

FIRST TIME HOME BUYER PROGRAM REQUEST FOR FUNDING FORMS

- Cover Letter
- True and Correct copy of FNMA Summary Form 1008, **OR** True and Correct copy of FHA Mortgage Credit Analysis Worksheet, Form 92900-WS
- Copy of Certificate of Completion of Home Buyer Education Class
- Written Proof of items listed in Home Inspection or Purchase Agreement completed prior to occupancy have been completed
- Copy of Appraisal establishing property value
- Outstanding items noted in written Funding Reservation letter
- Written request from escrow officer for deposit of FTHB funds (wire instructions must be submitted in a font size 10 or larger and include the bank name, bank address, ABA/routing number, account number, escrow/title number, and client vesting)
- Certificate of Occupancy for new homes

NOTE: These documents will be drawn by EDA and delivered to escrow for the borrower to sign. The following attached documents are provided as samples for informational purposes only.

Disclosure Statement

Promissory Note.

Subordinate Deed of Trust

Itemization of Amount Financed

Lead-Based Paint Hazard Notice

Escrow Officer Checklist
(to be initialed and signed by Escrow Officer)

**RIVERSIDE COUNTY
FIRST TIME HOME BUYER PROGRAM**

**REQUEST FOR FUNDING PHASE
COVER LETTER**

(Lenders should use this form or provide their own cover letter containing all of the following information)

Date Submitted: _____

FTHB Code Number (from Reservation Letter): _____

Lender Submitting FTHB Reservation: _____

Contact Person: _____

Address: _____

Telephone: _____

FAX Number: _____

Name(s) of FTHB Applicant(s): _____

Address and of Home Being Purchased
(Street Number, Street, City and Zip Code): _____

Special Comments or Notes: _____

**County of Riverside
1325 Spruce Street, Ste. 400
Riverside, CA 92507
800-909-0079
First Time Home Buyer Assistance Program**

Disclosure Statement

In consideration of funding provided by the County of Riverside to assist in the purchase of the single family residence located at: {INSERT FULL ADDRESS OF HOME BEING PURCHASED} the undersigned acknowledges acceptance and understanding of this program and hereby agrees to the following terms and conditions hereon.

The County of Riverside, hereby reserves a right of first refusal concerning the property identified above. This right will remain in force during the Affordability Period, which is 15 years from the date escrow closes. This right will give the County of Riverside the opportunity to participate in the transfer, sale, lease or any disposition of the subject property, including the refinancing or incurring of any additional debt which is to be secured by the subject property. When the note is paid (or prepaid), any restriction on the sale of the home is released.

By signing this document you agree to occupy the property as your principal residence and should you choose to sell the property within the Affordability Period, the sale will be restricted to certain other purchasers meeting income requirements as established by HUD and the County of Riverside. You agree not to rent or lease any part or whole of the subject property. You further agree to contact the County of Riverside in writing by certified mail and receive written permission prior to the sale, refinancing, or any transfer of the subject property during this Affordability Period.

Upon notification to the County of Riverside of your intent to sell, the County of Riverside reserves the right to inspect the property and to determine whether any housing code violations exist. The original borrower prior to sale must remedy housing code violations or the estimated costs for repairs will be deducted from the proceeds of the sale.

County of Riverside funds invested in the First Time Home Buyer Assistance Program, and which are secured, will require no monthly payments during the contract term. In the event that the property is sold prior to the fulfillment of the contract term, all County of Riverside funds will be paid out of the sale proceeds.

Insurance: Buyer will purchase Title insurance for the property, which will include the County of Riverside as “co-insured.” Buyer will purchase home warranty insurance for a minimum period of one year. Buyer shall maintain property insurance and flood insurance, if required, listing the County of Riverside as co-insured, for the term of the assistance.

Affordability Period. It is intended that the above referenced property will remain as an affordable home for a prescribed length of time, and, in the event that the property is sold during this time period or used for purposes other than your personal

NOTICE: This Promissory Note requires repayment of the principal sum if certain events occur.

PROMISSORY NOTE

The effective date of this note is:
_____,(year) _____ Riverside, California

INSERT BORROWERS FULL ADDRESS (Property Address)

BORROWER PROMISE TO REPAY

FOR VALUE RECEIVED, the undersigned, {INSERT BORROWERS FULL NAME}, {INSERT VESTING}, hereafter called "Borrower," hereby jointly and severally promise to pay to COUNTY OF RIVERSIDE, a public body, hereafter called "Lender," or to Lender's order, the sum total of \$ INSERT EDA AMOUNT, secured by a Subordinate Deed of Trust, at such place as Lender may designate, in lawful money of the United States of America as hereafter set forth.

- 1) **DEFINITIONS.** The following definitions shall apply throughout this Note:
 - a) Property. The real property described in Exhibit A attached to this Note and made a part hereof.
 - b) Sale or Transfer. Any sale, transfer, lease, cash-out refinance or family trusts transfer of any part of the Property will permit Lender to exercise a due-on-sale clause.
 - c) Fair Return of Investment. The actual down payment amount, all principal payment amount and the demonstrated / documentable costs of any major property improvement costs paid by the Borrower.
 - d) Deferred Loan Amount. Principal Sum of the Promissory Note.
 - e) Promissory Note. Herein referred to as "Note."
 - f) Senior Lien Holder. Actual holder of First Deed of Trust is herein referred to as the "Senior Lien Holder."

TERMS

- 1) **INTEREST.** This Note does not bear interest.

- 2) **TIME OF PAYMENT.** This Note shall be due and payable in full on the date of any Sale or Transfer that occurs after the date of execution of this Promissory Note. Any non-sale transfer will require that an appraiser who is a member of the American Institute of Real Estate Appraisers or any such equivalent designation establish the fair market value of the Property at the time of transfer.
- 3) **AMOUNT OF PAYMENT.** If and when this Note becomes due pursuant to Section 2 above, Borrower shall pay to Lender the outstanding Deferred Loan Amount. Borrower shall be entitled to a fair return of investment prior to the repayment of the Deferred Loan Amount.
- 4) **PREPAYMENT.** Borrower shall have the right at any time to repay this Note. In the event of prepayment, the amount payable in full by Borrower shall be the entire Deferred Loan Amount and any other unsecured amounts owing.
- 5) **ASSUMABILITY.** This Note is assumable if the subsequent purchaser of the real property is an eligible low-income household as specified under the terms and conditions of the County of Riverside's First Time Home Buyer Assistance Program and has received prior approval from the Lender.
- 6) **SECURITY.** A Subordinate Deed of Trust secures this Note.
- 7) **DEFAULT UNDER DEED OF TRUST.** Notwithstanding any other provisions of this Note, if default occurs in any of the covenants or agreements contained in the Deed of Trust securing this Note, this Note shall immediately become due and payable in full at the option of Lender. In the event Lender exercises such option, the amount due and payable shall be the Deferred Loan Amount. Failure by Lender to exercise its option to accelerate in the event of a default shall not constitute waiver of the right to exercise such option in the event of the same or any other default.
- 8) **JOINT AND SEVERAL.** The undersigned, if more than one, shall be jointly and severally liable hereunder.
- 9) **ATTORNEYS' FEES.** If any default is made hereunder, Borrower further promises to pay reasonable attorneys' fees and costs and expenses incurred by the Lender in

connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10) **TIME.** Time is of the essence herein.

11) **AMENDMENTS.** This Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Promissory Note so as to become a permanent part thereof.

12) **SEVERABILITY.** The covenants of this Promissory Note are several. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenant.

13) **PLACE OF REPAYMENT.** Borrower will make payment of all amounts due to Lender under this Note to Lender at 1325 SPRUCE STREET, STE. 400, RIVERSIDE, CALIFORNIA 92507 or such other address as Lender may designate in writing to Borrower.

14) **BORROWER'S WAIVERS.** Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15) **GIVING OF NOTICES.** Any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by certified mail addressed to Borrower at any Property Address above. Any notice that must be given to the Lender under this Note will be given by mailing it certified mail to the Lender at the address stated in Section 12 above.

16) **LOAN AUTHORITY.** The loan evidenced by this Note is being made pursuant to the HOME Investment Partnership Program and the regulations issued thereunder.

(Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), 24 CFR Part 92.)

- a) **Use of HOME Funds** - To provide down payment and closing cost assistance to ensure that affordable housing is created.
- b) **Affordability Period** - Time that the Lender is required to recapture the HOME funds based upon the amount of funds provided. The affordability period for this Note is fifteen (15) years from the date of close of escrow. The final maturity date on which this note is forgiven, even if the home has not been sold, is fifteen (15) years from the effective date of this note.
- c) **Project Requirements** - The down payment assistance complies with all requirements in that the amount provided by the Lender does not exceed the maximum per-unit subsidy amount established by HUD, that the initial purchase price does not exceed 95% of the median purchase price as established by HUD for the Lender and that the Seller has received the required Uniform Relocation Notice.
- d) **Housing Quality Standards** - The housing unit that is purchased is inspected by the Lender and meets the physical standards that assure that the housing is free from all health and safety defects at the time of purchase.
- e) **Disbursement Request** - No funds shall be provided until such time as they are needed for the payment of eligible costs, which are the actual down payment amount plus closing costs.
- f) **Enforcement of this Agreement (Note)** - The means for the enforcement of the terms and conditions shall be the recordation of a Subordinate Deed of Trust, which will place a lien against the Property that has been assisted.
- g) **Duration of this Agreement (Note)** - This Note is in effect for **AT LEAST** the period of affordability as noted above. The final maturity date on which it is due (or forgiven), even if the home has not been sold is .

17) **SUBORDINATION** The indebtedness evidences by this Note, and any other financial obligations which may be imposed by the Lender are subordinate to the indebtedness evidenced by a Promissory Note payable to a Senior Lender, which Note is secured by the First Deed of Trust on the Property.

BY SIGNING BELOW, THE BORROWER ACCEPT AND AGREE TO THE TERMS CONTAINED IN THIS PROMISSORY NOTE.

INSERT BORROWERS FULL NAME

DATE

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION:

{INSERT LEGAL DESCRIPTION}

**WHEN RECORDED MAIL TO
County of Riverside
1325 SPRUCE STREET, STE. 400
RIVERSIDE, CA 92507**

Loan Number: FILE NUMBER

Attention: DS name

EXEMPT RECORDING FEE CODE

6103

Loan Number: FT-02-0

SUBORDINATE DEED OF TRUST

THIS SUBORDINATE DEED OF TRUST (“Security Instrument”) is made this day of _____, , among the Trustor(s), {INSERT BORROWERS FULL NAME}, {INSERT VESTING}, (herein “Borrower”), RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY (herein “Trustee”), and the Beneficiary, who is the County of Riverside, a public agency (herein “Lender”).

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with the power of sale, the following described property located in the County of Riverside, State of California:

LEGAL DESCRIPTION:

{INSERT LEGAL DESCRIPTION}

which has the address of {INSERT BORROWERS FULL ADDRESS} (Herein “Property Address”).

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), all of which shall be deemed to be and remain a part of the property covered by this Security Instrument; and all of the foregoing, together with said property (or the leasehold estate if this Security Instrument is on a leasehold) are hereinafter referred to as the “Property.”

TO SECURE to Lender the repayment of the indebtedness evidenced by Borrower’s Promissory Note dated _____ and extensions and renewals thereof (herein “Note”), in the principal sum of U.S. \$_{INSERT EDA AMOUNT} advanced in accordance and herewith to protect the security of this Security Instrument; and the performance of the covenants and agreements of Borrower herein contained. The loan evidenced by the Promissory Note and secured by this Security Instrument is being made pursuant to the HOME Investment Partnership Program and the regulations issued there under.

In addition to the Loan, the Borrower obtained a Deed of Trust loan (The “First Deed of Trust Loan”) from {INSERT LENDERS NAME AND FULL ADDRESS}, (the “Senior Lien Holder”), which loan is secured by First Deed of Trust lien on the Property.

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and except for the First Deed of Trust and other encumbrances of record acceptable to the Senior Lien Holder, that the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

- 1) **Payment of Principal and Interest.** Borrower shall promptly pay when due the principal indebtedness evidenced by the Promissory Note.
- 2) **Funds for Taxes and Insurance.**
 - a) Subject to applicable law, Borrower shall pay to the Senior Lien Holder a sum (herein "Funds") equal to (a) yearly taxes and assessments (including condominium and planned unit development assessments, if any) which may attain priority over this Security Instrument, and ground rents on the Property, if any; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly premium installments for hazard insurance; (d) yearly premium installments for mortgage insurance, if any, that are reasonably estimated initially and from time to time by the Senior Lien Holder on the basis of assessments and bills and reasonable estimates thereof. If there is no Senior Lien Holder, Borrower is to make all payments for taxes and insurance to the Lender. Borrower shall not be obligated to make such payments to the holder of a prior mortgage or Deed of Trust if such holder is an institutional Lender. Said payments shall be made on the first day of each month commencing on the date of first payment.
 - b) If Borrower pays Funds to Lender, the Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency. Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said

account or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Security Instrument that interest to be paid, Lender shall not be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

- c) If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.
- d) Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the

time of application as a credit against the sums secured by this Security Instrument.

3) **Prior Mortgages and Deeds of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under any mortgage, Deed of Trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property, which may attain a priority over this Security Instrument and leasehold payments or ground rents, if any.

4) **Subordination.**

a) Lender and Borrower acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the Borrower under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixtures or equipping the Property. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions herein conflict therewith. In the event of a foreclosure of the First Deed of Trust, any other provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise 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/her successors or assignees (other than the Borrower or a related entity of the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions. The restrictions will automatically terminate if title to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development (HUD).

- b) Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of the Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (1) the Lender has been given written notice of a default under the First Deed of Trust and (2) the Lender shall not have cured the default under the First Deed of Trust, or diligently pursued curing the default as determined by the Senior Lien Holder, within the 60-day period provided in such notice sent to the Lender.

5) **Hazard Insurance.**

- a) Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards, including floods or flooding. This insurance shall be maintained in the amounts and for the periods that the Senior Lien Holder and/or the Lender may require and in such amounts and for such periods as the Senior Lien Holder and the Lender may require.
- b) The insurance carrier providing the insurance shall be chosen by Borrower. All insurance policies and renewals thereof shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof,

subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Security Instrument. All original policies of insurance required pursuant to the First Deed of Trust shall be held by the Senior Lien Holder; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. If Lender requires, Borrower shall promptly give to Lender copies of all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holder and the Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower.

- c) Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible, or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower.
- d) If the Property is abandoned by Borrower, or if the Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Security Instrument.
- e) Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the First Deed of Trust.

- 6) **Occupancy, Preservation and Maintenance and Protection of the Property.** Borrower shall occupy, establish, and use the Property as the Borrower's principal residence and shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold.
- 7) **Protection of Lender's Security.**
- a) If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or if any legal action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Lender's interest. Lender's actions may include paying any sums secured by a lien, which has priority over this Security Instrument.
 - b) Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.
 - c) Prior to taking any actions, Lender shall notify the Senior Lien Holder and shall provide the Senior Lien Holder with opportunity to cure a default hereunder advanced by the Senior Lien Holder and shall be secured by the First Deed of Trust. The Senior Lien Holder shall have the right to exercise all rights and remedies under the First Deed of Trust.

- 8) **Mortgage Insurance.** If Lender requires mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect.
- 9) **Inspection.** Lender or its agent may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.
- 10) **Condemnation.**
- a) The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.
- b) In the event of a total taking of this Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to the Borrower.
- 11) **Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time for payment or modification of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the sums secured by this Security Instrument by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded

by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

12) **Successors and Assigns Bound; Joint and Several Liability; Co-signers.**

The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower. All covenants and agreements of Borrower shall be joint and several.

13) **Notices.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail to Lender's address stated herein. Any notice provided for in this Security Instrument shall have been given to Borrower or Lender when given in the manner designated herein. Any notices required to be given to the Senior Lien Holder shall be given by first class mail to the following address:

LENDER NAME
LENDER ADDRESS
LENDER CITY, STATE, ZIP CODE

or such other address the Senior Lien Holder designates by notice to the Borrower.

14) **Governing Law; Severability.** The state and local laws applicable to this Security Instrument shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Security Instrument. In the event that any provision or clause of this Security Instrument or the Promissory Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Promissory Note which can be given effect without the conflicting provision, and to this end the provisions of this

Security Instrument and the Promissory Note are declared to be several. As used herein, “costs,” “expenses” and “attorneys’ fees” include all sums to the extent not prohibited by applicable law or limited herein.

15) **Borrower’s Copy.** Borrower shall be furnished a conformed copy of the Promissory Note and Security Instrument at the time of execution or after recordation hereof.

16) **Transfer of the Property or a Beneficial Interest in Borrower.**

a) Except for a conveyance to the Trustee under the First Deed of Trust, if all or any part of the Property or any interest in it is sold or transferred without Lender’s prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. The Lender shall not exercise this option if federal law as of the date of this Security Instrument prohibits the exercise.

b) If the Lender exercises this option, Lender shall give Borrower and the Senior Lien Holder prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which the Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

17) **Borrower’s Right to Reinstate.**

a) If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days before the sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under

this Security Instrument and the Promissory Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 16.

- b) Notwithstanding, Lender's right to invoke any remedies hereunder, as provided in Section 7 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days prior written notice.
- c) The Borrower and the Lender agree that whenever the Promissory Note or this Security Instrument gives the Lender the right to approve or consent with respect to any matter affecting the Property or otherwise, and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holder pursuant to the First Deed of Trust, the Senior Lien Holder's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

18) **Sale of Note; Change of Loan Servicer.** The Promissory Note or a partial interest in the Promissory Note (together with this Security Instrument) may be sold one or more times without prior notice to the Borrower. A sale

may result in a change in the entity (known as the "Loan Servicer") that may collect monthly payments under the Promissory Note and Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Promissory Note. If there is a change in the Loan Servicer, Borrower will be given written notice of the change in accordance with Section 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments, if any, should be made. The notice will also contain any other information required by applicable law.

19) **No Assignment.** Until the loan secured by the First Deed of Trust has been satisfied in full, Lender and the Borrower agree that the Promissory Note and the Security Instrument will not be assigned without the Senior Lien Holder's prior written consent.

20) **Hazardous Substances.**

a) 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 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.

b) 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 actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any

hazardous substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, Borrower shall notify the Senior Lien Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action.

- c) As used in this Section, "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.
- d) As used in this Section, "Environmental Law" means federal laws and the laws of the jurisdiction where the Property is located that relate to health, safety and environmental protection.

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

21) Acceleration; Remedies.

- a) Upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Security Instrument, Lender prior to acceleration shall give notice to Borrower as provided in Section 13 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date of notice is mailed to Borrower (and with respect to the Senior Lien Holder, 60 days from the date the notice is given to the Senior Lien Holder), by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall

further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, and the Senior Lien Holder has not exercised its right to cure the breach, then Lender, at Lender's option, may declare all of the sums secured by this Security Instrument to be immediately due and payable without further demand and may invoke the power of sale and acceleration of the sums secured by this Security Instrument and sale of the Property.

- b) Notwithstanding Lender's right to invoke any remedies hereunder, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies, including, but not limited to, reasonable attorneys' fees and costs of title evidence.
- c) If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may

postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

- d) Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence; (b) to all sums secured by this Security Instrument; and (c) the excess, if any, to the person or persons legally entitled thereto.

22) Assignment of Rents; Appointment of Receiver; Lender in Possession.

- a) As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.
- b) Upon acceleration hereof or abandonment of the Property, Lender, in person, by agent or by judicially-appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property, including those past due. All rents collected by Lender or the receiver shall be applied first to premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument. Lender and the receiver shall be eligible to account only for those rents actually received.

23) Reconveyances. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing indebtedness

secured by this Security Instrument to the Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

24) **Substitute Trustee.** Lender, at Lender's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of the county where the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this instrument is recorded and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

25) **Modification of First Deed of Trust Loan Documents.** The Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the First Deed of Trust documents, including provisions requiring the payment of money.

BY SIGNING BELOW, the Borrower accepts and agrees to the terms and covenants contained in this Security Instrument.

BORROWER

{INSERT BORROWERS FULL NAME}

DATE

Signatures must be notarized.

REQUEST FOR RECONVEYANCE
TO TRUSTEE:

The undersigned is the holder of the Note or Notes secured by this Security Instrument (Deed of Trust). Said Promissory Note or Notes, together with all other indebtedness secured by this Security Instrument (Deed of Trust), have been paid in full. You are hereby directed to cancel said Promissory Note or Notes and this Security Instrument (Deed of Trust), which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Dated: _____

