

ROBERT M. FOX, ESQ.
630 THIRD AVENUE, 18TH FLOOR
NEW YORK, NEW YORK 10017
(212) 867-9595

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
IN RE:

Case No.: 17-40203
Chapter 11 Reorganization

HIS GRACE OUTREACH INTERNATIONAL,

Debtor.

-----X

**APPLICATION IN SUPPORT OF TEMPORARY AND FINAL USE
OF CASH COLLATERAL**

TO THE HONORABLE ELIZABETH S. STONG
UNITED STATES BANKRUPTCY JUDGE

Robert Fox, prospective attorney for the above-captioned Debtor and Debtor-in-Possession (the "Debtor"), in connection with the motion to authorize the use of cash collateral ("Cash Collateral Motion") with respect to M&T Bank (the "Bank"), respectfully represents:

1. On January 18, 2017, (the "Petition Date"), the above Debtor filed a voluntary petition for reorganization under title 11, Chapter 11, of the United States Code, 11 U.S. C. § 101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Eastern District of New York. The Debtor is a religious non-for-profit corporation and operates as a church on property owned by the Debtor located at 1390 Flatbush Avenue, Brooklyn, New York 11210 (the "Real Property"). The Real Property contains two (2) residential apartments which generate on a month to month tenancy rents of \$3,800 per month (the "Rents"). The Debtor has valued the Real Property at \$900,000 on its schedules, and \$850,000 to \$925,000 which is further confirmed by the Appraisal attached hereto (Exhibit A).

2. The Debtor remains in possession of its properties and continues in the operation and management of its business as Debtor and Debtor-in-Possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

3. No Trustee or Examiner has been appointed in this case.

4. As noted, the Debtor has an obligation to the Bank under a mortgage secured with the Bank. On or about June 8, 2000, Joan Karanja and Beatrice Loney-Daisley, as mortgagors, issued a mortgage to Dynamic Mortgage Bankers in the original amount of \$254,000, which mortgage with a Loan Rehabilitation Rider secured the real property located at 1393 Flatbush Avenue, Brooklyn, New York. Thereafter, these two individuals transferred Title to the Real Property to the Debtor subject to the mortgage by Deed dated June 8, 2000. Dynamic Mortgage Bankers assigned its mortgage to M&T Mortgage Corporation ("M&T") by Assignment on or about June 8, 2000.

5. The Mortgage is secured by an Assignment of Leases and Rents relating to rents derived from the Real Property (see Par. 17) (Exhibit B). The Mortgagee has obtained a Judgment of Foreclosure and alleges that it is owed the amount of \$637,702 (Payoff Letter – Exhibit C). The Rents may be cash collateral under the provisions of §§ 361 and 363 of the Bankruptcy Code.

6. The Debtor generates income of approximately \$5,300 per month and generates expenses of approximately \$3,026 per month as reflected on the attached six (6) month budget. (Exhibit D).

7. Even if this Court were to rule that the Rents constitutes cash collateral, the Chapter 11 filing reflects that the loan balance to the Bank of \$637,702 is more than sufficiently

covered by the collateral value of \$900,000. The Bank is still more than adequately protected by the collateral value.

8. Unless the Debtor is permitted to use its income, it cannot fund its expenditures, including for ordinary and necessary expenditures for the church operation.

OFFER OF ADEQUATE PROTECTION

9. The Bank is adequately protected by the value of the collateral. Under § 363 of the Bankruptcy Code, an equity cushion of nearly \$263,000 representing the difference between the value of the collateral and the amount of the Bank's claim is more than a sufficient equity cushion to protect the Bank's secured claims. In addition, the Debtor proposes to grant a replacement lien in the Real Property and the Rents to the extent and the use by the Debtor during this Chapter 11 case holding the same validity that such liens held prior to the Chapter 11 filing. In addition, the Debtor shall pay to the Bank the net balance amounts reflected on the projections identified above unless the Debtor demonstrates a need to make an extraordinary or emergency or other payment on notice to the Bank in which case the net balance paid to the Bank will be reduced by the amount of such payment. The Debtor shall continue its operations in the ordinary course and maintain the collateral, which also, in itself, constitutes adequate protection to the Bank.

NOTICE

10. This application is being brought by Order Shortening Notice in light of the fact that an immediate hearing is necessary. It is proposed that the Debtor serve the secured creditors and the Office of the United States Trustee by electronic mail.

11. No prior application for the relief requested has been made to any court.

WHEREFORE, it is respectfully requested the Court enter an Order authorizing the Debtor to use its income, and granting such other and further relief as is possible.

Dated: New York, New York
February 1, 2017

Respectfully submitted,

By: /s/ Robert M. Fox
Robert M. Fox, Esq.
Prospective Attorney for Debtor
630 Third Avenue, 18th Floor
New York, New York 10017
(212) 867-9595

EXHIBIT A



David H Hanniford
1476 Flatbush Avenue
Brooklyn, NY 11210
Office 718.758.0600x102
Cell 718.909.7840

January 25, 2017

To whom it may concern:

Re: 1393 Flatbush Avenue, Brooklyn, NY 11210

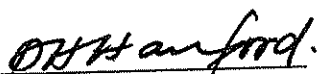
I am a licensed Real Estate Broker working in Brooklyn for the past twenty (20) years and I am familiar with properties in the area.

The property referenced above has been evaluated based on the following criteria:-

1. The Location of the property.
2. Comparable properties currently on the market.
3. Comparable properties recently sold in the area.

Based on these criteria, the subject property has an estimated value between \$850,000 and \$925,000.

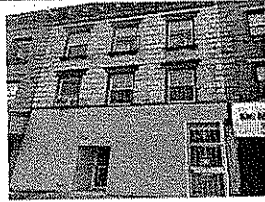
Respectfully,


David H Hanniford
Associate Broker

Subject Property

Comparable 4

Comparable 5



	Subject Property	Comparable 4	Comparable 5
Address	1393 Flatbush Ave	1715 Nostrand Ave	616 E 16th St
Block & Lot	05228-0014	04930-0052	05236-0019
Recording Date	07/27/2000	12/09/2016	05/03/2016
Sale Date	06/08/2000	11/29/2016	04/20/2016
Sale Price	\$222,600	\$625,000	\$750,000
Price Per Sq Ft	\$66.25	\$192.37	\$231.48
Building Sq Ft	3,360	3,249	3,240
Gross Building Sq Ft	3,360	3,249	3,240
Year Built	1933		1933
Effective Year Built		1930	
Stories	3	3	3
Bedrooms	MLS: 6		
Bathrooms (Full)	MLS: 2		
Bathrooms (Total)	MLS: 2		
Lot Frontage	20	19	20
Lot Depth	70.42	80	61
Lot Acres	0.0323	0.0349	0.028
Lot Sq Ft	1,408	1,520	1,220
Annual Tax	\$4,882	\$5,051	\$4,764
Building Class	Res 2-Fmly Store Office	Res 2-Fmly Store Office	Res 2-Fmly Store Office
Zip	11210	11226	11226
Neighborhood	Flatbush	Flatbush	Flatbush
Zoning	R7A	R6	R6A
MLS Listing #	404166		
Distance (miles)		0.52	0.59

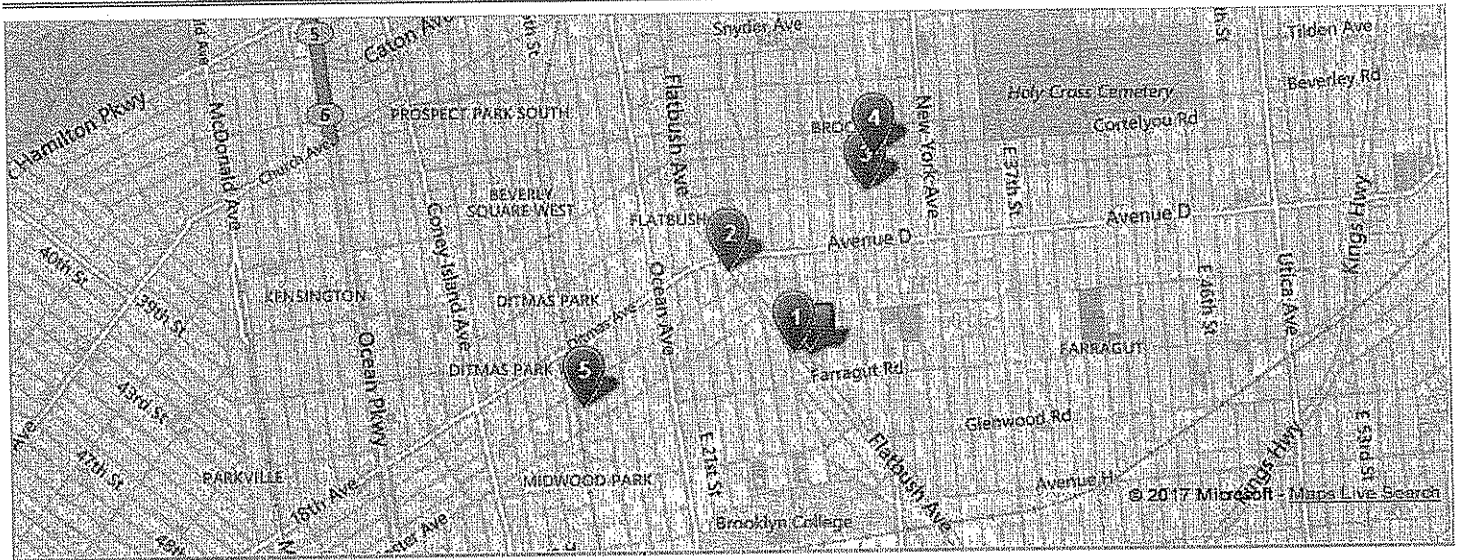
Courtesy of Andre Hanniford, Brooklyn New York MLS

The data within this report is compiled by CoreLogic from public and private sources. If desired, the accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

Comparables

Generated on 01/24/2017
Page 3 of 3

1393 Flatbush Ave 11210-1439, Brooklyn County



Search Criteria

Number of Comparables:	5	Site Influence:	No Preference
Sort Method:	Distance From Subject (Closest)	Date Type:	Recording Date
Pool:	No Preference	Search Period:	04/24/2016 - 01/24/2017
Distance from Subject:	1 miles	Living/Building Area:	2,856 - 3,864 Sq Ft
Distressed Sales:	Include All Tax Sales	Lot Area:	1,197 - 1,619 Sq Ft
Geographic Boundary:	No Preference	Land Use:	Same As Subject

Summary Statistics

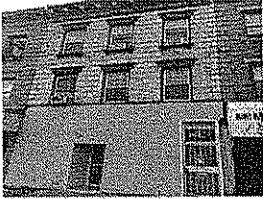



	Subject Property	High	Low	Median	Average
Sale Price	\$222,600	\$900,000	\$625,000	\$750,000	\$751,000
Price Per Sq Ft	\$66.25	\$303.03	\$192.37	\$231.48	\$238.47
Building Sq Ft	3,360	3,249	2,970	3,240	3,164
Stories	3	3	3	3	3
Total Assessment	\$582,000	\$660,000	\$484,000	\$544,000	\$562,200
Distance (miles)		0.59	0.05	0.43	0.38
Year Built	1933	1933	1930	1933	1932
Value Projected by Assessment	\$783,089				
Value Projected by Sq Ft	\$801,246				

Courtesy of Andre Hanniford, Brooklyn New York MLS

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Comparables

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Subject Property	Comparable 1	Comparable 2	Comparable 3
			
Address	1393 Flatbush Ave	1358 Flatbush Ave	1234 Flatbush Ave
Block & Lot	05228-0014	05226-0020	05209-0010
Recording Date	07/27/2000	12/08/2016	11/14/2016
Sale Date	06/08/2000	11/17/2016	10/28/2016
Sale Price	\$222,600	\$750,000	\$900,000
Price Per Sq Ft	\$66.25	\$231.48	\$303.03
Building Sq Ft	3,360	Tax: 3,240 MLS: 1,080	Tax: 2,970 MLS: 990
Gross Building Sq Ft	3,360	Tax: 3,240 MLS: 1,080	2,970
Year Built	1933	1933	1930
Effective Year Built			1940
Stories	3	3	3
Bedrooms	MLS: 6		MLS: 6
Bathrooms (Full)	MLS: 2		MLS: 3
Bathrooms (Total)	MLS: 2		MLS: 3
Lot Frontage	20	20	18.33
Lot Depth	70.42	65.83	80
Lot Acres	0.0323	0.0302	0.0337
Lot Sq Ft	1,408	1,317	1,466
Annual Tax	\$4,882	\$3,866	\$3,114
Building Class	Res 2-Fmly Store Office	Res 1-6fmly Store Office	Res 2-Fmly Store Office
Zip	11210	11210	11226
Neighborhood	Flatbush	Flatbush	Flatbush
Zoning	R7A	R7A	R7A
MLS Listing #	404166	27595	354104
Distance (miles)		0.05	0.30
			0.43

Courtesy of Andre Hanniford, Brooklyn New York MLS

The data within this report is compiled by CoreLogic from public and private sources. If desired, the accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

Comparables

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EXHIBIT B

REEL U 92 7 PG 2037

RECORD & RETURN TO:
DYNAMIC MORTGAGE BANKERS
150 BROADHOLLOW ROAD, SUITE 213, MELVILLE, NY 11747

[Space Above This Line For Recording Data]

State of New York
00-0166

MORTGAGE

PHA Case No.
374-338280-1-702

THIS MORTGAGE ("Security Instrument") is given on JUNE 8, 2000.
The Mortgagor is
JOAN KARANJA & BEATRICE LONEY- DAISLEY

whose address is 925 HENRY ST., UNIONDALE, NY 11553

("Borrower"). This Security Instrument is given to
DYNAMIC MORTGAGE BANKERS

which is organized and existing under the laws of the State of New York, and
whose address is 150 BROADHOLLOW ROAD, SUITE 213, MELVILLE, NY 11747

("Lender"). Borrower owes Lender the principal sum of
TWO HUNDRED FIFTY FOUR THOUSAND AND 00/100
Dollars (U.S. \$ 254,000.00)

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides
for monthly payments, with the full debt, if not paid earlier, due and payable on JULY 1, 2030

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note,
with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with
interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance

FHA New York Mortgage- 496

Page 1 of 4

DISTRICT:
SECTION: 17
BLOCK: 5228
LOT: 14

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of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to the Lender the following described property located in
KINGS County, New York:

-SEE ATTACHED SCHEDULE "A"-

This mortgage is of real property principally improved or to be improved by a one or two family *with store*

which has the address of 1393 FLATBUSH AVE., BROOKLYN, NY 11210
("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."
BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

Borrower and Lender covenant and agree as follows:

UNIFORM COVENANTS.

1. **Payment of Principal, Interest and Late Charge.** Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and late charges due under the Note.

2. **Monthly Payment of Taxes, Insurance and Other Charges.** Borrower shall include in each monthly payment, together with the principal and interest as set forth in the Note and any late charges, a sum for (a) taxes and special assessments levied or to be levied against the Property, (b) leasehold payments or ground rents on the Property, and (c) premiums for insurance required under paragraph 4. In any year in which the Lender must pay a mortgage insurance premium to the Secretary of Housing and Urban Development ("Secretary"), or in any year in which such premium would have been required if Lender still held the Security Instrument, each monthly payment shall also include either: (i) a sum for the annual mortgage insurance premium to be paid by Lender to the Secretary, or (ii) a monthly charge instead of a mortgage insurance premium if this Security Instrument is held by the Secretary, in a reasonable amount to be determined by the Secretary. Except for the monthly charge by the Secretary, these items are called "Escrow Items" and the sums paid to the Lender are called "Escrow Funds."

Lender may, at any time, collect and hold amounts for Escrow Items in an aggregate amount not to exceed the maximum amount that may be required for Borrower's escrow account under the Real Estate Settlement Procedures Act of 1974, 12 U.S.C. 2601 *et seq.* and implementing regulations, 24 CFR Part 3500, as they may be amended from time to time ("RESPA"), except that the cushion or reserve permitted by RESPA for unanticipated disbursements or disbursements before the Borrower's payments are available in the account may not be based on amounts due for the mortgage insurance premium.

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If the amounts held by Lender for Escrow Items exceed the amounts permitted to be held by RESPA, Lender shall account to Borrower for the excess funds as required by RESPA. If the amounts of funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may notify the Borrower and require Borrower to make up the shortage as permitted by RESPA.

The Escrow Funds are pledged as additional security for all sums secured by this Security Instrument. If Borrower tenders to Lender the full payment of all such sums, Borrower's account shall be credited with the balance remaining for all installment items (a), (b), and (c) and any mortgage insurance premium installment that Lender has not become obligated to pay to the Secretary, and Lender shall promptly refund any excess funds to Borrower. Immediately prior to a foreclosure sale of the Property or its acquisition by Lender, Borrower's account shall be credited with any balance remaining for all installments for items (a), (b), and (c).

3. Application of Payments. All payments under paragraphs 1 and 2 shall be applied by Lender as follows:

First, to the mortgage insurance premium to be paid by Lender to the Secretary or to the monthly charge by the Secretary instead of the monthly mortgage insurance premium;

Second, to any taxes, special assessments, leasehold payments or ground rents, and fire, flood and other hazard insurance premiums, as required;

Third, to interest due under the Note;

Fourth, to amortization of the principal of the Note; and

Fifth, to late charges due under the Note.

4. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. All or any part of the insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order in paragraph 3, and then to prepayment of principal, or (b) to the restoration or repair of the damaged Property. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments which are referred to in paragraph 2, or change the amount of such payments. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

5. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument (or within sixty days of a later sale or transfer of the Property) and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender determines that requirement will cause undue hardship for Borrower, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall notify Lender of any extenuating circumstances. Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. Lender may inspect the Property if the Property is vacant or abandoned or the loan is in default. Lender may take reasonable action to protect and preserve such vacant or

REEL 4927PG2040

abandoned Property. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

6. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any of any part of the Property, or for conveyance in place of condemnation, are hereby assigned and shall be paid to Lender to the extent of the full amount of the indebtedness that remains unpaid under the Note and this Security Instrument. Lender shall apply such proceeds to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order provided in paragraph 3, and then to prepayment of principal. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments, which are referred to in paragraph 2, or change the amount of such payments. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

7. Charges to Borrower and Protection of Lender's Rights in the Property. Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.

If Borrower fails to make these payments or the payments required by paragraph 2, or fails to perform any other covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in paragraph 2.

Any amounts disbursed by Lender under this paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts shall bear interest from the date of disbursement, at the Note rate, and at the option of Lender, shall be immediately due and payable.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

8. Fees. Lender may collect fees and charges authorized by the Secretary.

9. Grounds for Acceleration of Debt.

(a) **Default.** Lender may, except as limited by regulations issued by the Secretary, in the case of payment defaults, require immediate payment in full of all sums secured by this Security Instrument if:

- (i) Borrower defaults by failing to pay in full any monthly payment required by this Security Instrument prior to or on the due date of the next monthly payment, or
- (ii) Borrower defaults by failing, for a period of thirty days, to perform any other obligations contained in this Security Instrument.

(b) **Sale Without Credit Approval.** Lender shall, if permitted by applicable law (including Section 341(d) of the Garn-St. Germain Depository Institutions Act of 1982, 12 U.S.C. 1701j-3(d)) and with the prior approval of the Secretary, require immediate payment in full of all sums secured by this Security Instrument if:

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- (i) All or part of the Property, or a beneficial interest in a trust owning all or a part of the Property, is sold or otherwise transferred (other than by devise or descent), and
- (ii) The Property is not occupied by the purchaser or grantee as his or her principal residence, or the purchaser or grantee does so occupy the Property but his or her credit has not been approved in accordance with the requirements of the Secretary.

(c) **No Waiver.** If circumstances occur that would permit Lender to require immediate payment in full, but Lender does not require such payments, Lender does not waive its rights with respect to subsequent events.

(d) **Regulations of HUD Secretary.** In many circumstances regulations issued by the Secretary will limit Lender's rights, in the case of payment defaults, to require immediate payment in full and foreclose if not paid. This Security Instrument does not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.

(e) **Mortgage Not Insured.** Borrower agrees that if this Security Instrument and the Note are not determined to be eligible for insurance under the National Housing Act within 60 days from the date hereof, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to 60 days from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

10. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full because of Borrower's failure to pay an amount due under the Note or this Security Instrument. This right applies even after foreclosure proceedings are instituted. To reinstate the Security Instrument, Borrower shall tender in a lump sum all amounts required to bring Borrower's account current including, to the extent they are obligations of Borrower under this Security Instrument, foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the lien created by this Security Instrument.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time of payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-Signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 9(b). Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

REEL 4927PG2042

18. Foreclosure Procedure. If Lender requires immediate payment in full under paragraph 9, Lender may bring a lawsuit to take away all of the Borrower's remaining rights in the Property and have the Property sold. At this sale, Lender or another person may acquire the Property. This is known as "foreclosure and sale." In any lawsuit for foreclosure and sale, Lender will have the right to collect all costs and disbursements and additional allowances allowed by law and will have the right to add all reasonable attorneys' fees to the amount owed Lender, which fees shall become part of the Sums Secured.

Lender may require immediate payment in full under paragraph 9.

If the Lender's interest in this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under paragraph 9, the Secretary may invoke the nonjudicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. 3751 et seq.) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this paragraph 18 or applicable law.

19. Lender's Obligation to Discharge this Security Instrument. When Lender has been paid all amounts due under the Note and under this Security Instrument, Lender will discharge this Security Instrument by delivering a certificate stating that this Security Instrument has been satisfied. Borrower will not be required to pay Lender for the discharge, but Borrower will pay all costs of recording the discharge in the proper official records.

20. Agreements about New York Lien Law. Borrower will receive all amounts lent by Lender subject to the trust fund provisions of Section 13 of the New York Lien Law. This means that if, on the date this Security Instrument is recorded, construction or other work on any building or other improvement located on the Property has not been completed for at least four months, Borrower will: (A) hold all amounts which Borrower received and which Borrower has a right to receive from Lender under the Note as a "trust fund;" and (B) use those amounts to pay for that construction or work before Borrower uses them for any other purpose. The fact that Borrower is holding those amounts as a "trust fund" means that for any building or other improvement located on the Property Borrower has a special responsibility under the law to use the amount in the manner described in this paragraph 20.

21. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. (Check applicable box(es))

Condominium Rider

Growing Equity Rider

Other [specify]

Planned Unit Development Rider

Graduated Payment Rider

(Description) +
Rehab Loan Rider

REFL 4927PG2043

13. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

14. Governing Law; Severability. This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

15. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

16. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has any actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substances affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 16, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in the paragraph 16, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

17. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by the Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this paragraph 17.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.

REEL 4927 PG 2044

FHA Case No.
374-338280-I-702

REHABILITATION LOAN RIDER

THIS REHABILITATION LOAN RIDER is made this 8th day of JUNE 2000, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") in

DYNAMIC MORTGAGE BANKERS

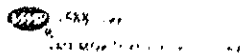
("Lender") of the same date and covering the Property described in the Security Instrument and located at:

1393 FLATBUSH AVE., BROOKLYN, NY 11210

[Property Address]

ADDITIONAL COVENANTS. In addition to the covenants and agreements in the Security Instrument, Borrower and Lender further covenant and agree as follows:

- A. Loan proceeds are to be advanced for the premises in accordance with the Rehabilitation Loan Agreement dated JUNE 8, 2000, between Borrower and Lender. This agreement is incorporated by reference and made a part of this Security Instrument. No advances shall be made unless approved by the Secretary of Housing and Urban Development or a Direct Endorsement Underwriter.
- B. If the rehabilitation is not properly completed, performed with reasonable diligence, or is discontinued at any time except for strikes or lockouts, the Lender is vested with full authority to take the necessary steps to protect the rehabilitation improvements and property from harm, continue existing contracts or enter into necessary contracts to complete the rehabilitation. All sums expended for such protection, exclusive of the advances of the principal indebtedness, shall be added to the principal indebtedness, and secured by the Security Instrument and be due and payable on demand with interest as set out in the Note.
- C. If Borrower fails to perform any obligation under the loan, including the commencement, progress and completion provisions of the Rehabilitation Loan Agreement, and such failure continues for a period of 30 days, the loan shall, at the option of Lender, be in default.
- D. The Property covered by this Security Instrument shall include all of Borrower's interest in funds held by Lender in escrow under the Rehabilitation Loan Agreement.



REEL 4927PG2045

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Rehabilitation Loan Rider.

_____	(Seal)	<i>Joan Karanja</i>	(Seal)
	-Borrower	JOAN KARANJA	-Borrower
_____	(Seal)	<i>Beatrice Loney Daysley</i>	(Seal)
	-Borrower	BEATRICE LONEY DAYSLEY	-Borrower
_____	(Seal)	_____	(Seal)
	-Borrower		-Borrower

REEL 4927PG2046

DATA ABSTRACT SERVICES, LLC

Title No. D-06042-K/2000 (8833-480542)

SCHEDULE A

Amended 05-30-2000

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Brooklyn, County of Kings, City and State of New York, bounded and described as follows:

BEGINNING at a point on the Northeasterly side of Flatbush Avenue, distant 260 feet Northwesterly from the corner formed by the intersection of the Northeasterly side of Flatbush Avenue with the Westerly side of Rogers Avenue;

RUNNING THENCE Northwesterly, along the Northeasterly side of Flatbush Avenue, 20 feet;

THENCE Northeasterly, at right angles to Flatbush Avenue, and part of the distance through a party wall, 70 feet 3-7/8 inches (70 feet 5-7/8 inches actual reading)

THENCE Southerly, parallel with Rogers Avenue, 24 feet 2-1/4 inches to a point 56 feet 10-3/4 inches Northeasterly from the Northeasterly side of Flatbush Avenue, when measured along a line drawn at right angles thereto from a point therein distant 260 feet Northwesterly from the corner formed by the intersection of the Northeasterly side of Flatbush Avenue with the Westerly side of Rogers Avenue;

THENCE Southwesterly at right angles to Flatbush Avenue, 56 feet 10-3/4 inches to the Northeasterly side of Flatbush Avenue to the point or place of **BEGINNING**.

80 INVT
ORIGINAL

REEL 4927PG2047

BY SIGNING BELOW, Borrower accepts and agrees to the terms contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witnesses:

[Handwritten signature]

[Handwritten signature] (Seal)
JOAN KARANJA - Borrower

[Handwritten signature] (Seal)
BEATRICE LONEY-DAISLEY - Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

STATE OF NEW YORK,

NASSAU

County ss:

On JUNE 8, 2000, before me, the undersigned, personally appeared JOAN KARANJA & BEATRICE LONEY-DAISLEY personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.


My Commission Expires:

[Handwritten signature]

Notary Public

DAVID S. SCHWARTZ
Notary Public - State of New York
No. 01SC5017774
Qualified in Queens County
My Commission Expires Sept. 13, 2001

CITY REGISTER RECORDING AND ENDORSEMENT PAGE
- KINGS COUNTY -
 (This page forms part of the instrument)

WRITE BLOCK & LOT INFORMATION IN BLOCK/LOT FORMAT. IF ONLY PART OF LOT, WRITE P/O BEFORE LOT NUMBER. Block/Lot(s): <u>5228</u> <u>14</u>	TOTAL NUMBER OF PAGES IN DOCUMENT INCLUDING THIS PAGE: <u>12</u>
PREMISES: <u>1393 FORTBUSH AVENUE</u>	 NAME <u>DYNAMIC MORTGAGE BANKERS, LTD.</u> ADDRESS <u>150 BROAD HOLLOW ROAD</u> CITY <u>DELVILLE, NY</u> STATE <u>NY</u> ZIP <u>11749</u>
Title/Agent Company Name: <u>DATA ABSTRACT</u>	
Title Company Number: <u>D-06042-K/2000</u>	

REEL 4927 PG 2048

OFFICE USE ONLY - DO NOT WRITE BELOW THIS LINE

THE FOREGOING INSTRUMENT WAS ENDORSED FOR THE RECORD AS FOLLOWS:

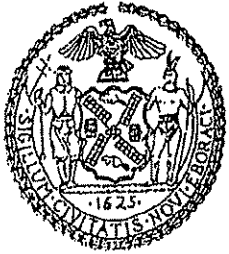
Examined by (s): <u>CR 9900</u>	City Register Serial Number: <u>092865</u>
Mtge Tax Serial No. _____	Indexed By (s): <u>[Signature]</u> Verified By (s): _____
Mtge Amount: \$ <u>254,100.00</u>	Block(s) and Lot(s) verified by (s): <u>[Signature]</u>
Taxable Amount: \$ _____	Address: <u>[Signature]</u> Tax Map: <input type="checkbox"/>
Exemption (s) YES <input type="checkbox"/> NO <input type="checkbox"/>	Extra Block(s) _____ Lot(s) _____
Type: <u>[Signature]</u> [255] [OTHER _____]	Recording Fee: <u>D-\$ 77</u>
Dwelling Type: <u>[Signature]</u> (1 to 2) (3) (4 to 6) (OVER 6)	Affidavit Fee (C) _____ \$
TAX RECEIVED ON ABOVE MORTGAGE	TP-58-1/582 Fee (Y) _____ \$
County (basic) \$ <u>1270</u>	RPTT Fee (R) _____ \$
City (Add'l) \$ <u>2540</u>	HPD-A <input type="checkbox"/> HPD-C <input type="checkbox"/>
Spec Add'l _____ \$	New York State Real Estate Transfer Tax
TASF \$ <u>635</u>	\$ _____
MTA \$ <u>635</u>	Serial Number _____
NYCTA _____ \$	New York City Real Property Transfer Tax
TOTAL TAX \$ <u>5080</u>	Serial Number _____
Apportionment Mortgage (s) YES <input type="checkbox"/> NO <input type="checkbox"/>	New York State Gains Tax
Joy A. Sobrow, City Register	Serial Number _____

MORT 0025 77.00
 LO/TL CSHR RECPT DATE TIME
 3-1 1 104683 Jul 27-00 9:20

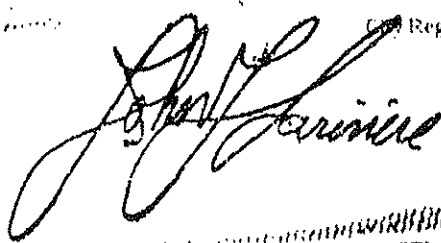
RECORDED IN KINGS COUNTY
 OFFICE OF THE CITY REGISTER

2000 Jul 27 A 9:12

MIGE TAX 0026 5,080.00
 LO/TL CSHR RECPT DATE TIME
 3-1 1 104683 Jul 27-00 9:20



Witness My Hand and Official Seal


 Joy A. Sobrow
 City Register
2000 Jul 27 A 9:12

SERIAL 092865

EXHIBIT C

**SCHILLER, KNAPP,
LEFKOWITZ & HERTZEL, LLP**

Attorneys and Counselors at Law

950 New Loudon Road, Suite 109, Latham, NY 12110-2100
(518) 786-9069 Fax: (518) 786-1246*

*Not For Service of Any Litigation Papers
(ALL REPLIES TO LATHAM OFFICE)

CONSUMER CREDIT TRANSACTION

August 11, 2016
Via fax (212-390-1630)

Michael L. Hurwitz
55 West 45th St.
7th Floor
New York, NY 10036

Re: *M&T Bank v. Karanja, et al.*
Loan Number: xxxxxx0003
Premises: 1393 Flatbush Avenue, Brooklyn, NY 11210

Dear Mr. Hurwitz:

Per your request, as attorney for the defendant, the following calculation represents the amount necessary to pay off the above referenced loan. This calculation is good through **September 1, 2016**. This is known as the "payoff" date. **Acceptable forms of payment are in the form of BANK OR CERTIFIED CHECK ONLY.**

Principal Balance	\$243,224.82
Interest (5/1/2006-6/1/2015)	\$220,928.83
Late Charges	\$609.82
Escrow Balance	\$98,140.21
Property Preservation	\$140.00
Pro Rata MIP	\$165.02
Property Inspections	\$1,132.00
Recording Fees	\$42.00
Fax Fee	\$5.00
Attorney Fees Awarded at Judgment	\$2,500.00
Costs of Plaintiff Awarded at Judgment	\$1,830.00
Interest at Contract Rate	\$54,025.33
Interest at Legal Rate	\$14,959.04
TOTAL due to M&T Bank	\$637,702.07

Buffalo Office: 1412 Sweet Home Road, Suite 12, Amherst, NY 14228 (518) 786-9069
Vermont Office: PO Box 872, 5527 Main Street, Waitsfield, VT 05673 (802) 225-8351
New Jersey Office: 30 Montgomery Street, Suite 1205, Jersey City, NJ 07302 (518) 786-9069

Lynn T. Nolan, Esq. is admitted to practice in NY and NJ and is the responsible attorney for the law firm's NJ office.

Schiller, Knapp, Lefkowitz & Hertzelt, LLP, is an LLP formed in the State of New York

Actual Attorney Fees Due	\$697.50
Actual Attorney Costs Due	\$2,637.00
<i>Estimated Attorney's Fees/Costs</i>	\$800.00

****Estimated Attorney's fees/costs quoted are not yet incurred but are included because they may be incurred prior to the expiration of the good through date****
(Please call to confirm before remitting payment)

\$641,836.57

TOTAL Payoff Amount

1. **"Payoff" date:** This is the date the above figures have been calculated through. Since requesting these figures does not stop the foreclosure action, some of the items in this letter have been projected through the "payoff" date. In addition, some of the fees and costs may be estimated because the exact amount was not available when this letter was issued.
 2. **Unanticipated Advances:** In order to protect their interest in the mortgaged premises, the bank may be forced to make unanticipated advances for taxes or insurance which may become due. If the bank makes advances for taxes or insurance which are not included herein, you will be required to repay the bank for these advances. A discontinuance of the foreclosure action will not be issued until the bank is reimbursed for any advances.
 3. **Payment Instructions:** Funds must be received in our office at least 1 day prior to the "payoff" date. This will ensure that our client receives the funds before additional fees or costs become due. **Acceptable forms of payment are in the form of a BANK OR CERTIFIED CHECK. You must send a BANK OR CERTIFIED CHECK payable to M&T Bank for \$641,836.57. Please call this office 24 hours before issuing any checks to confirm all amounts due.** This will allow our office time to confirm any estimated attorney's fees and costs.
- Upon confirmation from M&T Bank that the funds necessary to pay off the above loan have been received and applied, our office will prepare and file a Cancellation of Notice of Pendency and Discontinuance.
- *Attorney Escrow checks are not acceptable unless they are certified.
 - *Cash payments, **PERSONAL CHECKS** or payments in person will **NOT** be accepted.
 - *A copy of this letter must be included with your payment.
4. **Mailing Address and Refunds:** In the event that you are entitled to a refund after the application of the payoff funds, we will notify you as soon as possible. Please provide your mailing address for this purpose.
 5. **Errors:** In our capacity as attorney for the plaintiff, we reserve the right to amend the figures contained in this letter and/or refuse any funds, which are not in compliance with this letter or result in an error in the calculation of the total.

PURSUANT TO FEDERAL LAW, THIS OFFICE MAY BE CONSIDERED A DEBT COLLECTOR. WE ARE ATTEMPTING TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

Respectfully,
**SCHILLER, KNAPP,
 LEFKOWITZ & HERTZEL, LLP**


 Courtney M. Elliott, Esq.

CME/JWC

EXHIBIT D

HIS GRACE OUTREACH INTERNATIONAL**PROJECTED 6-MONTH CASH BUDGET****2017**

REVENUE	JAN	FEB	MAR	APR	MAY	JUNE
Tithes and Offerings	1,200.00	1,200.00	1,200.00	1,200.00	1,250.00	1,300.00
Rental Income	3,800.00	3,800.00	3,800.00	3,800.00	3,800.00	3,800.00
Pledges	300.00	380.00	390.00	425.00	440.00	420.00
TOTAL	5,300.00	5,380.00	5,390.00	5,425.00	5,490.00	5,520.00
EXPENSES						
Office Supplies	110.00	120.00	120.00	130.00	130.00	130.00
Telephone/Internet	116.00	116.00	116.00	116.00	116.00	116.00
Bank Fees	25.00	30.00	30.00	35.00	35.00	35.00
Missions to Orphans	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00
Utilities	625.00	630.00	640.00	610.00	625.00	635.00
Misc. Expenses / Custodial	50.00	50.00	50.00	50.00	50.00	50.00
TOTAL	3,026.00	3,046.00	3,056.00	3,041.00	3,056.00	3,066.00
NETT BALANCE	2,274.00	2,334.00	2,334.00	2,384.00	2,434.00	2,454.00

ROBERT M. FOX, ESQ.
630 THIRD AVENUE, 18TH FLOOR
NEW YORK, NEW YORK 10017
(212) 867-9595

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
IN RE:

Case No.: 17-40203 (ESS)
Chapter 11 Reorganization

HIS GRACE OUTREACH INTERNATIONAL,

Debtor.

-----X

**ORDER AUTHORIZING SHORTENED AND LIMITED NOTICE OF HEARING ON
MOTION FOR USE OF CASH COLLATERAL**

Upon the Application of the above Debtor, by Robert M. Fox, Esq., its attorney, seeking an Order of this Court authorizing the shortening and limiting of notice for the Debtor's motion to use cash collateral and it appearing that the relief requested should be granted, it is

ORDERED, that the hearing on the Debtor's Motion to use cash collateral shall be heard on shortened and limited notice on February __, 2017 at __:00 __m., before the Honorable Elizabeth S. Stong, United States Bankruptcy Judge, in her Courtroom in the United States Bankruptcy Court, _____, New York, New, York 10004-1408, and it is further

ORDERED, that any opposing or answering papers shall be filed electronically or in person with the Court on or before _____, and it is further,

ORDERED, that the Debtor shall serve the Debtor's Motion and the within Order upon the attorneys for the Mortgagee, attorneys for any secured creditors, all appearing parties in the Bankruptcy Court and the Office of the United States Trustee by electronic means or fax on or before February , 2017, and such service shall be good and sufficient within the meaning of Section 102 of the Bankruptcy Code.