

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: October 3, 2017 [] Consent [X] Regular
[] Ordinance [] Public Hearing

Department: Department of Housing and Economic Sustainability

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: A) a negotiated settlement offer in the amount of \$5,000 for the full satisfaction of two Mortgage loans granted to Thomas Stewart on December 7, 2006; and B) a Satisfaction of Mortgages.

Summary: On December 7, 2006, Thomas Stewart received assistance under the County's Purchase Assistance Program to help him acquire and rehabilitate his home at 3901 36th Ct, #104B, in West Palm Beach. In exchange for this assistance, Palm Beach County holds a second mortgage in the amount of \$27,700 and a third mortgage in the amount of \$4,920. At that time, he also took out a first mortgage on the property from Wells Fargo Bank, N.A., to enable him to purchase the home. In June, 2011, the bank released the first mortgage and the County's second mortgage then became the first mortgage lien on the property. In 2016, the condominium association, Piper Village West, Inc., filed for foreclosure because of unpaid condominium assessments. In February 2017, Piper Village West obtained a summary judgment of foreclosure against condominium owner Thomas Stewart and against mortgage holder Palm Beach County for its \$4,920 mortgage. The condominium association received a certificate of title to the property from the court on April 3, 2017. As a first mortgage lien, the County's \$27,700 mortgage is superior to the condominium association's lien and therefore was not included in the foreclosure action. The condominium association argues that the County's \$27,700 mortgage is no longer a valid mortgage and the association has stated its intention to file a quiet title action against the County in order to have the court rule on the viability of the County's mortgage. The County Attorney's office believes the County's mortgage is valid and continues as a lien on the property. The County will have to counter a quiet title action by filing to foreclose on the property. The condominium is currently vacant but in need of an estimated \$50,000 worth of repairs. The Property Appraiser has estimated the condominium's market value to be \$34,000. The condominium association has offered to pay the County \$5,000 to satisfy the County mortgage, and has requested a release of both the existing lien and the one that was foreclosed. Staff has evaluated the legal costs associated with a quiet title action and a foreclosure action as well as the cost of rehabilitation, and is recommending acceptance of \$5,000 in exchange for the satisfaction of both mortgages. The original source of funds was from the State Housing Initiatives Partnership (SHIP) Program which required no local match. District 7 (JB)

Background and Justification: Mr. Stewart participated in the Purchase Assistance Program which provides funding to income qualified applicants to purchase and make repairs to single-family homes. Mr. Stewart received two (2) loans under the Program and the County holds two (2) mortgages that have a 30 year affordability period. No repayment during the term of the mortgages was due, except that the entire principal amount of both loans would have become payable by the applicant in the event of default (such as the sale, transfer of title to, or disposition of the mortgaged property). The \$5,000 settlement amount will be deposited in the SHIP Program fund as required by State regulations and treated as program income. These funds may then be used for eligible expenses as permitted by SHIP regulations. Settlement offers that reduce any debt amount due to Palm Beach County by more than \$2,500 require the approval of the Board of County Commissioners (Board), per Countywide PPM# CW-F-048. Staff recommends Board approval of this settlement offer which exceeds the \$2,500 limit.

Attachment(s):

- 1. Satisfaction of Mortgages
- 2. December 7, 2006, \$27,700 mortgage from Thomas Stewart
- 3. December 7, 2006, \$4,920 mortgage from Thomas Stewart

Recommended By: Jonathan Brown 9/7/17
Department Director Date

Approved By: Laure Johnson 9/25/17
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2018	2019	2020	2021	2022
Capital Expenditures					
Operating Costs					
External Revenues	(\$5,000)				
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	(\$5,000)				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes _____ No X

Budget Account No.:

Fund 1101 Dept 143 Unit 1431 Object 6999 Program Code/Period BG03/GY11

B. Recommended Sources of Funds/Summary of Fiscal Impact:

The proceeds from the settlement will be deposited as program income in the Community Development Block Grant fund.

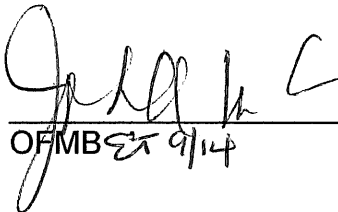
C. Departmental Fiscal Review:



 Shairette Major, Fiscal Manager II

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:



 OFMB 9/14 9/21/17



 Contract Development and Control 9/25/17
 9/25/17

B. Legal Sufficiency:



 Assistant County Attorney 9/26/17

C. Other Department Review:

Department Director

SATISFACTION/RELEASE OF MORTGAGES

Know All Men By These Presents: That We, **Board of County Commissioners of Palm Beach County, Florida**, the owner and holder of the below described Second Mortgages executed by **Thomas Stewart** to Palm Beach County, a political subdivision of the State of Florida, hereby acknowledge satisfaction/release of the two (2) below described Second Mortgages and Promissory Notes, and surrender the same as canceled, and hereby direct the Clerk of the said Circuit Court to cancel the same of record as follows:

The Second Mortgage bearing date the 7th day of December, 2006, recorded in Official Records Book 21194, Page 1264, in the Public Records of Palm Beach County, Florida, securing a certain Promissory Note in the principal sum of Twenty-Seven Thousand Seven Hundred Dollars and 00/100 Cents (\$27,700.00), which Second Mortgage contains certain promises and obligations upon the property situate in said State and County and more fully described as follows:

**SANDPIPER VILLAGE CONDO UNIT 104B as recorded in and of the
Office of the Clerk of the Court in and for Palm Beach County.**

and

The Second Mortgage bearing date the 7th day of December, 2006, recorded in Official Records Book 21194, Page 1269, in the Public Records of Palm Beach County, Florida, securing a certain Promissory Note in the principal sum of Four Thousand Nine Hundred and Twenty Dollars and 00/100 Cents (\$4,920.00), which Second Mortgage contains certain promises and obligations upon the property situate in said State and County and more fully described as follows:

**SANDPIPER VILLAGE CONDO UNIT 104B as recorded in and of the
Office of the Clerk of the Court in and for Palm Beach County.**

PROPERTY ADDRESS:

3901 36th Street #104B
West Palm Beach, FLA 33407

WITNESS my hand and seal this ____ day of _____, 20____.

**PALM BEACH COUNTY, FLORIDA, a
Political Subdivision of the State of Florida**

Signed, Sealed and Delivered in
the Presence of:

BOARD OF COUNTY COMMISSIONERS

Witness: _____

By: _____
Paulette Burdick, Mayor
Palm Beach County

Witness: _____

ATTEST:
Sharon R. Bock, Clerk & Comptroller

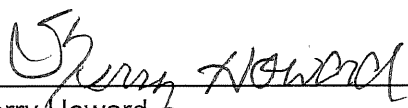
(COUNTY SEAL)

By: _____
Deputy Clerk

Approved as to Form and
Legal Sufficiency

Approved as to Terms and Conditions
Dept. of Housing and Economic Sustainability

By: _____
James Brako,
Assistant County Attorney

By: 
Sherry Howard,
Deputy Director



FILE NUM 20080890791 OR BOOK/PAGE 21194/1264 DATE: 12/14/2008 12:16:35 Pgs 1264 - 1268 (5pgs)
DEED DOC 96.95 INTANG 55.40
Sharon R. Beck, CLERK & COMPTROLLER

**PURCHASE ASSISTANCE PR RAM
SECOND MORTGAGE**

THIS IS A SECOND MORTGAGE AND THE FINAL PRINCIPAL PAYMENT OR THE PRINCIPAL BALANCE DUE UPON MATURITY \$27,700.00 TOGETHER WITH ACCRUED INTEREST, IF ANY, AND ALL ADVANCEMENTS MADE BY THE MORTGAGEE UNDER THE TERMS OF THIS MORTGAGE.

THIS MORTGAGE DEED

Executed this 7th day of December, A.D. 2006 THOMAS STEWART
(UNMARRIED) whose address is: 1112 WEST 7TH STREET, RIVIERA BEACH, FLORIDA 33404
hereinafter called the mortgagor; Palm Beach County whose address is 301 North Olive Ave.
West Palm Beach, Florida 33401

(Wherever used herein the terms "Mortgagor" and "Mortgagee" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals, and the successors and assigns of corporations, and the term "note" includes all the notes herein described if more than one.)

WITNESSETH, that for good and valuable considerations, and also in consideration of the aggregate sum named in the promissory note of even date herewith, hereinafter described, the mortgagor hereby grants, bargains, sells, aliens, remises, conveys and confirms unto the mortgagee all the certain land of which the mortgagor is now seized and in possession situate in Palm Beach County, Florida viz:

SANDPIPER VILLAGE CONDO UNIT 104B as recorded in and of the office of the Clerk of the court in and for Palm Beach County.

TO HAVE AND TO HOLD the same, together with tenements, hereditaments and appurtenances thereto belonging, and the rents, issues and profits thereof, unto the mortgagee, in fee simple.

AND the Mortgagor covenants with the Mortgagee that the Mortgagor is indefeasibly seized of said land in fee simple; that the Mortgagor has good right and lawful authority to convey said land as aforesaid; that the Mortgagor will make such further assurances to perfect the fee simple title to said land in the Mortgagee as may reasonably be required; that the Mortgagor hereby fully warrants the title to said land and will defend the same against the lawful claims of all persons whomsoever; and at said land is free and clear of all encumbrances. In the event the subject property or any interest therein shall be sold, conveyed or in any other manner disposed of, including by Agreement for Deed, this Mortgage shall become due and payable in full.

PROVIDED ALWAYS, that if said Mortgagor shall pay unto said Mortgagee the certain promissory note hereinafter substantially copied for identification, to wit:

See Attachment "A" attached hereto and made a part hereof and shall perform, comply with and abide by each and every agreement, stipulation, condition and covenant thereof, and of this mortgage, then this mortgage and the estate hereby created, shall cease, determine and be null and void.

AND, Mortgagor hereby further covenants and agrees to pay promptly when due the principal and interest and other sums of money provided for in said note and this mortgage, or either; to pay all and singular the taxes, assessments, levies, liabilities, obligations, and encumbrances of every nature on said property; to permit, commit or suffer no waste, impairment or deterioration of said land or the improvements thereon at any time; to keep the buildings now or hereafter on said land fully insured in a sum of not less than full insurable value with a company acceptable to the mortgagee. The policy or policies to be held by, and payable to, said mortgagee. In the event any sum or money becomes payable by virtue of such insurance the mortgagee shall have the right to receive and apply the same to the indebtedness hereby secured. In the event the mortgagor fails to pay when due any tax, assessment, insurance premium or other sum of money payable by virtue of said note and this mortgage, or either, the mortgagee may pay the same, without waiving or affecting the option to foreclose or any other right hereunder, and all such payments shall bear interest from date hereof at the highest lawful rate then allowed by the laws of the State of Florida.

In any event, as long as the property is encumbered by the original first mortgage, all property insurance payments and property tax payments are to be secured through escrow and paid by the first mortgage.

AND, Mortgagor agrees further that mortgagor shall reside in the mortgaged property as the Mortgagor's principal place of residence for the term of this Mortgage.

AND, Mortgagor further recognizes that any secondary or junior financing placed upon the mortgaged property, (a) may divert funds which would otherwise be used to pay the Note secured hereby, (b) could result in acceleration and foreclosure by any such junior encumbrance which would force Mortgagee to take measures and incur expenses to protect its security (s), could detract from the value of the mortgaged property should Mortgagee's right to accept a deed in lieu of foreclosure, as a foreclosure by Mortgagee would be necessary to clear the title to the mortgaged property and (d) require the Mortgagor to have housing expenses which exceed the guidelines for affordability under the SHIP program requirements.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) keeping the premises free of subordinate financing liens and (iv) meeting SHIP program requirements for affordability, Mortgagor agrees that if this paragraph be deemed a restraint on alienation, that it is a reasonable one and that any sale, conveyance, assignment, further encumbrance or other transfer of title to the mortgaged property or any interest therein (whether voluntarily or by operation of law) without the Mortgagee's prior written consent, which may be withheld for any reason, shall be an Event of Default hereunder.

For the purpose of and without limiting the generality of the preceding sentence, the occurrence of any time of any of the following events shall be deemed to be an unpermitted transfer of title to the mortgaged property and therefore an Event of Default hereunder.

(a) any sale, conveyance, assignment or other transfer of or the grant of security interest in, all or any part of the title to the premises within **THIRTY(30) years** of the date of this Mortgage or the expiration of the full term of the First Mortgage, whichever date is earlier, without the prior written consent of the Mortgagee.

(b) any new or additional liabilities without the prior written consent of Mortgagee. Any consent by the Mortgagee, or any waiver of an event of default, under this paragraph shall not constitute a consent to, or waiver of any right, remedy or power of the Mortgagee upon a subsequent event of default under this paragraph.

If any sum of money herein referred to be not promptly paid within 15 days after the same becomes due, or if each and every agreement, stipulation, condition and covenant of said note and this mortgage, or either, are not fully performed, complied with and abided by, then the entire sum mentioned in said note, and this mortgage, or the entire balance unpaid thereon, shall forthwith or thereafter, at the option of the mortgagee, become and be due and payable, anything in said note or herein to the contrary notwithstanding. Failure by the mortgagee to exercise any of the rights or options herein provided shall not constitute a waiver of any rights or options under said note or this mortgage accrued or thereafter accruing.

This Second Mortgage is expressly made subject and subordinate to the terms and conditions specified in that certain Mortgage from Borrower to the first Lender, dated 12/7 2006, recorded in _____ Page _____, in the Clerk's Office of Palm Beach County, Florida (the "First Mortgage") securing that certain Note having an original principal face amount of SIXTY-ONE THOUSAND THREE HUNDRED DOLLARS (\$61,300.00) 2006 (the, "First Note"), made by Borrower payable to World Savings Bank FSB the ("First Lender").

If any provision of the Promissory Note or the Second Mortgage conflicts with any provision of the First Note or the First Mortgage, the terms and provisions of the First Note and the First Mortgage shall govern.

In the event of a foreclosure or a deed in lieu of foreclosure of the First Mortgage, any provision herein or in any collateral agreement restricting the use of the Property or restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors and assigns (other than the Borrower or a related entity or person to the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Mortgage shall receive title to the Property free and clear of such restrictions.

Furthermore, if the First Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Second Mortgage shall automatically terminate upon the First Lender's acquisition of title.

THIS IS A SECOND MORTGAGE AND THE FINAL PRINCIPAL PAYMENT OR THE PRINCIPAL BALANCE DUE UPON MATURITY IS \$ 27,700.00 TOGETHER WITH ACCRUED INTEREST, IF ANY AND ALL ADVANCEMENTS MADE BY THE MORTGAGEE UNDER THE TERMS OF THIS MORTGAGE.

IN WITNESS WHEREOF, the said mortgagor has hereunto signed and sealed these presents the day and year first above written.

Signed, sealed and delivered in the presence of:

Clayton Gordon
Witness: Clayton Gordon

Thomas Stewart
(Signature)
THOMAS STEWART, Mortgagor

Tricia Laska
Witness: Tricia Laska

(Signature)
, Mortgagor

PROPERTY ADDRESS:
3901 36TH STREET #104B,
WEST PALM BEACH, FLA. 33407

**STATE OF FLORIDA
COUNTY OF PALM BEACH**

I HEREBY CERTIFY, that on this 7th day of December 2006 A.D., before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared THOMAS STEWART (UNMARRIED) known to me, or who has produced FLORIDA driver's license or passport as identification and who did not take an oath.

NOTARY PUBLIC-STATE OF FLORIDA
Clayton Gordon
Commission #DD614283
Expires: NOV. 18, 2010
BONDED THRU ATLANTIC BONDING CO., INC.

Clayton Gordon
Print Name Notary Public
Clayton Gordon
Notary Public Signature

SEAL

My Commission expires: _____
Commission No.: _____

RMP

Please Return To:

Palm Beach Housing & Community Development
Commission on Affordable Housing
3323 Belvedere Road, Building 501
West Palm Beach, Florida 33406

ATTACHMENT A

**PALM BEACH COUNTY COMMISSION ON AFFORDABLE HOUSING
PROMISSORY NOTE**

PURCHASE ASSISTANCE PROGRAM SECOND MORTGAGE LOAN

Amount: \$27,700.00

Date: 12/7 2006

Property Address: 3901 36TH COURT #B104, WEST PALM BEACH, FLA. 33407
Place: Palm Beach County

FOR VALUE RECEIVED, the undersigned jointly and severally promise(s) to pay to the order of Palm Beach County, Florida, (herein called the "County"), acting by and through its Board of County Commissioners, the remaining balance on the principal sum of TWENTY-SEVEN THOUSAND SEVEN HUNDRED DOLLARS 00/100 (\$27,700.00) dollars, which remaining balance shall be payable in full upon the sale, lease, or transfer of the property, identified and legally described in the Mortgage used to secure this Note, from the undersigned signing this Note (being the owner(s) having fee simple title to the mortgaged property) to any other person(s) without the prior written consent of the Mortgagee.

Upon the sale, transfer, conveyance or alienation of any part or all of the property within thirty (30) years of the date of this note or expiration of the full term of the first Mortgage loan, whichever date is earlier, full repayment of the principal sum plus accrued interest, if any, plus any advancements made pursuant to the terms of the Mortgage, shall become immediately due and payable.

In the event of a refund of any governmental fees to the undersigned, the undersigned assigns such reimbursement directly to Palm Beach County to be credited towards the total amount due under this Note.

The undersigned reserve(s) the right to prepay at any time all or any part of the principal amount of this Note without the payment of penalties or premiums.

This Promissory Note and the Second Mortgage securing payment of this Promissory Note is expressly made subject and subordinate to the terms and conditions specified in that certain Promissory Note having an original principal face amount SIXTY-ONE THOUSAND THREE HUNDRED DOLLARS 00/100 (\$61,300.00) dated 12/7, 2006 (the "First Note"), made by Borrower payable to World Savings Bank, FSB (the "First Lender") and secured by that certain Mortgage from Borrower to the First Lender, dated 12/7/06, recorded in _____, Page _____, in the Clerk's Office of Palm Beach County, Florida (the "First Mortgage").

The Note Holder consents to any agreement or arrangement in which the First Lender waives, postpones, extends, reduces or modifies any provisions of the First Note or the First Mortgage, including any provision requiring the repayment of money.

If any provision of this Promissory Note or the Buyer's Second Mortgage conflicts with any provision of the First Note or the First Mortgage, the terms and provisions of the First Note and the First Mortgage shall govern.

If default be made in the performance of any of the covenants, understandings and agreements obtained and entered into to secure financing used in connection with this Note or in said Mortgage, then the entire unpaid principal amount of this Note, together with accrued interest computed **at a rate of eight percent per annum from the date of default**, shall become at once due and payable, at the option of the County, without notice to the undersigned, time being of the essence.

Failure of the County to exercise such option shall not constitute a waiver of such default, nor a waiver of the right to exercise the same in the event of any subsequent default. If this Note be reduced to judgment, such judgment shall bear the statutory interest due on judgments, but not to exceed eight percent per annum.

Thirty (30) years from the date of this Note or expiration of the full term of the first Mortgage loan, whichever is earlier, if the following two conditions have been met, the entire Note will be deemed satisfied and the Maker shall have no further obligation to the County under this Note:

1) There have been no defaults in the performance of any of the covenants, understandings and agreement obtained and entered into to secure financing used in connection with this Note or in said Mortgage; and

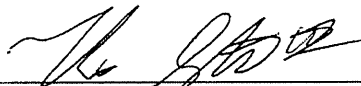
2) There has been no sale, transfer, conveyance or alienation of any part or all of the property secured in said Mortgage.

If suit is instituted by the County to recover on this Note, the undersigned agree(s) to pay all costs of such collection including reasonable attorney's fees and court costs at the trial and appellate levels.

THIS NOTE is secured by a Mortgage of even date herewith, duly filed for record in the Office of the Clerk of the Circuit Court in and for Palm Beach County, Florida.

DEMAND, protest and notice of demand and protest are hereby waived, and the undersigned hereby waive(s) to the extent authorized by law, any and all homestead and other exemption rights, which otherwise would apply to the debt evidenced by this Note.

This Note has been duly executed by the undersigned as of its date.



THOMAS STEWART (Signature)

(Signature)

Property Address
3901 36TH STREET, UNIT 104B
WEST PALM BEACH, FLA. 33407

RMP



PALM BEACH COUNTY

COMMISSION ON AFFORDABLE HOUSING

FILE NUM 20060890782 OR BOOK PAGE 21194/1269 DATE: 12/14/2006 12:18:36 Pgs 1269 - 1273 (5pgs)
DEED DOC 1750 INTANG 984
Sharon R. Beck, CLERK & COMPTROLLER

**PURCHASE ASSISTANCE PR RAM
SECOND MORTGAGE (2 of 2 for REPAIRS)**

**THIS IS A SECOND MORTGAGE AND THE FINAL PRINCIPAL PAYMENT OR
THE PRINCIPAL BALANCE DUE UPON MATURITY IS \$4,920.00 TOGETHER
WITH ACCRUED INTEREST, IF ANY, AND ALL ADVANCEMENTS MADE BY
THE MORTGAGEE UNDER THE TERMS OF THIS MORTGAGE.
MORTGAGE DEED**

Executed this 7 day of Dec., A.D. 2006 by THOMAS STEWART (UNMARRIED)
whose address is: 1112 WEST 7TH STREET, RIVIERA BEACH, FLA. 33404 hereinafter called the
mortgagor, to Ralm Beach County, whose address is 301 North Olive Ave., West Palm Beach
Florida 33401, hereinafter called the mortgagee:

(Wherever used herein the terms "Mortgagor" and "Mortgagee" include all the parties to this
instrument and the heirs, legal representatives and assigns of individuals, and the successors and
assigns of corporations, and the term "note" includes all the notes herein described if more than
one.)

WITNESSETH, that for good and valuable considerations, and also in consideration of the
aggregate sum named in the promissory note of even date herewith, hereinafter described, the
mortgagor hereby grants, bargains, sells, aliens, remises, conveys and confirms unto the mortgagee
all the certain land of which the mortgagor is now seized and in possession situate in Palm Beach
County, Florida viz:

**SANDPIPER VILLAGE CONDO UNIT 104B as recorded in and of the
Office of the Clerk of the court in and for Palm Beach County for Palm
Beach County.**

TO HAVE AND TO HOLD the same, together with tenements, hereditaments
and appurtenances thereto belonging, and the rents, issues and profits
thereof, unto the mortgagee, in fee simple.

AND the Mortgagor covenants with the Mortgagee that the Mortgagor is indefeasibly seized
of said land in fee simple; that the Mortgagor has good right and lawful authority to convey said
land as aforesaid; that the Mortgagor will make such further assurances to perfect the fee simple
title to said land in the Mortgagee as may reasonably be required; that the Mortgagor hereby fully
warrants the title to said land and will defend the same against the lawful claims of all persons
whomsoever; and at said land is free and clear of all encumbrances. In the event the subject
property or any interest therein shall be sold, conveyed or in any other manner disposed of,
including by Agreement for Deed, this Mortgage shall become due and payable in full.

PROVIDED ALWAYS, that if said Mortgagor shall pay unto said Mortgagee the certain
promissory note hereinafter substantially copied for identification, to wit:

See Attachment "A" attached hereto and made a part hereof and shall perform, comply with
and abide by each and every agreement, stipulation, condition and covenant thereof, and of this
mortgage, then this mortgage and the estate hereby created, shall cease, determine and be null
and void.

AND, Mortgagor hereby further covenants and agrees to pay promptly when due the
principal and interest and other sums of money provided for in said note and this mortgage, or
either; to pay all and singular the taxes, assessments, levies, liabilities, obligations, and
encumbrances of every nature on said property; to permit, commit or suffer no waste, impairment
or deterioration of said land or the improvements thereon at any time; to keep the buildings now or
hereafter on said land fully insured in a sum of not less than full insurable value with a company
acceptable to the mortgagee. The policy or policies to be held by, and payable to, said mortgagee.
In the event any sum or money becomes payable by virtue of such insurance the mortgagee shall
have the right to receive and apply the same to the indebtedness hereby secured. In the event the
mortgagor fails to pay when due any tax, assessment, insurance premium or other sum of money
payable by virtue of said note and this mortgage, or either, the mortgagee may pay the same,
without waiving or affecting the option to foreclose or any other right hereunder, and all such
payments shall bear interest from date hereof at the highest lawful rate then allowed by the laws of

the State of Florida.

In any event, as long as the property is encumbered by the original first mortgage, all property insurance payments and property tax payments are to be secured through escrow and paid by the first mortgage.

AND, Mortgagor agrees further that mortgagor shall reside in the mortgaged property as the Mortgagor's principal place of residence for the term of this Mortgage.

AND, Mortgagor further recognizes that any secondary or junior financing placed upon the mortgaged property, (a) may divert funds which would otherwise be used to pay the Note secured hereby; (b) could result in acceleration and foreclosure by any such junior encumbrance which would force Mortgagee to take measures and incur expenses to protect its security (s), could detract from the value of the mortgaged property should Mortgagee's right to accept a deed in lieu of foreclosure as a foreclosure by Mortgagee would be necessary to clear the title to the mortgaged property and (d) require the Mortgagor to have housing expenses which exceed the guidelines for affordability under the SHIP program requirements.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) keeping the premises free of subordinate financing liens and (iv) meeting SHIP program requirements for affordability, Mortgagor agrees that if this paragraph be deemed a restraint on alienation, that it is a reasonable one and that any sale, conveyance, assignment, further encumbrance or other transfer of title to the mortgaged property or any interest therein (whether voluntarily or by operation of law) without the Mortgagee's prior written consent, which may be withheld for any reason, shall be an Event of Default hereunder.

For the purpose of and without limiting the generality of the preceding sentence, the occurrence of any time of any of the following events shall be deemed to be an unpermitted transfer of title to the mortgaged property and therefore an Event of Default hereunder.

(a) any sale, conveyance, assignment or other transfer of or the grant of security interest in, all or any part of the title to the premises within **thirty (30) years** of the date of this Mortgage or the expiration of the full term of the First Mortgage, whichever date is earlier, without the prior written consent of the Mortgagee.

(b) any new or additional liabilities without the prior written consent of Mortgagee. Any consent by the Mortgagee, or any waiver of an event of default, under this paragraph shall not constitute a consent to, or waiver of any right, remedy or power of the Mortgagee upon a subsequent event of default under this paragraph.

If any sum of money herein referred to be not promptly paid within 15 days after the same becomes due, or if each and every agreement, stipulation, condition and covenant of said note and this mortgage, or either, are not fully performed, complied with and abided by, then the entire sum mentioned in said note, and this mortgage, or the entire balance unpaid thereon, shall forthwith or thereafter, at the option of the mortgagee, become and be due and payable, anything in said note or herein to the contrary notwithstanding. Failure by the mortgagee to exercise any of the rights or options herein provided shall not constitute a waiver of any rights or options under said note or this mortgage accrued or thereafter accruing.

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In the event of a foreclosure or a deed in lieu of foreclosure of the First Mortgage, any provision herein or in any collateral agreement restricting the use of the Property or restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors and assigns (other than the Borrower or a related entity or person to the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Mortgage shall receive title to the Property free and clear of such

restrictions.

Furthermore, if the First Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Second Mortgage shall automatically terminate upon the First Lender's acquisition of title.

This is not a limited copy

THIS IS A SECOND MORTGAGE AND THE FINAL PRINCIPAL PAYMENT OR THE PRINCIPAL BALANCE DUE UPON MATURITY IS \$ 4,920.00 TOGETHER WITH ACCRUED INTEREST, IF ANY AND ALL ADVANCEMENTS MADE BY THE MORTGAGEE UNDER THE TERMS OF THIS MORTGAGE.

IN WITNESS WHEREOF, the said mortgagor has hereunto signed and sealed these presents the day and year first above written.

Signed, sealed and delivered in the presence of:

With ss: Clayton Gordon

Thomas Stewart (Signature)
THOMAS STEWART, Mortgagor

Witness: Clayton Gordon (Signature)
_____, Mortgagor

PROPERTY ADDRESS:
3901 36TH COURT UNIT 104B
WEST PALM BEACH, FLA. 33407

**STATE OF FLORIDA
COUNTY OF PALM BEACH**

I HEREBY CERTIFY, that on this 7th day of December 2006 A.D., before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared THOMAS STEWART (UNMARRIED) who is personally known to me, or who has produced FLORIDA driver's license or passport as identification and who did not take an oath.

NOTARY PUBLIC-STATE OF FLORIDA
Clayton Gordon
Commission # DD614283
Expires: NOV. 18, 2010
BONDED TRAU ATLANTIC BONDING CO., INC.

Clayton Gordon
Print Name Notary Public
Clayton Gordon
Notary Public Signature

SEAL

My Commission expires _____
Commission No.: _____

G:\WPDATA\ENG\TKFCAH\Second-Balloon-Mortgage-revised-by-TammyF.wpd (6/30/04)
RMP

Please Return To:

Palm Beach Housing & Community Development
Commission on Affordable Housing
3323 Belvedere Road, Building 501
West Palm Beach, Florida 33406

ATTACHMENT A

PALM BEACH COUNTY COMMISSION ON AFFORDABLE HOUSING

PROMISSORY NOTE

REPAIRS

PURCHASE ASSISTANCE PROGRAM SECOND MORTGAGE LOAN

Amount: **\$4,920.00**

Date: 12/7 2006

Property Address: 3901 36TH COURT #104B, WEST PALM BEACH, FLORIDA 33407

FOR VALUE RECEIVED, the undersigned jointly and severally promise(s) to pay to the order of Palm Beach County, Florida, (herein called the "County"), acting by and through its Board of County Commissioners, the remaining balance on the principal sum of **FOUR THOUSAND NINE HUNDRED AND TWENTY-TWO Dollars00/100 (\$4,920.00)** dollars, which remaining balance shall be payable in full upon the sale, lease, or transfer of the property, identified and legally described in the Mortgage used to secure this Note, from the undersigned signing this Note (being the owner(s) having fee simple title to the mortgaged property) to any other person(s) without the prior written consent of the Mortgagee.

Upon the sale, transfer, conveyance or alienation of any part or all of the property within thirty (30) years of the date of this note or expiration of the full term of the first Mortgage loan, whichever date is earlier, full repayment of the principal sum plus accrued interest, if any, plus any advancements made pursuant to the terms of the Mortgage, shall become immediately due and payable.

In the event of a refund of any governmental fees to the undersigned, the undersigned assigns such reimbursement directly to Palm Beach County to be credited towards the total amount due under this Note.

The undersigned reserve(s) the right to prepay at any time all or any part of the principal amount of this Note without the payment of penalties or premiums.

This Promissory Note and the Second Mortgage securing payment of this Promissory Note is expressly made subject and subordinate to the terms and conditions specified in that certain Promissory Note having an original principal face amount of SIXTY-ONE THOUSAND THREE HUNDRED DOLLARS 00/100(\$61,300.00) dollars, dated 12/7/06 (the "First Note"), made by Borrower payable to World Savings Bank, FSB (the "First Lender") and secured by that certain Mortgage from Borrower to the First Lender, dated MONTH 12/7 2006, recorded in _____, Page _____, in the Clerk's Office of Palm Beach County, Florida (the "First Mortgage").

The Note Holder consents to any agreement or arrangement in which the First Lender waives, postpones, extends, reduces or modifies any provisions of the First Note or the First Mortgage, including any provision requiring the repayment of money.

If any provision of this Promissory Note or the Buyer's Second Mortgage conflicts with any provision of the First Note or the First Mortgage, the terms and provisions of the First Note and the First Mortgage shall govern.

If default be made in the performance of any of the covenants, understandings and agreements obtained and entered into to secure financing used in connection with this Note or in said Mortgage, then the entire unpaid principal amount of this Note, together with accrued interest computed at a rate of eight percent per annum from the date of default, shall become at once due and payable, at the option of the County, without notice to the undersigned, time being of the essence.

Failure of the County to exercise such option shall not constitute a waiver of such default, nor a waiver of the right to exercise the same in the event of any subsequent default. If this Note be reduced to judgment, such judgment shall bear the statutory interest due on judgments, but not to exceed eight percent per annum.

Thirty (30) years from the date of this Note or expiration of the full term of the first Mortgage loan, whichever is earlier, if the following two conditions have been met, the entire Note will be deemed satisfied and the Maker shall have no further obligation to the County under this Note:

1) There have been no defaults in the performance of any of the covenants, understandings and agreement obtained and entered into to secure financing used in connection with this Note or in said Mortgage; and

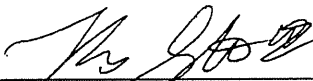
2) There has been no sale, transfer, conveyance or alienation of any part or all of the property secured in said Mortgage.

If suit is instituted by the County to recover on this Note, the undersigned agree(s) to pay all costs of such collection including reasonable attorney's fees and court costs at the trial and appellate levels.

THIS NOTE is secured by a Mortgage of even date herewith, duly filed for record in the Office of the Clerk of the Circuit Court in and for Palm Beach County, Florida.

DEMAND, protest and notice of demand and protest are hereby waived, and the undersigned hereby waive(s) to the extent authorized by law, any and all homestead and other exemption rights, which otherwise would apply to the debt evidenced by this Note.

This Note has been duly executed by the undersigned as of its date.


_____(Signature)
THOMAS STEWART

_____(Signature)

Property Address:
3601 36TH STREET,
WEST PALM BEACH, FLA. 33407

RMP