

## DEED OF TRUST

THIS DEED OF TRUST, made and entered into this \_\_\_\_ day of \_\_\_\_, 200\_\_\_\_, by and between \_\_\_\_\_, Grantor, and \_\_\_\_\_ of \_\_\_\_\_ County, Virginia and \_\_\_\_\_ of \_\_\_\_\_ County, Virginia, Grantees, Trustees,

WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$ 10.00) cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged by the Grantor, the Grantor does hereby grant and convey with GENERAL WARRANTY and ENGLISH COVENANTS OF TITLE unto the said

\_\_\_\_\_ and \_\_\_\_\_, Trustees, the following described real estate, with improvements thereon and appurtenances thereunto pertaining, all as described on the attached Exhibit A.

Together with all buildings, improvements, easements, fixtures or appurtenances now or hereafter erected thereon, including all apparatus, equipment, fixtures or articles, whether in single units or centrally controlled, used to supply heat, gas, air conditioning, water, light, power, refrigeration, ventilation or other services, and also together with any screens, window shades, storm doors and windows, screen doors, awnings, stoves and water heaters (all of which are declared to be part of said real estate whether physically attached thereto or not); and all of the foregoing together with the above described real estate are referred to in this Deed of Trust as the "Property."

IN TRUST, to secure to the holder thereof, or his successors or assigns: (a) the payment of a note, payable to the order of the Rector and Visitors of the University of Virginia (the "Noteholder"), executed by any one or more of the Grantors dated the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, in the principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), (the "Note") plus interest and charges in accordance with the terms of the Note and (b) the performance of Grantor's other obligations under the Note.

The Property shall also secure reimbursement to the Noteholder and the Trustees for any and all costs, attorney's fees and other expenses of whatever kind incurred in connection with obtaining possession of the Property; the protection and preservation of the Property; collection of any sum or sums secured hereby; any litigation concerning the Property or this Deed of Trust; recording or releasing this Deed of Trust and any additional examination of title or execution of further assurances or physical survey of the Property which may be required by the Noteholder or Trustees for any reason in good faith; all of which costs and expenses shall be the obligations of and paid by the Grantor.

As additional security for the above described note, costs, and expenses, the Grantor hereby assigns to the Noteholder all condemnation proceeds and proceeds of any policy of insurance due in connection with the Property, and if any of the Property is leased or any easement thereon or any right to remove any portion of the Property is granted either now or in the future, whether with or without the consent of the Noteholder or the Trustees, the lease, other instrument, agreement, or contract right and all rights thereunder and any and all rents, royalties, income, and other accruing benefits related thereto.

The Grantor covenants that the Trustees and the Noteholder or their duly authorized agents shall have the right to inspect the Property at any reasonable time; that Grantor and any lessee of the Property will comply with all laws and ordinances pertaining to the Property; and that Grantor will keep in force any insurance required by this Deed of Trust or any state or federal law or regulation. The Grantor further covenants, and this Deed of Trust shall be construed to impose and confer upon the parties hereto, and the beneficiaries hereunder, all duties, rights, and obligations prescribed in Sections 55-59 and 55-70 through 55-74 inclusive of the Code of Virginia, 1950, as amended, and in effect as of the date hereof (except as specifically modified herein) and further to incorporate herein, by short term references below, the following provisions of Sections 55-60 of the Code of Virginia, 1950, as amended and in effect as of the date hereof:

- (a) Identified by Trustee's signature.
- (b) Exemptions waived.
- (c) Subject to all upon default.
- (d) Renewal or extension permitted.
- (e) Reinstatement permitted.
- (f) Right of anticipation reserved.
- (g) Priority in direct order of maturity.
- (h) Substitution of Trustee permitted.
- (i) Any Trustee may act.
- (j) Advertisement required. Publication at least two times in a newspaper published or having general circulation in the County or City wherein the Property is located, and, in the discretion of the Trustee acting, by printed

posters being posted in at least three public places in said County or City, one of which shall be at the Courthouse door of the County or City.

(k) Trustee's commission of 5 percent of gross proceeds of sale.

Furthermore, the Grantors agree to the following conditions as specific terms of the loan from the Noteholder, and agree that a breach of any one of them will be grounds to declare the loan in default and exercise any remedies provided hereunder:

· Grantors will provide audited financial on an annual basis for each year in which this loan is outstanding.

· Grantors must make remittances into an escrow account, which the Noteholder will administer, to cover the following:

1. A long-term maintenance fund (3% of the house value to be set aside annually to cover long-term wear and tear; "house value" equals current property value plus construction and renovation costs)

2. Insurance

3. Property taxes

· Grantor, as part of its loan application process, has agreed to a Renovation Plan and Maintenance and Behavior Plan which are attached to and incorporated in the Note and are enforceable obligations to the Noteholder.

· The following insurance requirements will apply:

1. General Liability insurance for bodily injury and property damage with a minimum combined single limit of not less than \$1,000,000 per occurrence (to include personal injury coverage) with an aggregate limit of \$2,000,000, and medical payments coverage of at least \$2000 per person.

2. Commercial Property insurance shall be provided using the Building and Personal Property Coverage Form to include Broad Form causes of loss coverage, maintaining insurance values as appropriate to insure the buildings up to their replacement values and the value of any owned personal property.

3. Boiler and Machinery insurance shall also be maintained with a limit of not less than \$500,000 for any one accident.

· Insurers holding at least an A- rating from A.M. Best Company should underwrite insurance coverage that are licensed to conduct business in the Commonwealth of Virginia. Also, the general liability coverage must be endorsed to show the following as an additional insured: The Commonwealth of Virginia and the Rector and Visitors of the University of Virginia, its officers, employees and agents. Likewise, the property insurance must be endorsed to show the Noteholder as a Loss Payee to the value of its outstanding loan amount. Certificates of insurance must be provided upon request indicating the above conditions have been met.

· If all or any part of the Property or an interest therein is sold, transferred or leased by the Grantor, or if Grantor contracts to sell, transfer or lease the same (except for individual room rentals as contemplated in the ordinary course of business), without the prior written consent of the Noteholder, the Noteholder, at its option, may declare all sums hereby secured to be immediately due and payable.

If the Property is advertised for sale at foreclosure pursuant to the provisions of this Deed of Trust, but not sold pursuant to such advertisement by reason of any act on the part of the Grantor, the Grantor shall pay to the acting Trustee or Trustees the actual expenses incurred plus a reasonable commission for Trustee's services, not to exceed two percent (2%) of the unpaid balance then due under the Note.

NOTICE--IT IS FURTHER COVENANTED AND AGREED THAT THE DEBT SECURED HEREBY, AT THE OPTION OF THE NOTEHOLDER, IS SUBJECT TO CALL IN FULL IN THE EVENT OF SALE, CONVEYANCE, OR LEASING OF THE PROPERTY SECURED HEREBY. FAILURE TO EXERCISE THE OPTION SHALL NOT CONSTITUTE A WAIVER OF THE RIGHT TO EXERCISE THE SAME IN THE EVENT OF SALE, CONVEYANCE, OR LEASING BY ANY SUCCESSOR IN TITLE TO THE GRANTOR.

By: \_\_\_\_\_ (SEAL)

By: \_\_\_\_\_ (SEAL)