TOWN OF PARADISE

5555 SKYWAY • PARADISE, CALIFORNIA 95969-4931
TELEPHONE (530) 872-6291 FAX (530) 877-5059
www.townofparadise.com

Date

Name
Address
City, St. Zip

Dear :

According to the information in the loan application packet that we have received from you, you are eligible to participate in the Town of Paradise's *First Time Home Buyers Program.* This does not mean, however, that you are approved for funding. Final approval is made when you have selected a qualified home, when all of the requirements for escrow have been met, and if funds are available.

Attached is a copy of our *First Time Home Buyer Program Loan Procedures* for you to use as a guide. This is not necessarily an all-inclusive list, as there may be other circumstances requiring further action from you, your lender, your agent or your escrow officer.

Your first mortgage loan must be fully amortized and have a term "all due and payable" in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan. You will also be required to have impound accounts for taxes and insurance.

The Town's loan shall be in the form of a deferred payment loan with a term of 30 years, with 3% interest for ten years. After ten years, there is no additional interest charged on this loan. If you still occupy the home in 20 years, the interest is forgiven. This loan is not assumable, and there are no penalties for early payoff. In addition, please be aware that if you were to seek to refinance your first mortgage in the future, our Program loan can only be subordinated under special circumstances, with no cash out to borrower, and will require Town approval.

By now, you have already selected your real estate agent to assist you with the process of finding your home, which cannot exceed the purchase price of $180,000.00. He/she will also assist you in completing all escrow and loan obligations.

In regards to the Town's loan, the maximum amount the Town will contribute is $40,000, but not all borrowers will receive the maximum amount. Each qualified borrower will

receive only the necessary amount based on a range of 28% – 35% front-end ratio. The back-end ratio should not exceed 45%. Based on the information you provided, your total household gross annual income is $_____. The Town's loan requires that you spend a minimum of 28% of your monthly income on your house payment, including taxes and insurance. Your monthly salary of $_____ x .28 = $_____ which will be your minimum house payment.

There are several qualifying factors for the home as well. The home must be located within the Town of Paradise, pass certain inspections, be vacant or owner-occupied, and must not exceed the sales price limit. Newer manufactured homes on approved foundations may qualify.

Owning a home is very exciting and liberating, but it carries a tremendous responsibility. When you own a home, you own the repairs. Maintaining a home and keeping a cash reserve in a savings account is very important. Learn as much as you can about basic home maintenance and budgeting so that your experience is a positive one.

If you have any questions about the process, please call me at 872-6291x122.

Sincerely,

Kate Anderson

Kate Anderson,
Housing Program Supervisor

cc: Certified Lender

TOWN OF PARADISE

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TELEPHONE (530) 872-6291 FAX (530) 877-5059
www.townofparadise.com

Date

Lender
Address
City, St Zip
Attn: Loan Officer

Dear Certified Lender:

This letter is to verify approval of a Town mortgage subsidy loan in the amount of $_____, based on the eligible gap financing requirements, for _____, for property being purchased at _____, Paradise, California 95969. Funding of this loan will be subject to the following conditions:

1. Receipt and approval of Typed Loan Application (FM-1003) signed off by Buyer
2. Receipt and approval of Underwriting Summary (FM-1077) signed off by Lender

The Town's loan shall be in the form of a deferred payment loan with a term of 30 years, with 3% interest for ten years. After ten years, there is no additional interest charged on this loan. If _____ still occupy the home in 20 years, the interest is forgiven. The loan is not assumable, and there are no penalties for early payoff. The loan may be subordinated only under certain conditions.

The Primary loan must be fully amortized and have a term "all due and payable" in no fewer than 30 years. There shall not be a balloon payment due under the Primary loan before the maturity date of the Program loan. The homebuyer is required to have an impound account for the payment of taxes and insurance.

Thank you for your assistance with the financing of this loan and for your timely and professional responses to all conditions. It has been a pleasure to work with the _____ team, and we look forward to doing so again in the near future.

Sincerely,

Kate Anderson

Housing Program Supervisor
530/872-6291x122

C: Certified Realtor
Escrow Officer

Date

Title & Escrow
Address
Paradise, CA 95969

Attn: _____, Escrow Officer

Re: Escrow Number: _____
Client Name: _____
_____, Paradise, CA

With regards to the above, we are enclosing the following documents and instructions for escrow:

- Request for Notice of Default
- Truth in Lending Disclosure Statement
- Promissory Note Secured by Deed of Trust in the Amount of $_____.
- Deed of Trust

1. Have the borrower execute the above referenced documents, where appropriate, and provide a copy to them. Notarize appropriate documents.
2. Record the Town's Deed of Trust.
3. Complete and record Town's Request for Copy of Notice of Default or Sale pertinent to senior loan(s).
4. Issue an ALTA Insurance Policy for the Town of Paradise in the amount of $_____
5. Provide Town with evidence of homeowner's insurance on the property, showing us as 2nd mortgagee.
6. **Ensure that the Buyer contributes 2% of the purchase price of the home ($_____.00) as a down payment, (POC's do not apply).** Any excess funds must be given to the First Mortgage Lender as a principal reduction, but this amount should never exceed $200.00. Please coordinate the closing date with our office so that your pro-rations are as accurate as possible.
7. Return fully executed Town of Paradise loan documents after signing.
8. Provide Town with copies of the 1st Lender's Promissory Note and Deed of Trust.
9. Provide final HUD-1 Settlement Statement upon close of escrow.

Final Approval and Funding of this loan is subject to:

- **Receipt and approval of typed, fully executed Loan Application signed by Buyers**
- **Receipt and approval of Uniform Underwriting Summary signed by Lender**

Thank you for your assistance. If you have any questions, please call me at 872-6291x122.

Sincerely,

Kate Anderson

Housing Program Supervisor

C: Realtor
Lender

WHEN RECORDED MAIL TO:

Town of Paradise
ATTN: Lauren Gill
5555 Skyway
Paradise, CA 95969

(FOR RECORDER'S USE)

APN:

REQUEST FOR NOTICE OF DEFAULT
UNDER SECTION 2924b CIVIL CODE

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. _____, on_____ In Book **NA** Page **NA** of Official Records of Butte County, California executed by, whose address is _____, As Trustor, in which _____ _____ is named as Beneficiary, and _____ as Trustee, be mailed to TOWN OF PARADISE, ATTN: LAUREN GILL at 5555 SKYWAY, PARADISE, CALIFORNIA, 95969.

Notice: A copy of any Notice of Default and any Notice of Sale will be sent only to the address contained in this recorded Request: If your address changes, a new Request must be recorded.

Date: _____ _____

STATE OF CALIFORNIA) ss
COUNTY OF BUTTE)

On _____,
before me, _____, Notary Public, personally appeared
_____
_____

Who proved to me on the basis of satisfactory evidence) to be the persons(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 authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s), acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(This area for official notorial seal)

_____**(Seal)**
Signature

LEGAL DESCRIPTION

Town of Paradise
CalHome
First Time Home Buyers Program

TRUTH IN LENDING DISCLOSURE STATEMENT

The following is an explanation of the terms for the Town of Paradise down payment assistance loan. Please read carefully and ask for an explanation of any item(s) that is(are) not clear.

Applicant		
Amount Financed	**$**	
Interest Rate	3% simple interest for ten years. After ten years, there is no more interest charged on this loan. If the borrower still owns and resides on the property after 20 years, the interest is forgiven. The principal amount is still due.	
Special Conditions	You must reside in this property as your principal place of residence for the life of this loan. Under the Town's loan guidelines, you may not rent out this property. At this time, we do not allow refinancing of the property for any reason. If you refinance your loan at any time, you must pay off the Town's loan. Property taxes and homeowners insurance are required for the life of this loan.	
Interest Rider	Attachment on Deed of Trust	Yes
Terms	**This loan is deferred for Thirty (30) years starting on the date that the loan is recorded. The loan will be called when the property is sold, refinanced, transferred, rented, or in the case of a breach of contract by the borrower. The following transfers of interest will not require the repayment of the loan: (1) a transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant; (2) a transfer in which the transferee is a person who occupies or will occupy the property, which is: (2a) a transfer where the spouse becomes an owner of the property; (2b) a transfer resulting from a decree or dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or (2c) a transfer into an inter vivos trust in which the borrower is and remains the beneficiary and occupant of the property. These loans are not assumable. The borrower may repay the loan at any time without penalty.**	
Maximum Interest Charged	**$**	
Subordination/Refinancing	Loans will be due and payable upon refinancing of the property.	
Loan Due Date	Thirty (30) years after date of recordation	
Monthly Payment Amount	None – this is a deferred loan	
Creditor	Town of Paradise	

** Simple interest shall be assessed on an annual basis beginning 12 months from the anniversary date of the recording of the Loan Instrument (Deed of Trust), and for each anniversary of the recording of the Loan Instrument, for a period of ten years. After the tenth anniversary of the loan, interest will no longer be charged for the remainder of the loan. The total principal, plus applicable interest, will be due and payable at the end of the designated term or when the property is sold, transferred or is in any way conveyed or refinanced.

LOAN FEE BREAKDOWN:

1. The loan is secured by a Mortgage (or Deed of Trust) on the property at _____**,Paradise, California 95969.**
2. Property Insurance: To be paid by borrower and maintained throughout the life of the loan.
3. Property taxes: To be paid by borrower and maintained current throughout the life of the loan.

I hereby acknowledge receipt of a copy of this statement:

_____ _____

Buyer Date

Town of Paradise
CalHome
First Time Home Buyer's Program

PROMISSORY NOTE
SECURED BY DEED OF TRUST

This Note is for a Deferred Payment Loan with Principal and Interest
And contains an Acceleration Clause

Borrower:

Property Address:
Paradise, CA 95969

Lender: Town of Paradise, California

Principal Amount: $

Date:

The "Borrower(s)", _____ for value received, promises to pay to the Town of Paradise (Note Holder), 5555 Skyway, Paradise, California 95969, or any other place designated in writing submitted by Holder to Borrower, the principal sum of _____ Dollars ($_____), plus interest on the unpaid principal balance, according to the terms contained in this Note.

Use of Funds: The loan is to purchase the property at the address above.

Occupancy. Borrower(s) must reside in the above property as their principal place of residence for the term of this loan.

Term: This Note shall be for a term of thirty (30) years at which time all unpaid principal and interest remaining will be due and payable

Interest: This Note shall bear interest on the unpaid principal balance from the date (as stated above,) and be computed as simple interest upon the unpaid balance of the principal amounts and at the annual rate of 3% for ten years. At the end of ten years, the interest rate converts to zero.

After 20 years of continuous owner-occupancy of the above property, the interest only will be forgiven in its entirety. The principal amount is still due in its entirety.

Payments: No installment payment of principal or interest are required during the first thirty years after the making of this note at which time the Note shall become due and payable in full in lawful money of the United States.

Acceleration: The principal and accrued interest stated in this Note shall become all due and payable upon any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of the real property described in the Deed of Trust. This Note is not assumable.

Obligations of Persons Under This Note: If more than one person signs this Note, each person is fully and personally obligated to keep all the promises made in this Note, including the promise to pay the full amount owed. The Note holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of the signers of this Note may be required to pay the entire amount owed under this Note.

Giving of Notice: Unless applicable law requires a different method, any notice that must be given to the signers of this Note will be given by first class mail to the property address above or to a different address if so specified in writing by the signers of this Note. .

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in the first paragraph, unless notified in writing of a change of address by the Note Holder.

Recapture of Investment: Should the property be sold prior to the retirement of this Note to a Buyer, then the note shall become all due and payable and the entire down-payment assistance, plus accrued interest, shall be recaptured from the net proceeds of the sale. If the net proceeds are not sufficient to recapture the full investment, the Town can forgive a portion or all of the accrued interest, however the principal is not forgivable.

Subordination: This note shall be subordinate to the original senior loan, any refinancing or early pay-off or release of the senior note secured by the senior Deed of Trust shall cause this Note to move into senior position.

Attorney's Fees: Borrower(s) agrees to pay the following costs, expenses and attorney's fees paid or incurred by the Note Holder. If the Holder brings any action or proceeding in connection with the enforcement or collection of this Note, the Prevailing Party (as hereafter defined) in any such proceeding, action or appeal thereon shall be entitled to reasonable attorney's fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, the party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney's fees reasonably incurred.

In addition to the foregoing award of attorneys' fees, the Note Holder shall be entitled to its attorney fees incurred in any post judgment proceedings to enforce any judgment in connection with this Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

I/we have read, understand, and accept the terms and conditions contained in this Note.

Borrower	Date
Co-Borrower	Date

INTEREST WAIVER RIDER

This **INTEREST WAIVER RIDER** is made on the ____ day of _____, and is incorporated into and shall be deemed to amend and supplement the Deed of Trust and the Promissory Note of the same date given by the undersigned ("Borrower") to secure Borrower's Note to: **The Town of Paradise, a municipal corporation, ("Lender")**, whose address is **5555 Skyway, Paradise, California**, and covering the property described as: _____, in the County of **Butte**, and the State of California **(APN _____).**

MODIFICATIONS: In addition to the covenants and agreements made in the Promissory Note, Borrower and Lender further covenant and agree as follows:

If the loan is still in effect on the anniversary of its 20th year, and providing that the borrower(s) still own and reside in the home as his/her/their principal place of residence, interest accrued during the term of the loan will be forgiven.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Interest Waiver Rider.

_____ Date: _____
Borrower

_____ Date: _____
Co-Borrower

Recording requested by and
When recorded return to:

TOWN OF PARADISE
Attn: Lauren Gill
5555 Skyway
Paradise, CA 95969

APN:

Town of Paradise
CalHome PROGRAM

FIRST TIME HOME BUYERS PROGRAM
DEED OF TRUST

NOTICE TO BORROWER

THIS DEED OF TRUST CONTAINS PROVISIONS RESTRICTING ASSUMPTIONS

Loan No. _____

This Deed of Trust is made on _____, by _____, (the "Borrower"), whose address is _____, and _____, the "Trustee"), whose business address is _____, in favor of the **Town of Paradise, a municipal corporation**, ("Lender") or Assignee, whose address is **5555 Skyway, Paradise, CA 95969.**

1. BORROWER, IN CONSIDERATION OF THE INDEBTEDNESS HEREIN RECITED AND THE TRUST HEREIN CREATED, HEREBY IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee in trust, with power of sale and right of entry and possession, all of Borrower's right, title and interest now held or hereafter acquired in and to the following: (a) all of that certain real property (the "Property") located at _____, in the County of **Butte**, and the State of California, which is more particularly described in Exhibit A (attached) which is incorporated herein by this reference; and (b) all buildings, improvements and fixtures now or hereafter erected thereon, and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon or used in connection with the Property, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property; all of which are hereby pledged and assigned, transferred, and set over onto Trustee, and for purposes of this Deed of Trust declared to be part of the realty; provided, however, that furniture and other personal property of Borrower now or hereafter situated on said real property are not intended to be included as part of the Property.

1.1. This Deed of Trust is subject and subordinate to another deed of trust dated _____, executed by _____ in which _____ is named as Trustee and _____ is named as Beneficiary, given as security for a promissory note in the principal sum of _____, which is being recorded concurrently with, but immediately prior to, this instrument in the Official Records of Butte County, California. . The amount of the subordination shall not exceed **$_____.00** without the prior written approval of Lender as beneficiary.

In the event of foreclosure or deed in lieu of foreclosure of the Superior Deed of Trust or assignment of the first mortgage to the Secretary of Housing and Urban Development, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect. [Any person receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the Superior Deed of Trust shall receive title to the Property free and clear from such restrictions.]

2. FOR THE PURPOSE OF SECURING:

2.1. The purpose of this Deed of Trust is to secure repayment of the indebtedness evidenced by that certain Promissory Note of the Borrower dated _____, and entitled the Town of Paradise Promissory Note "**Loan No. CAL-____**" (the "Note") of the Borrower in the principal amount **_____ Dollars ($_____)**, together with simple interest on such indebtedness according to the terms of the Note, and any and all amendments, modifications, riders, extensions or renewals of the Note. The Note and this Deed of Trust are subject to the terms, conditions, and restrictions of the State of California CalHome Program and implementing guidelines or regulations adopted by the California Department of Housing and Community Development, all of which are hereby incorporated *by reference*.

2.2. This Deed of Trust also secures the following obligations and amounts, with interest thereon as to any payment:

(a) Any amount as may hereafter be borrowed from Lender by the then-record owner of the Property and evidenced by a promissory note or notes reciting that it or they are so secured and all modifications, extensions, or renewals of the Note; and

(b) Any amount as may be incurred, paid, or advanced by Lender, or as may otherwise be due to Trustee or Lender, under any provision of this Deed of Trust and any modification, extension, or renewal of this Deed of Trust; and

(c) Any amount as may otherwise be paid or advanced by Lender to protect the security or priority of this Deed of Trust.

(d) Performance of each obligation, covenant, and agreement of Borrower contained in this Deed of Trust, the Note, or any other document executed by Borrower in connection with the loan(s) secured by this Deed of Trust, and all amendments to these documents whether set forth in this Deed of Trust or incorporated in this Deed of Trust by reference.

3. BORROWER COVENANTS:

Borrower hereby covenants to maintain and protect the security of this Deed of Trust, to secure the full and timely performance by Borrower of each and every obligation, covenant, and agreement of Borrower under the Note and this Deed of Trust, and as additional consideration for the obligation(s) evidenced by the Note, Borrower covenants as follows:

3.1. Title. That Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands subject to any declarations, easements, or restrictions listed in the schedule of exemptions to coverage in any title insurance policy insuring Lender's interest in the Property.

3.2. Payment of Principal and Interest. That Borrower shall promptly pay, when due, the principal and interest on the Note, and such other charges as are provided in the Note, and such other amounts as are provided under this Deed of Trust.

3.3. Maintenance of the Property. (a) To keep the Property in a decent, safe, sanitary, tenantable condition and repair and permit no waste thereof; (b) not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable; (c) remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property; (d) to repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust; (e) to comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property; (f) not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's written consent; and (g) not to alter the use of all or any part of the Property without the prior written consent of the Lender.

3.4. Appear and Defend. Borrower shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which the Lender or Trustee may appear, and in any suit brought by the Lender to foreclose this deed.

3.5. Payment of Taxes and Utility Charges. Borrower shall pay, at least ten (10) days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, fines and impositions attributable to the Property, leasehold payments or ground rents, if any, and any interest on the Property or any part thereof; all costs, fees and expenses of this trust. Borrower shall make such payments when due, directly to the payee thereof.

3.6. Insurance. To keep the Property insured with loss payable to the Lender, against loss or damage by fire and such other hazards, casualties and contingencies and by such companies on such forms and in the amount of the replacement cost of the Property, and to deliver the original of all such policies to the Lender, together with receipts satisfactory to the Lender evidencing payment of the premiums. All such policies provide that the Lender shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the Lender, shall be delivered to the Lender at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor the Lender shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of losses. All insurance proceeds for such losses must be utilized for the repair or restoration of the insured property.

3.7. Payments and Discharge of Liens. Borrower will pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part thereof; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien, and (b) such of the above claims as are, and only during the time they are, being contested by Borrower in good faith and by appropriate legal proceedings, and Borrower shall post security for the payment of these contested claims as may be requested by the Lender. Borrower shall not default in the payment or performance of any obligation secured by a lien, mortgage or deed of trust which is superior to this Deed of Trust.

4. IT IS MUTUALLY AGREED THAT:

4.1. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and Section 2.1 shall be applied by Lender first to interest payable on the Note and then to the principal due on the Note.

4.2. Future Advances. Upon request by Borrower, Lender, at Lender's option, may make future advances to Borrower. All such future advances, with interest thereon, shall be added to and become a part of the indebtedness secured by this Deed of Trust when evidenced by promissory note(s) reciting that such note(s) are secured by this Deed of Trust.

4.3. Disbursements to Protect Lender's Security. All sums disbursed by Lender to protect and preserve the Property, this Deed of Trust, or Lender's security for the performance of Borrower's obligations under the Note shall be and be deemed to be an indebtedness of Borrower secured by this Deed of Trust.

4.4. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property,

including, but not limited to, eminent domain, insolvency, code enforcement, arrangements or proceedings involving a bankrupt or decedent, foreclosure of any mortgage secured by the Property or sale of the Property under a power of sale of any instrument secured by the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearance, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 4.4, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. Nothing contained in this Section 4.4 shall require Lender to incur any expense or take any action hereunder.

4.5. Inspection. Lender or its agent may make or cause to be made reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to any such inspection specifying reasonable cause for the inspection

4.6. Awards and Damages. All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (b) any damage to or destruction of the Property or any part thereof by insured casualty, and (c) any other injury or damage to all or any part of the Property, are hereby assigned to and shall be paid to the Lender. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Lender shall determine at its option. The Lender shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Lender may be released to Borrower upon such conditions as the Lender may impose for its disposition. Application of all or any part of the amounts collected and received by the Lender or the release thereof shall not cure or waive any default under this Deed of Trust. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sum secured by this Deed of Trust.

4.7. Prohibition on Transfers of Interest. With the exception of the transfers permitted in Section 4.11 below, if all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, Lender may, at

Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with Section 6.9 hereof. Such notices shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 5.2(a) hereof. In addition, Borrower shall not refinance this loan or the loan identified in Section 1.1 without first repaying in full to Lender the amount of this loan.

4.8. Sale or Forbearance. No sale of the Property, forbearances on the part of the Lender or extension of the time for payment of the indebtedness hereby secured shall operate to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

4.9. The Lender's Rights to Release. Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice: (a) The Lender may, at its sole discretion, (I) release any person now or hereafter liable for payment of any or all such indebtedness. (II) extend the time for or agree to alter the terms of payment of any or all of such indebtedness, and (III) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and (b) Trustee, acting pursuant to the written request of the Lender, may reconvey all or any part of the Property, consent to the making of any map or plot thereof, join in granting any assessment thereon, or join in any such agreement of extension or subordination.

4.10. Reconveyance. 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 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. The recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

4.11. Requirement of Owner-occupancy and Permitted Transfers. Borrower shall occupy the Property as Borrower's principal place of residence during the term of the Note. Notwithstanding any other provision of the Note or this Deed of Trust, the following transfers shall not be deemed to be a default under the Note or this Deed of Trust:

(a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant.

(b) A transfer of the Property where the spouse becomes an owner of the property;

(c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property.

(d) A transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.

5. EVENTS OF DEFAULT

5.1. Events of Default. Any one or more of the following events shall constitute a default under this Deed of Trust (a) failure of the Borrower to pay the indebtedness secured hereby or any installment thereof, whether principal, interest or otherwise, when and as the same become due and payable, whether at maturity or by acceleration or otherwise; or (b) failure of Borrower to observe or to perform any covenant condition or agreement to be observed or performed by Borrower pursuant to the Note or this Deed of Trust including but not limited to the occupancy of property by Borrower provision; or (c) the occurrence of any event which, under the terms of the Note, shall entitle the Lender to exercise the rights or remedies thereunder; or (d) the occurrence of any event which, under the terms of the First Note and First Deed of Trust shall entitle the Lender to exercise the rights or remedies thereunder.

5.2. Acceleration and Sale.

(a) **Acceleration.** Except as provided in Section 4.7, 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 Deed of Trust, upon Borrower's failure to make any payment or to perform any of its obligations, covenants and agreements pursuant to the Note, Lender shall mail notice to Borrower as provided in Section 6.9 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, 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 Deed of Trust 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, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs

and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees.

(b) **Borrower's Right to Reinstate.** Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower will have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of the judgment enforcing this Deed of Trust if: (1) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note, had no acceleration occurred; (2) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, remedies including, but not limited to, reasonable attorneys' fees; and (3) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

(c) **Sale.** After delivery to Trustee of a Notice of Default and Demand for Sale and after the expiration of such time and the giving of such notice of default and sale as may then be required by law, and without demand on Borrower Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the Lender, may purchase at such sale. Upon such sale by Trustee it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee and after deducting all costs, expenses and fees of Trustee and of this Deed of Trust, Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Note or otherwise, or representing advances made or costs or expenses paid or incurred by the Lender under this Deed of Trust, or the secured obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured thereby, including interest as provided in this Deed of Trust, the secured obligations or any other such instrument, in such order as the Lender shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

(d) **Assignment of Rents; Appointment of Receiver; Lender in Possession.** Upon acceleration under paragraph (a) of Section 5.2 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 (if any) including those past due. All rents collected by Lender or the Receiver shall be applied first to payment of the costs of management of the Property and collection of rents including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Security Instrument. Lender and the receiver shall be liable to account only for those rents actually received. The provisions of this paragraph and paragraph (a) of Section 5.2 shall operate subject to the claims of prior lien holders.

5.3. Exercise of Remedies; Delay. No exercise of any right or remedy by the Lender or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law, and no delay by the Lender or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.4. Trustee Substitution. The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Lender, to be exercised at any time hereafter, without specifying any reason therefore by filing for record in the office where this Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Lender deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally names as trustee or as one of the trustees.

5.5. Remedies Cumulative. No remedy herein contained or conferred upon the Lender or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Lender or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

6. MISCELLANEOUS PROVISIONS

6.1. Successors, Assigns, Gender, Number. The covenants and agreements contained in this Deed or Trust shall bind, and the benefit and advantages under it shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

6.2. Headings. The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

6.3. Actions on Behalf of the Lender. Except as otherwise specifically provided herein, whenever any approval, notice, direction, consent, request or other action by the Lender is required or permitted under this Deed of Trust, such action shall be in writing.

6.4. Terms. The words "the Lender" means the present Lender, or any future owner or holder, including pledgee of the indebtedness secured hereby.

6.5. Obligations of Borrower. If more than one person has executed this Deed of Trust as "Borrower," the obligations of all such persons hereunder shall be joint and several.

6.6. Incorporation by References. The provisions of the CalHome Program security instruments and the documents relating to that program are incorporated by reference as though set out verbatim.

6.7. Severability. If any provision of this Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

6.8. Indemnification. Borrower will indemnify and hold the Lender, its officers and agents harmless against any and all losses, claims, demands, penalties and liabilities which the Lender, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this Deed of Trust and not assert any claim against the Lender, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower's expense, defend, indemnify, save and hold the Lender, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this Deed of Trust and Borrower shall pay the Lender upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the Lender as a result of any legal action arising out of this Deed of Trust.

6.9. Notice. Except for any notice required under applicable law to be given in another manner (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail directed to the Property Address or any other address Borrower designates by notice to Lender as provided herein; and, (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's mailing address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall

deem to have been given to Borrower or Lender when given in the manner designated herein.

6.10. Statement of Obligation. Lender may collect a fee not to exceed $15 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

6.11. Use of Property. Borrower shall not permit or suffer the use of any of the Property for any purpose other than as a single family residential dwelling.

6.12. Rider to this Security Instrument. If rider is 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 was a part of this Security Instrument. [Check Box]

☒ Interest Waiver Rider

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust on the day and year set forth above. By signing below, Borrower agrees to the terms and conditions as set forth above.

MAILING ADDRESS FOR NOTICES:

TOWN OF PARADISE
Attn: Lauren Gill
5555 Skyway
Paradise, CA 95969

SIGNATURE OF BORROWER(s):

_____*

_____*

APPROVED AS TO FORM:

_____
DWIGHT L. MOORE, Town Attorney

* Signature(s) to be acknowledged

EXHIBIT "A"

PROPERTY DESCRIPTION

INTEREST WAIVER RIDER

This **INTEREST WAIVER RIDER** is made on the ___ day of _____, and is incorporated into and shall be deemed to amend and supplement the Deed of Trust and the Promissory Note of the same date given by the undersigned ("Borrower") to secure Borrower's Note to: **The Town of Paradise, a municipal corporation, ("Lender")**, whose address is **5555 Skyway, Paradise, California**, and covering the property described as: _____, in the County of **Butte**, and the State of California **(APN _____).**

MODIFICATIONS: In addition to the covenants and agreements made in the Promissory Note, Borrower and Lender further covenant and agree as follows:

If the loan is still in effect on the anniversary of its 20th year, and providing that the borrower(s) still own and reside in the home as his/her/their principal place of residence, interest accrued during the term of the loan will be forgiven.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Interest Waiver Rider.

_____ Date: _____

Borrower