreciation.

(b) If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, Mortgagor shall give prompt notice thereof to Mortgagee. Sums paid to Mortgagee by an insurer, after deduction of Mortgagee's reasonable costs and expenses of collection (after such deduction, the "Insurance Proceeds"), may be retained and (i) applied by Mortgagee toward payment of the Indebtedness in such priority and proportions as Mortgagee in its discretion shall deem proper (any such application for repayment to be without any prepayment consideration, except that if an Event of Default (hereinafter defined), or an event that with notice and/or the passage of time, or both, would constitute an Event of Default, has occurred, then such application shall be subject to the prepayment consideration computed in accordance with the Note) or, (ii) if the conditions set forth in subparagraph 4(f) hereinbelow are satisfied, paid to Mortgagor for the restoration and repair of the Mortgaged Property in accordance with subparagraph 4(e) hereinbelow in whole or in such lesser amount as is necessary to pay for the costs of such restoration and repair.

(c) Mortgagee shall not exercise Mortgagee's option to apply Insurance Proceeds to the payment of the sums secured by this Mortgage if all the following conditions are met: (i) no Event of Default is then continuing under this Mortgage or the Note; (ii) Mortgagee determines to its sole satisfaction that there will be sufficient funds to restore and repair the Mortgaged Property to the condition required under subparagraph 4(a) hereinabove; (iii) Mortgagee determines that the rental income of the Mortgaged Property, after, restoration and repair of the Mortgaged Property to the condition required under subparagraph 4(b) hereinabove, will be sufficient to meet all operation costs and other expenses, payments for reserves and loan repayment obligations relating to the Mortgaged Property; (iv) Mortgagee determines in its sole discretion that following application of Insurance Proceeds there shall be no material decrease in value

in the Mortgaged property; (v) Mortgagee determines that restoration and repair of the Mortgaged property to the condition required under subparagraph 4(b) hereinabove will be completed with the greater of (A) six (6) months or (B) the period of time covered by the business interruption or rental loss insurance then in effect from the date of the loss or casualty to the Mortgaged property; and (vi) Mortgagee shall have received evidence reasonably satisfactory to it that during the period of restoration and repair of the Mortgaged Property to the condition required under subparagraph 4 (b) hereinabove, the sum of (A) income derived from the Mortgaged Property, as reasonably determined by Mortgagee, plus (B) proceeds of rent loss insurance or business interruption insurance, if any, to be paid, plus (C) amounts that Mortgagor demonstrates to Mortgagee's reasonable satisfaction will be made available by Mortgagor from other sources during such period, will equal or exceed the sum of (D) expenses incurred in connection with the operation of the Mortgaged property and (E) the debt service under the Note.

5. If all or a substantial portion of the Mortgaged property shall be damaged or taken through condemnation (which term when used herein shall include any damage or taking by any governmental authority or any other authority authorized by the laws of the State of Florida or the United States of America to so damage or take, and any transfer by private sale in lieu thereof), either temporarily or permanently, then the entire indebtedness and other sums secured hereby shall, at the option of Mortgagee, become immediately due and payable (any such application for repayment to be without any prepayment consideration, except that if an Event of Default (herein defined), or an event that with notice and/or the passage of time, or both, would constitute an Event of Default, has occurred, then such application shall be subject to the prepayment consideration computed in accordance with the Note). For purposes of this paragraph, a "substantial portion" of the Mortgaged Property shall mean damage to or taking of any part of the buildings located on the Mortgaged Property or a part of the parking area available for use by tenants or other users of the Mortgage Property so as to not be in compliance with applicable zoning and land use requirements. Mortgagee shall be entitled to all compensation awards, damages, claims, rights of actions and proceeds of or on account of any such damage or taking through condemnation and is hereby authorized, at its option, to commence, appear in and prosecute, in its own or Mortgagor's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation awards, damages, claims, rights of action and proceeds, and any other payments or relief, and the right thereto, are hereby assigned by Mortgagor to Mortgagee, who, after deducting therefrom all of its expenses including attorney's fees, may release any monies so received by it without affecting the lien of this Mortgage or may apply the same, in such manner as Mortgagee shall determine, to the reduction of the sums secured hereby and to any prepayment charge provided in the Note, this Mortgage or any other instruments securing the Note. Any balance of such monies then remaining shall be paid to Mortgagor. Mortgagor agrees to execute such further assignments of any compensation, awards, damages, claims, rights of action and proceeds as Mortgagee may require.

6. It is understood and agreed by Mortgagor that as part of the inducement to Mortgagee to make the loan evidenced by the Note, Mortgagee has considered and relied

on the creditworthiness and reliability of Mortgagor. If all or any part of the Mortgaged Property or an interest therein is sold or transferred by Mortgagor without Mortgagee's prior written consent, Mortgagee may, at Mortgagee's option, declare all the sums secured by this Mortgage to be immediately due and payable.

7. The lien of this Mortgage will automatically attach, without further act, to all after acquired property located in or on, or attached to, or used or intended to be used in connection with or with the operation of the Mortgaged Property.

8. Mortgagor, in its business operations and ownership of property, shall comply in all material respects with all applicable rules and regulations of any federal, state or local government authorities that may be applicable to Mortgagor or any of its businesses or properties.

9. Mortgagor, if a business entity, shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its organization and of each other jurisdiction where, in the opinion of counsel to Mortgagee, Mortgagor shall be required to be qualified to do business and will do or cause to be done all things necessary to preserve and keep in full force and effect its rights to won property and operate all aspects of its business in a manner not less favorable to Mortgagor than those now in existence.

10. Mortgagor shall not use any of its property or allow the same to be used or occupied for any unlawful purpose or in violation of any permit or certificate, or any law, ordinance, regulation or restrictive covenant, covering or affecting the use or occupancy thereof, or suffer any act to be done or any condition to exist on any of its property or any article to be brought thereon, that may be dangerous, unless safeguarded as required by law, or that may, in law, constitute a nuisance, public or private.

11. Mortgagor shall not permit, without the prior written consent of Mortgagee, (i) the transfer of any interest of Mortgagor by any equity holder of Mortgagor owning directly or indirectly, five percent (5%) or more of the equity interests of Mortgagor as of the date hereof (whether such proposed transfer shall be by direct transfer by such equity holder or the result of an action by any party against equity holder) nor (ii) the issuance of additional equity interests of Mortgagor after the date hereof.

12. At any time and from time to time, upon Mortgagee's request, Mortgagor shall make, execute and deliver or cause to be made, executed and delivered to Mortgagee and, where appropriate, shall cause to be recorded or filed and from time to time thereafter to be re-recorded or refiled at such time and in such offices and places as shall be deemed desirable by Mortgagee any and all such further mortgages, instruments, certificates and other documents as Mortgagee may consider necessary or desirable in order to effectuate, complete or perfect or to continue and preserve the obligations of Mortgagor under the Note and this Mortgage and the lien of this Mortgage as a first priority lien upon all of the Mortgaged Property, whether now owned or hereafter

acquired by Mortgagor. Upon any failure by Mortgagor to do so, Mortgagee may make, execute, record, file, rerecord or refile any and all such mortgages, instruments, certificates and documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee as agent and attorney-in-fact- of Mortgagor to do so.

13. In order to further secure the payment of the Indebtedness and the observance, performance and discharge of the obligations, Mortgagor hereby sells, assigns, transfers and sets over to Mortgagee all of Mortgagor's right, title and interest in, to and under the Leases and in and to the rents payable under the Lease (the "Rents").

14. Unless and until an Event of Default (as hereinafter defined) occurs, Mortgagor shall be entitled to collect the Rents as and when they become due and payable; provided, however, that in an Event of Default, all Rents in the possession or control of Mortgagor at the time of such Event of Default or collected thereafter (collectively, the "Collected Rents") shall be deemed to be the property of the Mortgagee, and Mortgagor shall be deemed to hold the Collected Rents in trust for Mortgagee. Upon written demand by Mortgagee to Mortgagor, Mortgagor shall turn over the Collected Rents to Mortgagee. Mortgagor hereby agrees that the respective tenants under the Lease, upon notice from Mortgagee of the occurrence of an Event of Default, shall thereafter pay to Mortgagee the Rents due and to become due under the Lease without any obligation to determine whether or not such Event of Default does in fact exist.

15. To permit, commit or suffer no waste, impairment or deterioration of said property or any part thereof.

16. To pay all and singular the costs, charges and expenses, including a reasonable lawyer's fees and cost of abstracts of title, incurred or paid at any time by said Mortgagee because and/or in the event of the failure on the part of the said Mortgagor to duly, promptly and fully perform, discharge, execute, effect, complete, comply with and abide by each and every one of the stipulations, agreements, conditions and covenants of said promissory note, and this Mortgage, any or either, and said costs, charges and expenses, each and every, shall be immediately due and payable, whether or not there be notice, demand, attempt to collect or suit pending; and the full amount of each and every such payment shall bear interest from the date thereof until paid at the highest rate allowed by law; and all said costs, charges and expenses so incurred or paid, together with such interest, shall be secured by the lien of this Mortgage.

17. That additional Events of Default shall include:

- (a) any false or misleading statement, representation or warranty of the Mortgagor made to the Mortgagees at any time,
- (b) insolvency of the Mortgagor or any assignment by the Mortgagor for the benefit of creditors;
- (c) initiation of any proceeding by or against the Mortgagor alleging that the Mortgagor is insolvent; or

(d) the dissolution, merger or consolidation of the Mortgagor or the transfer of a substantial part of its property or assets.

(e) failure by Mortgagor or any guarantor to comply with any of the nonmonetary covenants contained in the Loan Documents (as such term is defined in the Note), and to cure such failure within thirty (30) days after notice thereof to Mortgagor or any guarantor, or such additional time that Mortgagee may elect in its sole discretion to grant in writing to Mortgagor or any guarantor to cure such failure; provided, however, Mortgagor has commenced within said period to cure same and diligently and in good faith is continuing to cure same.

(f) should Mortgagor or any guarantor or endorser of the Note: (i) file a voluntary petition in bankruptcy; or (ii) be adjudicated as a bankrupt or insolvent; or (iii) file any petition or answer seeking or acquiescing in any reorganization, management, composition, readjustment, liquidation, dissolution or similar relief for itself under any law relating to bankruptcy, insolvency or other relief for debtors; or (iv) seek, consent to or acquiesce in the appointment of any trustee, receiver, master or liquidator of itself or of all or any part of the Mortgaged Property; or (v) make any general assignment for the benefit of creditors; or (vi) make any admission in writing of its inability to pay its debts generally as they become due; or (vii) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against it seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of sixty (60) days whether or not consecutive from the date of entry thereof; or (viii) any trustee, receiver or liquidator of it or of any part of the Mortgaged Property is appointed without the prior written consent of Mortgagee, which appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive;

(g) an Event of Default of any other mortgage or security encumbering the Property; or

(h) should the Mortgagee, after the exercise of due diligence, reasonably conclude that the security for the collateral is compromised or that the ability of the Mortgagor to repay the amounts due is less certain than at the time of the commitment by the Mortgagee to make the loan represented by the Promissory Note.

18. That (a) in the event of any breach of this Mortgage or default on the part of the Mortgagor, or (b) in the event any of said sums of money herein referred to be not promptly and fully paid within ten (10) days next after the same severally become due and payable, without demand or notice, or (c) in the event each and every the stipulations, agreements, conditions and covenants of said promissory note and this Mortgage, any or either, are not duly, promptly and fully performed, discharged, executed, effected, completed, complied with and abided by, then in either or any such event, the said aggregate sum mentioned in said promissory note then remaining unpaid, with interest accrued, and all moneys secured hereby, shall become due and payable forthwith, or thereafter, at the option of said Mortgagee, as fully and completely as if all of the said sums of money were originally stipulated to be paid on such day, anything in said Promissory Note, and/or in this Mortgage to the contrary notwithstanding; and thereupon

or thereafter at the option of said Mortgagees, without notice or demand, suit at law or equity, theretofore, or thereafter begun, may be prosecuted as if all moneys secured hereby had matured prior to its institution.

19. In an Event of Default shall have occurred, Mortgagee may proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy: (a) to enforce payment of the Note or the performance of any term hereof or any other right; (b) to foreclose this Mortgage and to sell, as an entirety or separate lots or parcels, the Mortgaged Property under the judgment or decree. If a court or courts of competent jurisdiction; (c) to collect all rents, issues, profits, revenues income, proceeds or other benefits from the Mortgaged Property; (d) to pursue any other remedy available to it, including but not limited to taking possession of the Mortgaged Property without notice or hearing to Mortgagor. Mortgagee shall take action either by such proceedings or by the exercise of its power with respect to entry or taking possession, or both as Mortgagee may determine.

20. No delay or omission of Mortgagee to insist, at any time, upon strict performance of any covenant, provision or condition of this Mortgage or to exercise any right, power or remedy accruing upon any event of default shall be construed as a present waiver or relinquishment for the future of such covenant, provision, condition, right, or remedy. Receipt by Mortgagee of any monthly installment of principal and/or interest due under the Note with knowledge, whether actual or constructive, of the breach of any covenant, provisions or condition of this Mortgage shall not be deemed a waiver of such breach. In no event shall Mortgagee be deemed to have made an waiver hereunder unless the waiver is expressed in a document signed by the Mortgagee and stating with specificity the covenant, provision, condition, right, power or remedy being waived.

21. No right, power or remedy conferred upon or reserved to Mortgagee by the Note, this Mortgage or any other instrument securing the Note is exclusive of any other right, power or remedy, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power or remedy given hereunder or under the Note, or any other instrument securing the Note, or now or hereafter existing at law, in equity or by statute.

22. That in the event that at the beginning of or at any time pending any suit upon this Mortgage, or to foreclose it, or to reform it, and/or to enforce payment of any claims hereunder, said Mortgagee shall apply to the Court having jurisdiction thereof for the appointment of a Receiver, such Court shall forthwith appoint a Receiver of said mortgaged property all and singular, including all and singular the rents, income, profits, issues and revenues from whatever source derived, each and every of which, it being expressly understood, is hereby mortgaged as if specifically set forth and described in the granting and habendum clauses hereof, and such Receiver shall have all the broad and effective functions and powers in anywise entrusted by a Court to a Receiver, and such appointment shall be made by such court as an admitted equity and a matter of absolute right to said Mortgagees, and without reference to the adequacy or inadequacy of the value of the property mortgaged or to the solvency or insolvency of said Mortgagor, and

that such rents, profits, income, issues and revenues shall be applied by such Receiver according to the lien and/or equity of said Mortgagee and the practice of such court.

23. This Mortgage Deed shall be interpreted in accord with the laws of the State of Florida. Venue for any proceeding arising out of the provisions of this Mortgage Deed shall be in a court of competent jurisdiction located in St. Johns County, Florida.

24. Whenever one of the parties hereto is named or referred to herein, the heirs, personal representatives, successors and assigns of such party shall be included and all covenants and agreements contained in this Mortgage, by or on behalf of Mortgagor or Mortgagee, shall bind and inure to the benefit of their respective heirs, personal representatives, successors and assigns.

25. In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Mortgage or any other instrument securing the Note shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein and in the Note and any other instrument securing the Note in no way shall be affected, prejudiced or disturbed thereby.

26. This Mortgage is given to secure not only existing indebtedness, but also such future advances made to Mortgagor or its successors in title to the Mortgaged property, to be made at the option of Mortgagee, or otherwise, as are made within twenty years from the date hereof, to the same extent as if such future advances are made on the date of the execution of this Mortgage. The total amount of the indebtedness that may be so secured may decrease or increase from time to time, but the total unpaid balance so secured at one time shall not exceed two times the face amount of the Note, plus interest thereon, and any disbursements made for the payment of taxes, levies or insurance on the Mortgaged property, with interest on such disbursements at the Default Rate as provided in the Note.

27. Mortgagor shall pay the cost of releasing or satisfying this Mortgage of record.

In the event Mortgagor shall request Mortgagee to consider any matter affecting the Mortgaged property, including, without limitation, the allowance of a junior mortgage, the subordination of this Mortgage, an easement over, under or across the Mortgaged Property, or the partial release of any portion of the Mortgaged property, including the reasonable fees of counsel, engineers or other consultants, incurred by Mortgagee in consideration of such matters.

28. Mortgagor represents and warrants to Mortgagee, to the best of its knowledge, that Mortgagor and the Mortgaged Property are in compliance in all material respects with all Environmental Laws and will remain in compliance with same during the term of this Mortgage. For the purposes of this Mortgage, "Environmental Law" or "Environmental Laws" shall mean any governmental statute, law, ordinance, code, rule, regulation, order, decree, or any decision, conclusion, or determination made by a government official relating to or imposing liability or standards of conduct as may now

or at anytime hereafter be in effect regarding any air emission, soil contamination or water discharge or the use, storage, handling, generation or disposal of any hazardous substances or petroleum product, including, without limitation, any of the following, as the same may be amended or replaced from time to time, and all regulations promulgated thereunder or in connection therewith: the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") the Superfund Amendments and Reauthorization Act 1986 ("SARA"); the Clean Air Act ("CAA"); the Clean Water Act ("CWA"); the Toxic Substance Control Act ("TSCA"); the Solid Waste Disposal Act ("SWDA"), as amended by the Resources Conservation and Recovery Act ("RCRA"); the Occupational Safety and Health Act of 1970 ("OSHA"); and the state and local versions thereof including, but not limited to, Chapters 376 and 403 of Florida Statutes. In addition, Mortgagor shall comply with the financial responsibility requirements by the applicable Environmental Laws.

Mortgagor represents and warrants to Mortgagee that: (i) no oil, petroleum, or chemical liquids or solids, liquid or gaseous products, or hazardous or toxic substances, within the definition of any applicable federal, state or local statute or regulation, are now stored or otherwise located on the Mortgaged property except in compliance with applicable Environmental Laws; (ii) to the best of the Mortgagor's knowledge, no release of any such hazardous or toxic substance has occurred on the Mortgaged Property; (iii) to the best of the Mortgagor's knowledge, no part of the Mortgaged property, including the groundwater located thereon, is presently contaminated by any hazardous or toxic substance; and (iv) Mortgagor has not received any notice from any governmental agency or authority or from any tenant under a lease of all or any portion of the Mortgaged Property with respect to any release of hazardous or toxic materials onto the Mortgaged Property.

Mortgagor further covenants and agrees with Mortgagee that: (i) all hazardous or toxic substances, within the definition of any applicable statute or regulation, that may be used by any person for any purpose upon the Mortgaged Property shall be used or stored thereon only in a safe and approved manner, in accordance with all industrial standards and all laws, regulations and requirements for such storage promulgated by any federal, state or local governmental agency or authority; and (ii) the Mortgaged Property will not be used for the principal purpose of storing such substances. Mortgagor hereby agrees to indemnify, defend and save and hold Mortgagee harmless of and from all loss, cost (including court costs and reasonable attorneys' fees, whether suit be brought or not and including an appeal, if any), liability and damage whatsoever incurred by Mortgagee arising out of or by reason of any violation of any applicable federal, state or local statute or regulation for the protection of the environment that occurs upon the Mortgaged property, or by reason of the imposition of any governmental lien for the recovery of environmental clean-up costs expended by reason of such violation; provided that, to the extent that Mortgagee is strictly liable under any such statute or regulation, Mortgagor's obligation to Mortgagee with respect to the violation of law that results in liability to Mortgagee. The provisions of the paragraph shall continue in effect after the satisfaction of the Indebtedness, whether by voluntary repayment of the Indebtedness or through the enforcement of the Note, or otherwise.

If, for any reason whatsoever, Mortgagee shall suspect that the Mortgaged property may have been contaminated or that any Environmental Law has been or is being violated with respect to the Mortgaged property, upon notice by Mortgagee, Mortgagor shall submit a written environmental audit report, satisfactory to Mortgagee, prepared at Mortgagor's expense by a consultant approved by Mortgagee, certifying that the Mortgaged Property is not at that time being used nor has it ever been used for any activities directly or indirectly involved with the generation, use, treatment, storage or disposal of any hazardous or toxic substances as described hereinabove.

29. WAIVER OF JURY TRIAL. NEITHER MORTGAGOR NOR MORTGAGEE, OR ANY ASSIGNEE, SUCCESSOR, HEIR OR LEGAL REPRESENTATIVE OF MORTGAGOR OR MORTGAGEE SHALL SEEK A JURY

TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR OTHER LITIGATION OR PROCEDURE BASED UPON OR ARISING OUT OF THIS MORTGAGE, ANY RELATED AGREEMENT OR INSTRUMENT, ANY OTHER COLLATERAL FOR THE INDEBTEDNESS SECURED HEREBY OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG MORTGAGOR OR MORTGAGEE. NEITHER MORTGAGOR NOR MORTGAGEE WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER MORTGAGOR NOR MORTGAGEE HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

30. Mortgagor for itself and, to the maximum extent permitted by law, for any trustee, debtor-in-possession, receiver or other representative of Mortgagor, hereby agrees that in any proceedings filed by or against Mortgagor under the U. S. Bankruptcy Code, Mortgagee will receive adequate protection only by immediate surrender of the Mortgaged Property to Mortgagee for liquidation and sale. Thus, in the event of the filing of any voluntary or involuntary petition (if such involuntary petition is not dismissed within sixty (60) days following the filing of such petition) in bankruptcy by or against Mortgagor, (i) Mortgagor, upon request by Mortgagee, shall neither oppose nor request any other party to oppose a lifting of the automatic stay provided by Section 362 of the Bankruptcy Code as to the Mortgaged Property, and Mortgagor agrees to consent to any requested relief from the automatic stay provided by Section 362 of the Bankruptcy Code sought by Mortgagee as to all or any part of the Mortgaged Property, whether now existing or hereafter acquired or arising; (ii) Mortgagor shall not seek a supplemental stay or other relief, whether injunctive or otherwise, pursuant to Section 105 of the Bankruptcy Code or any other provision of the Bankruptcy Code to stay, interdict, condition, reduce or inhibit the ability of Mortgagee to enforce any rights it has by virtue of this Mortgage or any other right Mortgagee has, whether now or hereafter

acquired against Mortgagor or against any of the Mortgaged Property; (iii) Mortgagor shall not challenge or attempt to challenge (and any standing to challenge or attempt to challenge is hereby waived to the extent permitted by law), for its own benefit, any transfer of any or all of the Mortgaged property for the loan pursuant to this mortgage as a fraudulent conveyance under any federal, state or other law; (iv) Mortgagor shall not oppose the appointment of a trustee, examiner or receiver, and to the extent permitted by law will stipulate that any "custodian" (as defined in the Bankruptcy Code and shall not oppose any motion by Mortgagee to terminate the exclusive periods provided under Sections 112(c)(2) or (c)(3) of the Bankruptcy Code. Mortgagor agrees that is shall not modify the payment terms or interest rates of the Note or this Mortgage in any plan of reorganization. If an Event of Default (as defined in the Note) is cured under any plan of reorganization, such cure payments shall include interest as provided under the Note.

MORTGAGOR ACKNOWLEDGES AND CONFIRM THAT THE REPRESENTATIONS, WAIVERS AND RELEASES IN THIS PARAGRAPH HAVE BEEN SEPARATELY BARGAINED FOR AND ARE A MATERIAL INDUCEMENT TO THE WILLINGNESS OF MORTGAGEE TO ENTER INTO THE LOAN TRANSACTION. The provisions of this paragraph shall survive the conveyance of the Mortgaged property to Mortgagee or the termination of this Mortgage.

31. This mortgage shall be construed as a security agreement under the Florida Uniform Commercial Code. Additionally, Mortgagee is irrevocably authorized by Mortgagor, to extent permitted by applicable law, to execute and file without Mortgagor's signature any financing statement or other instrument or document that Mortgagee may deem necessary or advisable to perfect or maintain the security interest in and lien on the collateral granted pursuant hereto.

32. Any Event of Default as to this Mortgage or as to the Promissory Note shall be considered an Event of Default as to both the Mortgage and Promissory Note and as to any other obligations of the Mortgagor to the Mortgagee. Any Event of Default as to any other obligation of the Mortgagor to the Mortgagee shall be considered an Event of Default as to this Mortgage and the Promissory Note.

33. The Mortgagee hereby agrees that this Mortgage Deed may be subordinated to a mortgage on the subject real property as security for a loan to construct single family residential improvements on the property. The Mortgagee has received full authority and discretion to approve such subordination. Any subordination made pursuant to this paragraph shall be evidenced by a recorded instrument executed by the Mortgagee. The Mortgagor agrees to bear all costs associated with the preparation, execution and recordation of the subordination instrument.

34. As a material term and consideration of this Mortgage Deed, the Mortgagor agrees to complete the closing of a resale of the subject property, as improved by a residential structure, to qualified buyer who satisfies the standards of the SHIP Program of St. Johns County, Florida. The purchaser of the improved Property shall occupy the Property for five (5) consecutive years upon taking possession after completing the

purchase. Failure to complete the resale of the improved Property as provided in this paragraph constitutes an event of default under this Mortgage Deed for which the Mortgagee may exercise any legal remedies available to the Mortgagee. The Mortgagee must obtain the prior written approval by the Mortgagee of the qualifications of the grantee of the Mortgagor.

IN WITNESS WHEREOF, the said Mortgagor has executed this Mortgage under seal on the day and year herein first above written.

Signed, sealed and delivered
in our presence:

E & C Construction of St. Augustine, Inc.

By: *[Signature]*
Patricia C. Ducey, Secretary

[Signature]
Witness.

PATRICIA A. POLEY
Printed Witness Name

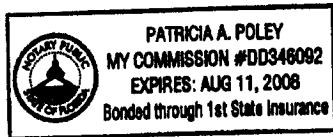
[Signature]
Witness

Dawn R. Smolko
Printed Witness Name

STATE OF FLORIDA
COUNTY OF ST. JOHNS

BEFORE ME personally appeared Patricia C. Ducey, as Secretary of E & C Construction of St. Augustine, Inc., a Florida Corporation, known to me to be the person described and who provided a Florida drivers license as identification and who executed the foregoing instrument and acknowledged before me that she executed the same for the purposes therein expressed.

WITNESS my hand and official seal this 2nd day of December, 2004.



[Signature]
Notary Public
State of Florida at Large

PROMISSORY NOTE

December 2, 2004

\$6,000.00
St. Augustine, Florida

REBEY CASSEY
OF FLORIDA
Pat
SERVICES, INC.

CONFIRMED
CORRECT

FOR VALUE RECEIVED, the undersigned Obligor promises to pay to the order of ST. JOHNS COUNTY REDEVELOPMENT AGENCY, known as the Note Holder, @ the principal sum of SIX THOUSAND AND 00/100 Dollars (\$6,000.00) which shall accrue interest at the annual rate of zero (0%) per cent on the unpaid principal balance from the date hereof. The principal and interest shall be paid in Lawful Money of the United States of America, at the post office address of the Note Holder, such principal payable in installments as follows:

The amount due shall be payable within one (1) year from the date of this Promissory Note as described above; provided, however, that if the Obligor commences the construction on the Property described below of a single family residence which satisfies the requirements of St. Johns County SHIP Program guidelines, obtains a certificate of occupancy for said residence within one (1) year from the date of this Promissory Note and closes the sale of the Property to a person or persons who satisfy the requirements of the St. Johns County SHIP Program within one (1) year from the date of this Promissory Note, then the amount due shall be payable from the proceeds of the closing of the purchase and sale of the residential Property to the successor owner or owners. The date of this Promissory Note is the same as the date of the closing of the sale of the Property from the St. Johns County Redevelopment Agency to the Obligor.

The debt represented by this Promissory Note is secured by a Mortgage of even date herewith encumbering the real property now owned by the Obligor herein located in St. Johns County, Florida and more specifically described as follows:

Lot 17, Afro American Subdivision of Dancy Tract Block 109 as recorded in Map Book 4, page 8 of the Public Records of St. Johns County, Florida. (Site #1 Lot ID# 135) PARCEL IDENTIFICATION NUMBER 118260-0170.

The Note Holder may demand payment by giving written notice to the Obligor by delivery of same by U.S. Mail, certified, postage prepaid sent to the last known address of the Obligor.

In the event of a default in the payment terms, the unpaid principal shall accrue interest at the default rate of eighteen (18%) per cent per annum until paid in full.

Prepayment may be made at any time, in full or in part, without penalty.

Each person liable hereon, whether maker or endorser, hereby waives presentment, protest, notice, notice of protest and notice of dishonor and agrees to pay all costs, including a reasonable attorneys fee, whether suit be brought or not, if, after maturity of this note or default hereunder, counsel shall be employed to collect this note.

This note is secured by a Mortgage of even date herewith and is to be construed and enforced according to the laws of the State of Florida; upon default of the payment of principal and/or interest when due, the whole sum of principal and interest remaining unpaid, shall at the option of the holders, become immediately due and payable. Failure to exercise this option shall not constitute a waiver if the right to exercise the same in the event of subsequent default.

WITNESS THE HANDS AND SEALS OF THE UNDERSIGNED:

E & C CONSTRUCTION OF
ST. AUGUSTINE, INC.

Patricia A. Polley
Witness

by: [Signature]
PATRICIA C. DUCY, Secretary

PATRICIA A. POLLEY
Printed Name of Witness

[Signature]
Witness

Dawn R Smolko
Printed Name of Witness

COPY

RECORDED
INDEXED
MAY 19 1984
STATE OF FLORIDA
NOTARIAL PUBLIC