

4. The Financing Option allows the owner to pay the Major Facility Fee over sixty (60) months from the issuance of the first Certificate of Occupancy with reduced annual payments equal to one three hundred sixtieth ($1/360$) of the total amount financed with a “balloon payment” of the remaining principal due at the end of that sixty (60) month period, unless the owner chooses to extend payment of the amount due for an additional sixty (60) month period as described in detail in paragraph 4.g.ii below. The terms of the Financing Option will be calculated as follows:
 - a. The Major Facility Fee Financing Option Application Form and Agreement must be approved and executed prior to application for a Certificate of Occupancy.
 - b. Upon approval of the Financing Application, an Amortization Schedule will be prepared as an attachment to the Major Facility Fee Financing Option Application Form and Agreement.
 - c. The Amortization Schedule will be calculated based on 360 equal payments of principal, and interest on the outstanding amount.
 - d. The interest rate on the amount financed is the prime rate as printed in the Wall Street Journal as of the March 31st immediately prior to the date of the Major Facility Fee Financing Option Application Form and Agreement, plus two percent (2%). The interest rate shall remain fixed for the first sixty (60) months.
 - e. The first payment shall be due upon application for the first Certificate of Occupancy. No interest will be charged on the initial payment.
 - f. After the first payment, amounts due shall be billed annually on July 1. Each annual bill will be in accordance with the principal and interest reflected on the Amortization Schedule. All amounts due are billed with or at the time of the Property Taxes and are due by September 30.
 - g. Sixty (60) months after the date that the first Certificate of Occupancy is issued, the owner shall either:
 - i. Pay the entire remaining principal in full (the “balloon” payment), together with interest due from the last July 1 billing, or
 - ii. Exercise an option through advance written notification to the Cecil County Department of Finance, requesting an extension for payment of the balloon amount for an additional sixty (60) month period. In the event that the owner exercises its option to extend payment, the interest rate will be adjusted to the greater of (a) the prime rate as printed in the Wall Street Journal as of the most recent March 31st plus 3%, or (b) the interest rate that was assessed on the first sixty (60) month term. A new Amortization Schedule will be prepared, and annual payments will then continue to be billed annually on July 1st with

the final payment of all outstanding principle and interest due on the first day of the one hundred twentieth (120th) month after the date of the first Certificate of Occupancy.

5. In all instances, any unpaid principal and interest thereon will be payable in full on sale or transfer of the apartments, with the exception of the sale or transfer of the apartments to a spouse, son, or daughter, or the transfer from a business entity (e.g., corporation, limited liability company, limited partnership, et al.) to a subsidiary or parent business entity (all obligations and amounts owed will transfer to the successor). Sale or transfer under this provision includes, but is not limited to, the appointment of a trustee or receiver. The County shall be promptly notified of all sales and transfers.
6. Principal and interest shall be due when billed, and all unpaid principal and interest shall be a lien upon the apartments and land upon which the apartments are situated, until paid in full.
7. Failure by the owner to make any annual payment, in full, by September 30th for annual billings or within thirty (30) days of other billings' due date, will be deemed a material breach of the financing agreement. In the event of breach, all principal shall be accelerated and immediately due and owing, together with all billed or accrued interest.
8. In the event of breach of this agreement due to non-payment, the entire amount due enters the tax sale process as defined in property tax collection legislation.
9. The financing agreement will terminate without further action by the parties upon payment, in full, of all sums due and owing (principal and interest) hereunder.
10. In the event of default by the applicant, the County will have the right to take such enforcement action as may be available to it pursuant to the Cecil County Code, law of the State of Maryland, Federal law, County policy, at law or in equity (including application for injunctive relief), in order to remedy and/or enjoin the breach.
11. All notifications required under any section of the Sanitary District Policy Memorandum should be made by certified mail to:

Director of Public Works
Cecil County Maryland
200 Chesapeake Blvd.
Elkton, MD 21921

Director of Finance
Cecil County Maryland
200 Chesapeake Blvd.
Elkton, MD 21921