

2. This Loan Agreement intends that the Mortgagee shall advance to the Mortgagor loans, advances and readvances to carry out the purposes hereof so that the amount due on said note may fluctuate from time to time provided that the total indebtedness secured by said note and mortgage shall not exceed the original amount shown on the face thereof. The Mortgagor shall not be liable for payment of any charges, expenses or interest to the Mortgagee on any sums due on said note and mortgage except for the sums actually advanced and paid over to the Mortgagor by the Mortgagee in accordance with the terms of this Loan Agreement.

3. The Mortgagee shall disburse to the Mortgagor \$100,000.00 of the total amount of said loan in such periodic amounts as shall be mutually agreeable to the parties for the purposes of improvement and development of Rockvale Subdivision, Section 2, including but not limited to, streets, sewerage facilities, grading and a sewerage treatment plant. The Mortgagor covenants and agrees that all improvements and developments in said subdivision shall be constructed and made ready in accordance with requirements of the Federal Housing Administration in order that residential dwellings may be constructed therein which qualify for FHA mortgage loans. The Mortgagor shall pay to the Mortgagee as fees on the above \$100,000.00 proceeds advanced for such purposes the sum of \$2,000.00, which shall be paid on the first disbursement, plus interest on the amount disbursed from the date disbursed through the date of payment at the rate of nine percent (9%) per annum. The Mortgagor shall repay said \$100,000.00 development advance to the extent advanced on or before July 23, 1971; provided, however, that if the Mortgagor elects, the Mortgagee shall grant to the Mortgagor an extension of four (4) months from said date on which to pay said amount provided the Mortgagor pays to the Mortgagee additional fees in the sum of \$1,000.00 in addition to interest at the aforesaid rate computed and paid as provided in said note.

4. The Mortgagee shall disburse to the Mortgagor the balance of said loan proceeds in the sum of \$200,000.00 for the purposes of enabling the Mortgagor to construct Federal Housing Administration approved residential dwellings on all lots in Rockvale Subdivision, Section 2. The Mortgagor shall construct said residential dwellings in accordance with plans and specifications approved by the Federal Housing Administration in such manner as to qualify the same for permanent FHA mortgage loan financing, and upon such terms and conditions consistent therewith as shall be concurred in by the Mortgagee, in accordance with the following procedure:

(a) The Mortgagor shall apply to the Mortgagee for a construction loan out of said \$200,000.00 for a given residence to be constructed in an amount and upon such periodic construction advances as shall be mutually agreeable to the Mortgagor and Mortgagee.

(b) All funds advanced on a given residence on a given lot shall be repaid by the Mortgagor within six months from the date of the first advance. Fees on each of said construction loans shall be paid by the Mortgagor to the Mortgagee in advance with the first advance thereof in an amount of two percent (2%) on the total funds advanced for said house, which shall include an agreed value of the lot in the sum of \$1700.00. Interest on said construction loan at the rate of 9% per annum shall be computed and paid upon repayment thereof.

(c) It is understood that the Mortgagor shall grant to the Mortgagee the right of first refusal on