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## ***Program Bulletin***

**August 17, 2001**

**Program Bulletin #2001-19**

**To: CHFA Approved Lenders**

**CITY OF OAKLAND  
EXTRA CREDIT TEACHER HOME PURCHASE ASSISTANCE  
PROGRAM  
(OAKLAND TEACHER PROGRAM)**

This program is intended to assist low performing schools in the Oakland Unified School District recruit and retain credentialed teachers and principals to increase their academic standing and thus provide pupils with high quality education. The program will provide a below market interest rate CHFA first loan, together with a CHFA \$7,500, forgivable interest, second loan, and a third loan of up to \$10,000 from the City of Oakland Community and Economic Development Agency (City of Oakland Third Loan) to assist qualified teachers and principals to purchase their first home within the City of Oakland. The City of Oakland Extra Credit Teacher Home Purchase Assistance Program (Oakland Teacher Program) has an allocation of \$6 million and, therefore, the program is offered on a first-come, first-served basis as long as funds last.

### **Effective Date Of Loan Reservations**

The Oakland Teacher Program, as described herein, is effective only with loan reservations made on or after **August 20, 2001**. CHFA loan reservations made prior to this date are not eligible under the Oakland Teacher Program guidelines. Borrowers with pre-existing CHFA loan reservations (prior to August 20, 2001) who wish to apply for the Oakland Teacher Program under the guidelines described herein must cancel the existing reservation and relock the loan reservation under the new Oakland Teacher Program guidelines.

### **Combined Loans In The Program**

The Oakland Teacher Program is designed to provide a CHFA first loan with a CHFA \$7,500 second loan which is used for down payment only. The combined CHFA first and second loans cannot exceed 100% financing. However, the City of Oakland's Third Loan may be used for down payment and closing costs.

**The first loan** is a CHFA FHA-insured, VA Guaranteed, or CaHLIF-insured 30-year fixed rate loan. The interest rate on the first loan is equivalent to the CHFA Affordable Housing Partnership Program (AHPP) rate for High Cost Areas, which is currently five and three quarter percent (5.75%), except for the first year, which will be 1% lower. After the first year, the interest rate on the first loan remains fixed for the entire term of the loan. A special CHFA/City of Oakland Temporary Buydown Agreement is to be used with this program. The CHFA website [www.chfa.ca.gov](http://www.chfa.ca.gov) lists current interest rates along with other program information.

**The CHFA second loan** is a 30-year deferred payment loan of \$7,500 with an interest rate of five percent (5%), which may be reduced to zero percent (0%). Interest on the CHFA \$7,500 second loan may be reduced to 0% if the teacher or principal meets continued eligibility by remaining employed in the teaching or administrative position at the school on a continuous basis for five years from the date specified on the second loan documents. The interest rate on the second loan will be reduced by 1% for each full year the teacher or principal remains employed full-time in a Low Performing School to a maximum of five years. In the event of the borrower's termination of employment during the first five years, the interest rate on the second loan will accrue at the last reduced rate (if applicable) that the teacher or principal met continued eligibility.

In order to qualify for partial or full interest rate reduction, the principal or teacher shall produce documentation evidencing continued eligibility to the satisfaction of CHFA at the end of the five-year period.

Exceptions to the five-year continuous employment requirement will be allowed in the following cases:

- a. The borrower is employed at the same school as at the time of receipt of the loan, but that school is no longer considered a Low Performing School.
- b. The borrower's departure from the Low Performing School was involuntary and was not the result of disciplinary action, and he/she accepts a teaching or principal position at another California K-12 public school within one year of her/his date of departure.
- c. Hardship cases; serious illness, death and divorce.
- d. Occurrences covered under the Family Medical Leave Act.
- e. Other exceptions as deemed acceptable by the Agency.

**The City of Oakland Third Loan** of up to \$10,000 has a 10-year term. Payments are deferred for five years, after which the loan begins amortizing over the next five years at six percent (6%) interest. For details

on the City of Oakland's Third Loan program, please see the attached City of Oakland Public Safety Officer, Oakland Unified School District Teacher, and Oakland Police Communications Dispatcher Down Payment Assistance Program Description.

Additionally, CHFA will permit the borrower to use other local agency subordinate financing to help in the acquisition of the home, provided the applicant and the property meet the CHFA subordinate loan requirements. The subordinate financing must be previously approved under the Affordable Housing Partnership Program (AHPP) by CHFA and will subordinate to the CHFA first and second loans. Under no circumstances will cash back to the homebuyer be permitted.

## **Homebuyer Education Requirement**

The City of Oakland Community and Economic Development Agency requires that all teachers and principals attend a course in homebuyer education before the close of escrow. A list of approved homebuyer education courses is available from the City of Oakland Housing and Community Development Division.

## **Borrower Eligibility**

All first-time homebuyers must meet CHFA first loan eligibility requirements. CHFA Program Manual-Rev. 8/99, as updated periodically by Program Bulletins, provides CHFA-approved lenders with information on standard borrower and loan eligibility requirements. All borrowers must be first-time homebuyers whose income does not exceed CHFA moderate-income limits adjusted for county and family size. Income limits are subject to change and will be announced to CHFA-approved lenders by Program Bulletin when applicable and are available on CHFA's website. It should be noted that the City Of Oakland publishes income limits that in some circumstances may vary from CHFA's. Lenders should use the most restrictive of these limits to insure compliance with the program.

Additionally, the teacher or principal must meet the following eligibility requirements:

- a. Currently be employed full-time and intends to teach or provide administration for five years continuously from the date of the loan in a Low Performing School (K-12) that scores in the bottom thirty percentile (30%) Statewide Rank Academic Performance Index ("API"), as published by the Superintendent of Public Instruction or the Department of Education pursuant to Ed Code § 52056.
- b. Be a holder of an appropriate credential for a teacher or principal. An eligible teacher is any person who holds one of the credentials listed on Attachment 1 issued by the California Commission on Teacher Credentialing, and who is currently employed full-time in a Low

Performing School in the subject and grade level as authorized by his or her credential. An eligible principal is any person who holds one of the credentials listed on Attachment 1 issued by the California Commission on Teacher Credentialing and who is currently employed full-time as a principal in a Low Performing School.

- c. The teacher or principal must be a first-time homebuyer (i.e. not have owned and occupied a home in the last three years).
- d. The residence being purchased shall be intended to be the borrower's primary residence.
- e. The total family household income does not exceed the City of Oakland or CHFA moderate-income limits, whichever is lower.
- f. The residence being purchased and financed is a single-family residence, condominium, or manufactured housing located within California, and does not exceed area sales price limits.
- g. The teacher or principal must be able to credit qualify for either a CHFA FHA-insured, VA Guaranteed, or CaHLIF-insured 30-year fixed rate first loan for the amount necessary to purchase a home.
- h. Receive loan approval for the City of Oakland's down payment and closing cost assistance third loan.

Repayment of the principal and accrued interest on both the first and second loans shall be due and payable at the earlier of the following events:

- a. Sale of the residence.
- b. Transfer of title.
- c. Refinance/payoff of the first loan.
- d. The property is no longer the borrower's primary residence (subject to CHFA hardship provisions described in the CHFA Program Manual).
- e. Upon the formal filing and recording of a Notice of Default (unless rescinded).

## **Property Eligibility**

All properties must meet CHFA's standard property eligibility requirements. Refer to the CHFA Program Manual-Rev. 8/99, as updated by Program Bulletin #2000-18 dated October 17, 2000, for current requirements. Additionally, CHFA publishes sales price limits that are subject to change and will be announced to CHFA-approved lenders by Program Bulletin when applicable. Sales price limits are also available on CHFA's website.

## **Loan Processing And Purchase Documentation Procedures**

Loan delivery for the Oakland Teacher Program will be accomplished in the same manner in which CHFA operates its first and second loan programs. CHFA-approved lenders will reserve the City of Oakland Extra Credit Teacher

Home Purchase Assistance Program through the Lender Access System (LAS) by selecting the Oakland Teacher Program option on the registration screen. The completely processed and underwritten loan will then be forwarded to CHFA for compliance review and approval. An additional copy loan package must be sent to the California Housing Loan Insurance Fund (CaHLIF) for underwriting and/or insuring for conventional type loans. Please refer to the CHFA Program Manual for submission procedures and document requirements. The submission file should be clearly marked "Oakland Teacher Program" on the outside cover of the loan file.

In addition to normal CHFA documentation requirements, CHFA will require that the lender receive and provide to the Agency the following certifications (see Attachment 2 School Certification) from the employing school or district:

- a. The school has an Academic Performance Index (API) score that places it in the eligible bottom 30% of low performing schools with a rank of 1, 2 or 3.
- b. The teacher or principal is currently employed full-time and there is no reason known by the school district that the teacher or principal would not continue to be employed at the school then employed for the next five years.
- c. The teacher or principal holds the appropriate credential for the subject and grade level the teacher is assigned to teach, or principal assigned to administer (Attachment 1 lists acceptable credentials).

The lender will also be required to submit the approval document for the City of Oakland's third loan with the CHFA loan submission package.

## **Mortgage Electronic Registration System (MERS)**

CHFA purchases loans with Deeds of Trust for which Mortgage Electronic Registration Systems, Inc. (MERS) has been designated beneficiary (as nominee) including second Deeds of Trust, i.e., The Oakland Teacher Program. Please refer to Program Bulletin #2001-04 for MERS procedures.

Lenders using the MERS procedure are advised to select the MERS version of the Deeds of Trust. Copies of all documents, as well as non-MERS documents, are available on CHFA's website [www.chfa.ca.gov](http://www.chfa.ca.gov) "Bulletins, Forms".

## **Submission Of Loan Purchase Documents**

CHFA will review the loans for purchase in the same manner as other CHFA loan programs. Three additional documents are to be used with the Oakland Teacher Program. They are:

1. CHFA/City of Oakland Temporary Buydown Agreement 08/03/01 (for use with the CHFA 1<sup>st</sup> loan)
2. HPA Promissory Note – Extra Credit Teacher Program 06/01 (for use with the \$7500 CHFA 2<sup>nd</sup> loan)
3. HPA Deed of Trust 06/01 (for use with the \$7500 CHFA 2<sup>nd</sup> loan)

Lenders are reminded to prepare and record an Assignment of the Deed of Trust for the HPA second loan, in addition to the Assignment prepared and recorded for the CHFA first loan if using non-MERS documents.

Lenders shall also obtain an ALTA Lenders Title Policy that includes coverage of both CHFA loans naming the Agency as the insured or the lender and their successors and/or assigns. In addition, a recorded Request for Notice of Default of the first loan must be obtained.

After loan closing, the lender must endorse all CHFA Promissory Notes in favor of the "California Housing Finance Agency" and submit for purchase of the loans:

1. The original Notes,
2. The original Mortgage Submission Voucher Part II: Purchase Submittal and Lender Certification,
3. Title Company certified copies of the Settlement Statement,
4. Deeds of Trust,
5. Lender certified copies of the Assignments of the CHFA Deeds of Trust,
6. Request for Notice of Default to the Agency,
7. The original School Certification (Eligibility Certification Attachment 2).

Submission of the original Promissory Notes must be made within the required time limits for the Single Loan (SL) reservation system or the Forward Commitment (FC) periods as applicable.

CHFA will fund only the outstanding principal balance of the second loans. Accrued interest will not be funded upon purchase of junior loans by the Agency, since interest is deferred for the term of the loans (see the paragraph titled "Compensation to Lenders" below).

### **City Of Oakland Third Loan**

For details on the City of Oakland's \$10,000 loan program, please see the attached City of Oakland Public Safety Officer, Oakland Unified School District Teacher, and Oakland Police Communications Dispatcher Down Payment Assistance Program Description.

## **Servicing**

**For CHFA Loans** Lenders will be required to service release the first loans to CHFA and will receive a Servicing Release Fee based upon current market trends. The second loans will be serviced directly by CHFA due to the deferred payment structure, minimal servicing requirements and no servicing fee.

Repayment of the entire principal and interest of the second is due upon either of the following events: sale or transfer of the secured property; refinance or payoff of the first loan; the property is no longer the borrower's primary residence (subject to CHFA hardship provisions described in the CHFA Program Manual) or upon the formal filing and recording of a Notice of Default (unless rescinded). Prepayment of the HPA second is permitted at any time. Partial prepayment of the second loan is permitted and the crediting of such payments will be done in two ways. First, during the first five years of the loan, partial prepayments will be credited toward principal only. From the 61<sup>st</sup> month forward, payments will be credited first to the interest (if any) and then to principal. CHFA does not charge prepayment penalties.

At the time the second loan is accepted into CHFA Loan Servicing, CHFA will notify the borrower of the HPA second loan number and provide instructions to the borrower regarding procedures for prepayments of second loans to be made directly to CHFA. Periodically, and upon issuing a Demand for Payoff, CHFA Loan Servicing will issue a notice to the teacher detailing the procedure he or she must follow to be eligible for interest forgiveness on the \$7,500 second loan. The interest rate on the second loan will be reduced by one percent (1%) for each full year the teacher or principal remains employed in a low performing school to a maximum of five years and a minimum of zero percent (0%) interest for the term of the loan.

CHFA will report annually to the Treasurer's Office the number and reasons that second loans ceased to be eligible for interest rate forgiveness.

**For The City of Oakland Third Loans** For details on servicing the City of Oakland's \$10,000 loan program, please see the attached City of Oakland Public Safety Officer, Oakland Unified School District Teacher, and Oakland Police Communications Dispatcher Down Payment Assistance Program Description.

## **Compensation To Lenders**

**For CHFA Loans** In addition to normal fees allowed for CHFA first loans, lenders will be permitted to charge the borrower or seller an additional \$250 to process the CHFA HPA second loan. The \$250 processing fee for the second loan is to compensate lenders for all accrued interest from the date of recordation to date of purchase of the loan by CHFA, plus cover normal

origination and processing costs for the second. CHFA will not pay a servicing release fee for the second loan since servicing fee income is not collected.

## Questions

Questions regarding the Oakland Teacher Program should be directed to: The City of Oakland Community and Economic Development Agency, 250 Frank Ogawa Plaza, Suite 5313, Oakland CA 94612; Phone (510) 637-0240 or the California Housing Finance Agency, Homeownership Programs, 1121 L Street, 7<sup>th</sup> Floor, Sacramento CA 95814; by phone (916) 324-8088 as appropriate.

## Attachments

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**Lenders are encouraged to use CHFA's FHA Energy Efficient Mortgage Program (EEM) to minimize emergency usage and costs. Additional information regarding EEMs is available on CHFA's web page.**

### List of Attached Documents

Attachment 1 – Credential List  
Attachment 2 – Eligibility Certification

### CHFA 1<sup>st</sup> Mortgage

CHFA/CaHLIF Promissory Note (Conventional Only) 05/01  
CHFA/CaHLIF Deed of Trust (Conventional Only) 05/01  
CHFA/City of Oakland Temporary Buydown Agreement 08/03/01

### CHFA 2<sup>nd</sup> Mortgage

HPA Promissory Note – Extra Credit Teacher Program 06/01  
HPA Deed of Trust 06/01

### City of Oakland Third Loan

Promissory Note Secured by A Deed of Trust (Rev. 8/24/00)  
Deed of Trust  
Program Disclosure

*Please note: Not all documents that can be used with this program are attached to this bulletin. Lenders are reminded to use the appropriate (FHA/VA/CAHLIF) and MERS/non-MERS documents. Copies of all documents are available on CHFA's website [www.chfa.ca.gov](http://www.chfa.ca.gov), "Bulletins, Forms".*



## Credential List

An eligible teacher must hold one of the following credentials issued by the California Commission on Teacher Credentialing, and must be currently employed full-time in a Low Performing School in the subject and grade level as authorized by his or her credential:

- Single Subject Teaching Credential
- Multiple Subject Teaching Credential
- Specialist Instruction Credential in Special Education
- Education Specialist Instruction Credential
- Standard Elementary Teaching Credential
- Standard Secondary Teaching Credential
- Standard Early Childhood Education Teaching Credential
- Standard Restricted Special Education Teaching Credential
- General Kindergarten-Primary Teaching Credential
- General Elementary Teaching Credential
- General Junior High Teaching Credential
- General Secondary Teaching Credential
- Special Secondary Teaching Credential in Art
- Special Credential for Teaching Exceptional Children
- Special Secondary Teaching Credential in Business Ed
- Special Secondary Credential for Teaching the Blind
- Special Secondary Teaching Credential in Homemaking
- Special Secondary Teaching Credential in Industrial Arts
- Special Secondary Credential for Teaching Lip Reading
- Special Secondary Teaching Credential in Music
- Special Secondary Limited Teaching Credential in Music
- Special Secondary Teaching Credential Limited in Agriculture
- Special Secondary Credential for Teaching the Partially Sighted Child
- Special Secondary Teaching Credential in Physical Education
- Special Secondary Speech Arts
- Special Secondary Teaching Credential in Correction of Speech Defects
- Special Secondary Credential for Teaching the Mentally Retarded

An eligible principal must hold one of the following credentials issued by the California Commission on Teacher Credentialing and must be currently employed full-time as a principal, vice principal or assistant principal in a Low Performing School:

- Administrative Services Credential
- Administrative Services Credential (Examination)
- Standard Supervision Credential
- Standard Administration Credential
- General Elementary School Administration Credential
- General Elementary School Supervision Credential
- General Secondary School Administration Credential
- General Secondary School Supervision Credential
- General Administration Credential
- General Supervision Credential
- The Supervision Credential
- General School Principal or Supervisor Credential

# EXTRA CREDIT TEACHER HOME PURCHASE PROGRAM

## ELIGIBILITY CERTIFICATE

**INSTRUCTIONS**

**Lender:** Please complete items 1-4, and send to Employer for completion of items 6-12.

**Applicant (Teacher, Principal, Assistant Or Vice Principal):** Please complete item 5.

**Employer (School District or County Office of Education):** Please complete items 6-12, sign and return to Lender.

**PART I – REQUEST**

To be completed by Lender

1. Issuer: \_\_\_\_\_  
 Contact Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_
2. Name of Applicant (teacher, principal, assistant or vice principal) : \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_
3. Employer (School District or County Office of Education): \_\_\_\_\_  
 \_\_\_\_\_  
 Contact Name (Superintendent or Dir. of Personnel): \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_
4. Name of School where Applicant is currently employed: \_\_\_\_\_  
 Current Academic Performance Index Ranking of School: (please circle)      1      2      3      4+  
 (Note: School must be a designated Low Performing School on the date the Applicant submits application)
5. ***“I have applied for a mortgage revenue bond loan through the Extra Credit Teacher Home Purchase Program. My signature below authorizes my employer to verify the information requested in this Certificate.”***  
 Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

**PART II – CERTIFICATION OF ELIGIBILITY INFORMATION**

To be completed by Employer (School District or County Office of Education)

Please indicate your certification of the following information by marking an “X” in the boxes below:

6.  The Applicant listed above is currently employed full-time at the school listed in Part I, Item 4 as a:  
 (circle one)      *Teacher*      *Principal*      *Assistant or Vice Principal*

7.  The Applicant holds one of the credentials issued by the California Commission on Teacher Credentialing listed below in Part III, and is currently employed in the subject and grade level as authorized by his or her credential.
8.  The Applicant is not currently under suspension by his or her employing school district or County Office of Education, and there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or dismissal of the Applicant.
9.  It has been verified with the California Commission on Teacher Credentialing that the Applicant's credential is not currently suspended or revoked, and that there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or revocation of the Applicant's credential.
10.  The personnel file of the teacher or principal reflects that he or she has not been dismissed from a teaching or principal position for any reason, and that he or she has not been the subject of a disciplinary suspension which has been upheld.

**(Note: The disciplinary inquiry, investigation, action or proceeding referenced in questions 8, 9, and 10 refers only to formal action taken by the employing school district or County Office of Education or the California Commission on Teacher Credentialing.)**

11. If the Applicant is a teacher, has he or she received National Board Certification?  Yes  No

"I certify that the information provided in Part II above is true, accurate and complete as of the date submitted. I certify that I am the Superintendent or Personnel Director of the employing school district or County Office of Education, and am duly authorized to submit this information and make the representations contained herein."

12. Name of Employer (Superintendent or Personnel Director): \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 School District or County Office of Education: \_\_\_\_\_

**PART III – LIST OF CREDENTIALS** (An applicant must hold one of the following credentials to be eligible for the Extra Credit Teacher Home Purchase Program.)

**For Teachers**

Single Subject Teaching Credential	Multiple Subject Teaching Credential
Specialist Instruction Credential in Special Education	Education Specialist Instruction Credential
Standard Elementary Teaching Credential	Standard Secondary Teaching Credential
Standard Early Childhood Education Teaching Credential	Standard Restricted Special Education Teaching Credential
General Kindergarten-Primary Teaching Credential	General Elementary Teaching Credential
General Junior High Teaching Credential	General Secondary Teaching Credential
Special Secondary Teaching Credential in Art	Special Credential for Teaching Exceptional Children
Special Secondary Teaching Credential in Business Ed	Special Secondary Credential for Teaching the Blind
Special Secondary Teaching Credential in Homemaking	Special Secondary Teaching Credential in Industrial Arts
Special Secondary Credential for Teaching Lip Reading	Special Secondary Teaching Credential in Music
Special Secondary Limited Teaching Credential in Music	Special Secondary Teaching Credential Limited in Agric.
Special Secondary Credential for Teaching the Partially Sighted Child	Special Secondary Teaching Credential in Physical Ed.
Special Secondary Teaching Credential in Correction of Speech Defects	Special Secondary Teaching Credential in Speech Arts
	Special Secondary Credential for Teaching the Mentally Retarded

**For Principals, Assistant or Vice Principals**

Administrative Services Credential	Administrative Services Credential (Examination)
Standard Supervision Credential	Standard Administration Credential
General Elementary School Administration Credential	General Elementary School Supervision Credential
General Secondary School Administration Credential	General Secondary School Supervision Credential
General Administration Credential	General Supervision Credential
The Supervision Credential	General School Principal or Supervisor Credential

**ATTENTION EMPLOYER: THIS FORM MUST BE TRANSMITTED DIRECTLY TO THE LENDER.**

NOTICE TO BORROWER:  
THIS DOCUMENT CONTAINS PROVISIONS RESTRICTING ASSUMPTIONS

**PROMISSORY NOTE**

\$ \_\_\_\_\_

Loan No. \_\_\_\_\_  
\_\_\_\_\_, California  
\_\_\_\_\_, \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned ("Borrower") promise(s) to pay to \_\_\_\_\_  
\_\_\_\_\_ (together with its successors in interest herein referred to as "Lender"), or  
order, the principal sum of \_\_\_\_\_  
Dollars (\$ \_\_\_\_\_), with interest on the unpaid principal balance from the date of this Promissory Note  
("Note") until paid, at the rate of \_\_\_\_\_ percent ( \_\_\_\_\_ %) per annum.  
Principal and interest shall be payable at the principal office of the holder hereof \_\_\_\_\_  
\_\_\_\_\_, or such other place as such holder may designate. Principal  
and interest shall be payable initially in consecutive monthly installments of \_\_\_\_\_  
\_\_\_\_\_ Dollars (\$ \_\_\_\_\_), on the \_\_\_\_\_ day of each month beginning  
\_\_\_\_\_. Such monthly installments shall continue until the entire indebtedness  
evidenced by this note is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due and  
payable on \_\_\_\_\_, 20 \_\_\_\_\_.

This Note evidences funds loaned to Borrower to finance the acquisition of certain real property and  
improvements thereon ("Property") described in that Deed of Trust securing this indebtedness, dated of even date  
herewith ("Deed of Trust").

Borrower understands that the interest rate on this Note is a below market interest rate because Lender intends  
to transfer the loan evidenced by this Note to the California Housing Finance Agency, a public instrumentality and  
political subdivision of the State of California ("Agency"). The Agency will finance the acquisition of said loan and  
this Note with funds from the sale of tax exempt municipal securities. Therefore, upon transfer of this Note to the  
Agency, this Note, the indebtedness evidenced hereby, and the Property will become subject to the applicable  
Internal Revenue Code Sections ("Tax Code").

Borrower further understands that the Agency and the Tax Code require that borrowers of funds originated by  
the sale of said tax exempt municipal securities, and the property securing said loans, meet certain specific criteria.  
Borrower acknowledges that Lender has explained the requirements of the Tax Code and the requirements of the  
Agency, and that the Borrower has made certain representations regarding the Borrower's, and the Property's,  
compliance therewith. (See paragraph number 21 requirements which are also applicable to Borrower). Borrower  
covenants that said representations were and are true and correct. UPON DISCOVERY BY LENDER OR THE  
AGENCY OF ANY MISSTATEMENT MADE BY BORROWER PURSUANT TO SAID REPRESENTATIONS,  
BORROWER MAY BE SUBJECT TO THE FOLLOWING ACTIONS:

- (A) Acceleration of the indebtedness and the exercise of the power of sale as stated in paragraph 22 of the  
Deed of Trust; or
- (B) Upon the sale of other disposition of this Note by the Agency, the interest on the unpaid principal balance  
may be adjusted to the then current market rate permitted by law. Such interest rate adjustment will be  
effective immediately upon the sale or disposition of this Note by the Agency.

Borrower shall pay to the Note holder a late charge of five percent (5%) of any monthly installment not  
received by the Note holder within fifteen (15) days after the installment is due.

If any monthly installment under this Note is not paid when due and remains unpaid after a date specified by a  
notice to Borrower, the entire principal amount outstanding and accrued interest thereon will at once become due  
and payable at the option of the Note holder. The date specified will be not less than thirty (30) days from the date  
such notice is mailed. The Note holder may exercise this option to accelerate during any default by Borrower  
regardless of any prior forbearance. If suit is brought to collect this Note, the Note holder shall be entitled to collect  
all reasonable costs and expenses of suit, including, but not limited to, reasonable attorney's fees.

Borrower may prepay, without penalty, the principal amount of this Note outstanding in whole or in part. Any partial prepayment will be first applied against accumulated interest and then against the principal amount outstanding. No prepayment will postpone the due date of any subsequent monthly installment or change the amount of such installment, unless the Note holder otherwise agrees in writing.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

Any notice to Borrower provided for in this Note will be given by mailing such notice by certified mail addressed to Borrower at the Property Address stated below, or at such other address as Borrower may designate by notice to Note holder. Any notice to the Note holder will be given by mailing such notice by certified mail, return receipt requested, to the Note holder at the address stated in the first paragraph of this Note, or at such other address as may have been designated by notice to Borrower.

Incorporation by reference is made of the provisions of the Deed of Trust regarding rights as to acceleration of the indebtedness evidenced by this Note, including but not limited to the right of acceleration upon prohibited transfer of said Property, set forth and defined in Section 21 of said Deed of Trust which provides as follows:

**21. *Transfer of Property; Assumptions* THE PROPERTY WILL NOT BE TRANSFERABLE WITHOUT THE WRITTEN APPROVAL OF THE AGENCY.**

“Transfer” means any sale, assignment or transfer, voluntary or involuntary, or by operation of Law, of any interest in the Property, including but not limited to a fee simple interest, a joint tenancy interest, a life estate, leasehold interest, or an interest evidenced by a land contract by which possession of the Property is transferred and Borrower retains title, whether or not any such transfer is made subject to this Deed of Trust. Any such transfer without the Agency’s written approval shall be a “Prohibited Transfer”.

The Agency’s approval will not be given unless Borrower’s successor(s) in interest (“Purchaser”) meets all of the following conditions:

- (a) Purchaser occupies the residence at the Property address as Purchaser’s principal place of residence within sixty (60) days after the date of transfer and continues to so occupy the Property until the Note is paid in full or Purchaser properly transfers to a successor in interest meeting all of the requirements of the Tax Code, and the Agency;
- (b) Purchaser has not had an ownership interest in a principal residence at any time during the three years preceding the date of transfer unless at the time of transfer the Agency gives written approval that the Property is in a “Targeted Area” or this Deed of Trust indicates that Property was in a “Targeted Area” at the time of recording this Deed of Trust;
- (c) Purchaser has a household income within the income limits as established at the time of this transfer;
- (d) Purchaser has purchased the Property at a purchase price within the price limits established;
- (e) Purchaser’s indebtedness is eligible for mortgage guaranty insurance covering a loss of up to fifty percent (50%) of the outstanding principal amount of the Note, issued by an insurer licensed to do business in the State of California, and approved by the Agency;
- (f) Purchaser meets all other conditions applicable to the Agency’s financing in effect at the time of transfer including, but not limited to, the Agency’s loan underwriting standards; and
- (g) Purchaser meets the conditions of the Tax Code and regulations thereunder, both as amended from time to time.
- (h) Purchaser meets the conditions of the Agency’s citizenship and alien verification regulations as set forth in Title 25 of the California Code of Regulations, Division Z, Chapter 3 (Sections 12001, *et seq.*) which implement federal legislation known as known as Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L. No. 104-193, 8 U.S.C. Section 1601, *et seq.*).

If written approval of the Agency is not given for any transfer of the Property, the transfer will be a Prohibited Transfer and Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender will exercise this option by noticing Borrower of Lender's decision pursuant to paragraph 17 above. The notice must provide a period of not less than thirty (30) days from the date the notice is mailed within which Borrower may pay the amounts due or cure the Prohibited Transfer by transferring to a Purchaser meeting the above stated conditions. If Borrower fails to cure the Prohibited Transfer or pay the amounts due within said period Lender may then invoke any remedies permitted by this Deed of Trust or California law, including, but not limited to, the exercise of the power of sale as described in this Deed of Trust.

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Property Address

WHEN RECORDED RETURN TO:

(For Recorder's Use Only)

NOTE TO BORROWER:  
THIS DEED OF TRUST CONTAINS  
PROVISIONS RESTRICTING ASSUMPTIONS

**DEED OF TRUST**

Loan No. \_\_\_\_\_

THIS DEED OF TRUST, made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, among the Trustor, \_\_\_\_\_

\_\_\_\_\_ (“Borrower”), and \_\_\_\_\_ (“Trustee”), and the Beneficiary, \_\_\_\_\_

\_\_\_\_\_ a California corporation, whose address is indicated above (together with its successors in interest referred to herein as “Lender”).

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the property located in the County of \_\_\_\_\_, State of California, described below or in Exhibit “A” attached hereto and made a part hereof by reference:

[This property is/is not (strike inappropriate reference) in a “Targeted Area” as described in the California Housing Finance Agency Program Manual at the date of recording this Deed of Trust]

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property are herein referred to as the “Property”;

TO SECURE to Lender the repayment of the indebtedness evidenced by Borrower's Promissory Note dated \_\_\_\_\_, \_\_\_\_\_, ("Note"), in the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) with interest thereon, providing for monthly installments of principal and interest with the balance of the indebtedness, if not sooner paid, due and payable on \_\_\_\_\_, 20\_\_\_\_; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained.

**BORROWER AND LENDER COVENANT AND AGREE AS FOLLOWS:**

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

2. *Payment of Principal and Interest.* Borrower will promptly pay when due the principal of and interest on the indebtedness evidenced by the Note and late charges as provided by the Note.

3. *Tax Covenants.* Borrower is aware that the Note bears an interest rate below market interest rates because Lender intends to transfer the loan evidenced by the Note to the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California ("Agency"). The Agency's acquisition of said loan and Note will be with funds from the sale of tax exempt municipal securities. Therefore, upon transfer of the Note to the Agency, the Note, the indebtedness evidenced thereby, the Property and this Deed of Trust shall become subject to the applicable Internal Revenue Code Sections ("Tax Code").

Borrower also understands that the Agency and the Tax Code require that borrowers of funds originated by the sale of said tax exempt municipal securities, and the property securing said loans, meet certain specific criteria. Borrower acknowledges that Lender has explained the requirements of the Tax Code and the requirements of the Agency, and that Borrower has made certain representations regarding Borrower's, and the Property's, compliance therewith. (See paragraph number 21 requirements which are also applicable to Borrower.) Borrower covenants that said representations were and are true and correct. UPON DISCOVERY BY LENDER OR THE AGENCY OF ANY MISSTATEMENT MADE BY BORROWER PURSUANT TO SAID REPRESENTATIONS, BORROWER MAY BE SUBJECT TO THE FOLLOWING ACTIONS:

(A) Acceleration of the indebtedness and the exercise of the power of sale as stated in paragraph 22 of this Deed of Trust; or

(B) Upon the sale or other disposition of the Note by the Agency, the interest on the unpaid principal balance may be adjusted to the then current market rate permitted by law. Such interest rate adjustment will be effective immediately upon the sale or disposition of the Note by the Agency.

4. *Funds for Taxes and Insurance.* Subject to applicable law, Lender shall establish an impound account ("Funds") on behalf of Borrower to pay taxes and assessments (which may attain priority over this Deed of Trust), hazard insurance premiums, and mortgage insurance premiums (hereinafter collectively referred to as "Charges"). This account will be funded by Borrower with monthly payments due to Lender on the same day the monthly installment of principal and interest is payable under the Note, until such Note is paid in full. The monthly impound amount shall be the sum equal to one-twelfth of the estimated total annual amounts anticipated to be payable for the above listed Charges. The Lender from time to time may adjust such monthly impound amounts due on the basis of actual assessments and bills, and reasonable estimates thereof.

The Funds shall be held in an institution the deposits or accounts of which are insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") or the Federal Deposit Insurance Corporation ("FDIC"). Lender shall apply the Funds to pay said taxes, assessments, and insurance premiums. Lender may not charge Borrower for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills. Interest on Funds as required by law will be paid to Borrower.

On an annual basis (i.e. the "Account Computation Year"), Lender shall analyze the Funds to (i) determine the appropriate target balance (i.e. the estimated month end balance in the impound account that is sufficient to cover the remaining anticipated disbursements from the impound account in the Account Computation Year), (ii) compute



the Borrower's monthly payments for the next Account Computation Year which will be necessary to cover estimated charges, and (iii) determine whether shortages, deficiencies or surpluses exist.

An annual impound account statement shall be provided to the Borrower within 30 days of completion of the analysis of the Funds for the Account computation Year. If it is determined that there is a surplus greater than or equal to \$50, and so long as Borrower is not in arrears on any payment due to Lender, the surplus amount shall be refunded to Borrower within 30 days. If it is determined that there is a shortage or deficiency of Funds in an amount less than one month's impound payment, the Borrower shall pay to the Lender the amount necessary to make up the deficiency within 30 days from the date a notice is mailed by the Lender to the Borrower requesting payment thereof. If the shortage or deficiency is an amount equal to or in excess of one month's impound payment, the Borrower shall repay the deficient amount in equal monthly payments over the next 12 month period.

The Funds are pledged as additional security for the sums secured by this Deed of Trust. Upon payment in full of all sums secured by this Deed of Trust, Lender will promptly refund to Borrower any Funds held by Lender. If the Property is sold or the Property is otherwise acquired by the Lender, Lender will 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 sums secured by this Deed of Trust.

5. *Application of Payments.* Unless applicable law provides otherwise, all payments received by Lender under the Note and payments of Funds will be applied by Lender first in payment of taxes, assessments and insurance premiums, then to interest payable on the Note, and then to the principal of the Note.

6. *Junior Encumbrances.* Any subsequent encumbrancer of the Property is hereby notified that upon exercise of any power of sale or foreclosure by such encumbrancer, such encumbrancer shall take title to the Property subject to this Deed of Trust, and more specifically, subject to paragraph 21 of this Deed of Trust requiring that all successors in interest to Borrower (including successors in interest through involuntary sale) meet certain eligibility requirements of the Agency.

7. *Charges; Lien.* Borrower will pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, in the manner provided above or, if not required to be paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower will promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower makes payment directly, Borrower will promptly furnish to Lender receipts evidencing such payments. Borrower will promptly discharge any lien which has priority over this Deed of Trust; provided, that Borrower will not be required to discharge any such lien so long as Borrower will agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or will in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the property or any part thereof.

8. *Hazard Insurance.* Borrower will keep the improvements now existing or hereafter erected on the Property insured in such amounts and for such periods as Lender may require, which amounts shall be the greater of (1) the outstanding principal balance of the Note, (2) the amount required by the mortgage guaranty insurance carrier, (3) the amount, in Lender's determination, necessary to prevent Borrower from becoming a co-insurer, or (4) the amount of the replacement cost of the Property.

The insurance carrier providing this insurance shall be licensed to do business in the State of California and be chosen by Borrower subject to approval by Lender; provided, that such approval will not be unreasonably withheld. All premiums on insurance policies will be paid in the manner provided in paragraph 4 above.

All insurance policies and renewals thereof will be in a form acceptable to Lender and will include a standard mortgagee clause with standard endorsement number 438 BFU in favor of and in a form acceptable to Lender. Lender will have the right to hold the policies and renewals thereof, and Borrower will promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds will be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within thirty (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 Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal will not extend or postpone the due date of the monthly installments referred to above or change the amount of such installments. If the Property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition will pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

9. *Preservation and Maintenance of Property, Condominiums; Planned Unit Developments.* Borrower will keep the property in good repair and will not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower will perform all of Borrower's obligations under the under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. Borrower will not, without Lender's prior written consent, agree to the abandonment or termination of the condominium or planned unit development, any change in the percentage interest of owners in the common areas and facilities of the condominium or planned unit development, or the termination of professional management and assumption of self-management of the condominium or planned unit development. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider are incorporated herein by this reference.

10. *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, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, 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 paragraph, with interest thereon, will become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts will be payable upon notice from Lender to Borrower requesting payment thereof, and will bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts will bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph will require Lender to insure any expense or take any action hereunder.

11. *Inspection.* Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender will give Borrower reasonable notice of inspection.

12. *Condemnation.* 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.

In the event of a total taking of the Property, the proceeds will be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there will be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

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 sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal will not extend or postpone the due date of the monthly installments referred to above or change the amount of such installments.

13. *Forbearance by Lender Not a Waiver.* Any forbearance by Lender in exercising any right or remedy will not be a waiver of the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender will not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

14. *Remedies Cumulative.* All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or affordable by law or equity, and may be exercised concurrently, independently or successively.

15. *Successors and Assigns Bound.* The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower subject to the provisions of this Deed of Trust.

16. *Joint and Several Liability.* All covenants and agreements of Borrower shall be joint and several.

17. *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 will be given by certified mail, addressed to Borrower at the Property address or such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender will be given by certified mail, return receipt requested, to Lender's address stated above or to such other addresses as Lender may designate by notice to Borrower as provided above.

18. *Governing Law.* This Deed of Trust shall be governed by the laws of the State of California.

19. *Severability.* In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict will not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Note are declared to be severable.

20. *Captions.* The captions and headings of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

21. *Transfer of Property; Assumptions.* **THE PROPERTY WILL NOT BE TRANSFERABLE WITHOUT WRITTEN APPROVAL OF THE AGENCY.**

Wherein Agency administered Funds continued to be used in financing the purchase of said property, "Transfer" means any sale, assignment or transfer, voluntary or involuntary, or by operation of Law, of any interest in this property, including but not limited to a fee simple interest, a joint tenancy interest, a life estate, leasehold interest, or an interest evidenced by a land contract by which possession of the Property is transferred and Borrower retains title, whether or not any such transfer is made subject to this Deed of Trust. Any such transfer without the Agency's written approval is a "Prohibited Transfer".

The Agency's approval will not be given unless Borrower's successor(s) in interest ("Purchaser") meets all of the following conditions:

(a) Purchaser occupies the residence at the Property address as Purchaser's principal place of residence within sixty (60) days after the date of transfer, and continues to so occupy the Property until the Note is paid in full or purchaser properly transfers to a successor in interest meeting all of the requirements of the Tax Code, and requirements of the Agency.

(b) Purchaser has not had an ownership interest in a principal residence at any time during the three years preceding the date of transfer unless at the time of transfer the Agency gives written approval that the Property is in a "Targeted Area", or this Deed of Trust indicates the Property was in a "Targeted Area" at the time of recording this Deed of Trust;

(c) Purchaser has a household income within the income limits established at the time of transfer.

(d) Purchaser has purchased the Property at a purchase price within the price limits established.

(e) Purchaser's indebtedness is eligible for mortgage guaranty insurance covering a loss of up to fifty percent (50%) of the outstanding principal amount of the Note, issued by an insurer licensed to do business in the State of California, and approved by the Agency;

(f) Purchaser meets all other conditions applicable to the Agency's financing in effect at the time of transfer including, but not limited to, the Agency's loan underwriting standards; and

(g) Purchaser meets the conditions of the Tax Code and regulations thereunder, both as amended from time to time

If written approval of the Agency is not given for any transfer of the Property, the transfer will be a "Prohibited Transfer" and Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender will exercise this option by noticing Borrower of Lender's decision pursuant to paragraph 17 above. The notice must provide a period of not less than thirty (30) days from the date the notice is mailed within which Borrower may pay the amounts due or cure the Prohibited Transfer by transferring to a Purchaser meeting the above stated conditions. If Borrower fails to cure the Prohibited Transfer or pay the amounts due within said period Lender may then invoke any remedies permitted by this Deed of Trust or California law, including, but not limited to, the exercise of the power of sale as described in this Deed of Trust.

22. *Acceleration; Remedies.* Except as provided in paragraph 21 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including but not limited to the covenants to pay when due any sums secured by this Deed of Trust, and the covenants as to the truth of representations made by Borrower found in paragraph 3 above, Lender, prior to acceleration, will mail notice to Borrower specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than thirty (30) days from the date the notice is mailed to Borrower, by which such breach is to 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 this Property. The notice will also inform Borrower of Borrower's right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of 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 California law. Lender will be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees. If Lender invokes the power of sale, Lender will do so pursuant to the provisions for notice of sale and sale found at California Civil Code Sections 2924, *et. seq.*, as amended from time to time.

IF LENDER EXERCISES THE POWER OF SALE, LENDER COVENANTS THAT ANY PURCHASER THEREUNDER SHALL MEET THE CONDITIONS LISTED IN PARAGRAPH 21 FOR BORROWER'S SUCCESSORS IN INTEREST.

23. *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: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust, and the Note, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, and in enforcing Lender's and Trustee's remedies including, but not limited to, reasonable attorney's fees; and (d) 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.

24. *Reconveyance.* Upon payment of all sums secured by this Deed of Trust, Lender will request Trustee to reconvey the Property and will surrender this Deed of Trust and the Note evidencing the indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons will pay all costs of recordation, if any.

25. *Substitute Trustee.* Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee will succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

26. *Request for Notices.* Borrower requests that copies of the notice of default and notice of sale be sent to Borrower's address which is the Property address.

IN WITNESS WHEREOF, BORROWER HAS EXECUTED THIS DEED OF TRUST.

_____	_____
Borrower	Borrower
_____	_____
Borrower	Borrower
_____	_____
Borrower	Borrower

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, notary public,  
DATE NAME, TITLE OF OFFICER  
personally appeared \_\_\_\_\_  
NAME OF SIGNOR(S)

personally known to me - OR -  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to 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.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Property Address

**TEMPORARY BUYDOWN AGREEMENT**  
**Loan No. \_\_\_\_\_**

This Temporary Buydown Agreement dated \_\_\_\_\_ is made among the following parties:  
 \_\_\_\_\_, (The Lender), and  
 \_\_\_\_\_, (The Borrower).

1. Lender engages in the business of originating and servicing mortgage loans secured by residential properties.
2. Borrower has executed the Deed of Trust and Note secured thereby, payable to Lender covering the real property commonly known as: \_\_\_\_\_ (The Property) with interest at \_\_\_\_\_ %, payable in monthly installments of \$ \_\_\_\_\_ .
3. On this date Lender, for good and valuable considerations, has set aside \$ \_\_\_\_\_ in a trust account held by the Lender (the Trust), with such funds to be held in a separate account for the benefit of the Borrower.

NOW, THEREFORE, in consideration of the foregoing and of the agreements set forth below, the Lender and Borrower agree as follows:

1. Lender has the right to assign its interest in this Agreement concurrently with the transfer of the Note and Deed of Trust, provided that such assignee shall agree to apply the Trust in accordance with the terms hereof. Upon transfer of the Note and Deed of Trust, the remaining Trust balance shall be deducted from the purchase price paid by the assignee, and the assignee shall establish with the servicer servicing the Note and Deed of Trust a new Trust with its own funds.
2. Lender, its successors and assigns, agree to pay from the Trust on behalf of the Borrower the sums of money set forth in the following schedule to be applied to the interest portion of the payments called for by the Note.

Payment Months	Effective Date	Monthly P&I to be Paid By Borrower	Trust Payment Application	Total P&I Payment
1 – 12		\$	(        %) + \$	= \$

3. Borrower agrees to pay the balance of the monthly principal and interest payments together with escrow/impound payments, if any, as provided in the Note and Deed of Trust, copies of which are attached thereto and incorporated by reference.
4. No portion of the Trust shall be disbursed to cure a delinquency of any kind under the Note and Deed of Trust.
5. In the event the debt as evidenced by the Note is paid in full or foreclosure proceedings are initiated on the property securing the Deed of Trust and Note at any time before the end of the term of this Temporary Buydown Agreement, any remaining Trust balance shall be returned to the Lender and/or successors.

- 6. Borrower hereby agrees to hold the Lender, its successors and assigns harmless from all claims and demands by third parties, whether in existence now or in the future, arising from this agreement.
- 7. All parties hereto understand and agree that the Trust account is not payable to the Borrower and shall not be used to pay any payments past due under the Note and Deed of Trust. It is further agreed that Lender shall not pay any interest on the funds held in Trust.

EXECUTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_\_.

BORROWER: \_\_\_\_\_

LENDER: \_\_\_\_\_

BY: \_\_\_\_\_

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

**EXTRA CREDIT TEACHER PROGRAM  
PROMISSORY NOTE  
CALIFORNIA HOUSING FINANCE AGENCY HOME PURCHASE ASSISTANCE PROGRAM (“HPA”)  
Second Loan No. \_\_\_\_\_**

**NOTICE TO BORROWER  
THIS DOCUMENT CONTAINS PROVISIONS  
PROHIBITING UNAUTHORIZED TRANSFERS SECURED BY  
A DEED OF TRUST ON RESIDENTIAL PROPERTY**

\$ 7,500.00 \_\_\_\_\_, 20\_\_\_\_\_  
Date of this Note

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_,  
\_\_\_\_\_, (the “Borrower”) hereby promises to pay to the order of \_\_\_\_\_,  
\_\_\_\_\_, or holder, whose address is \_\_\_\_\_,  
\_\_\_\_\_ as further provided herein, (the “Lender”) a principal amount equal to \_\_\_\_\_ Dollars,  
(\$ \_\_\_\_\_) with simple interest at the rate specified below on the unpaid principal balance from the date  
of this Promissory Note (the “Note”), until paid. The obligation of the Borrower with respect to this Note is secured  
by that certain Deed of Trust entitled "Permanent Deed of Trust with Assignment of Rents, Security Agreement and  
Fixture Filing (California Housing Finance Agency Home Purchase Assistance Program), Second Loan No. \_\_\_\_\_  
\_\_\_\_\_ " (the “Deed of Trust”), and executed by the Borrower concurrently herewith.

**DEFINITIONS**

“Date of this Note” – means the date that this Note is executed as specified on the top right hand side of this page.

“Qualified Borrower” – means the Lender has determined, in its sole discretion, from documentation provided by  
the Borrower, that Borrower is currently employed full-time on a continuous basis at a Low Performing School as a  
credentialed teacher or principal, and is currently occupying the Property as his/her principal residence.  
“Credentialed teacher or principal” means the Borrower holds a California Credential in the subject area(s) stated in  
the Extra Credit Teacher Home Purchase Assistance Program Bulletin #2001-13.

“Low Performing School” (Statewide Rank 1, 2, or 3) means a school which ranks in the bottom 30% in the  
Academic Performance Index (“API”) of schools tested pursuant to the Public Schools Accountability Act of 1999  
in the most current testing cycle as identified by statistics prepared by the Department of Education.

**RECITALS**

1. *Borrower’s Obligation.* This Note evidences the obligation of the Borrower to the Lender for the  
repayment of funds loaned to finance the purchase of that certain real property (the “Property”) described in the  
Deed of Trust. The amount of home purchase assistance plus accrued interest shall be due and payable at the end of  
the term, or upon acceleration of payment as set forth in paragraph 5 herein, or when the first note becomes all due  
and payable or is refinanced or is paid in full.

2. *Amounts.* Simple interest on the outstanding principal amount of home purchase assistance shall accrue  
at 5% per annum from the Date of this Note until payment in full, subject to the following modifications, if  
applicable:

- (a) If the Borrower is a Qualified Borrower on the first year anniversary date of the Date of this Note  
 (“1<sup>st</sup> Anniversary”), the Borrower’s interest due shall be reduced by 1% so that the effective rate  
 on this Note is 4% simple interest per annum. This rate reduction shall apply both retroactively  
 back to the Date of this Note, and prospectively, so that interest shall accrue at 4% until the loan  
 is paid in full.



- (b) If the Borrower was a Qualified Borrower on the 1<sup>st</sup> Anniversary, and continues to be a Qualified Borrower on the second year anniversary date of the Date of this Note (“2<sup>nd</sup> Anniversary”), the Borrower’s interest due shall be reduced by 1% so that the effective rate on this Note shall be 3% simple interest per annum. This rate reduction shall apply both retroactively back to the Date of this Note, and prospectively so that interest shall accrue at 3% until the loan is paid in full.
- (c) If the Borrower was a Qualified Borrower on the 1<sup>st</sup> and 2<sup>nd</sup> Anniversary and continues to be a Qualified Borrower on the third year anniversary of the Date of this Note (“3<sup>rd</sup> Anniversary”), the Borrower’s interest due on this Note shall be reduced by 1% so that the effective rate on this Note is 2% simple interest per annum. This rate reduction shall apply both retroactively back to the Date of this Note, and prospectively so that interest shall accrue at 2% until the loan is paid in full.
- (d) If the Borrower was a Qualified Borrower on the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Anniversary and continues to be a Qualified Borrower on the fourth year anniversary of the Date of this Note (“4<sup>th</sup> Anniversary”), the Borrower’s interest due on this Note shall be reduced by 1% so that the effective rate on this Note is 1% simple interest per annum. This rate reduction shall apply both retroactively back to the Date of this Note, and prospectively so that interest shall accrue at 1% until the loan is paid in full.
- (e) If the Borrower was a Qualified Borrower on the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Anniversary and continues to be a Qualified Borrower on the fifth year anniversary of the Date of this Note (“5<sup>th</sup> Anniversary”), the Borrower’s interest due on this Note shall be reduced by 1% so that the effective rate on this Note is 0% simple interest per annum. This rate reduction shall apply both retroactively back to the Date of this Note, and prospectively so that interest shall accrue at 0% until the loan is paid in full.
- (f) Notwithstanding the definition of Qualified Borrower specified herein, if Borrower’s employer school improves its API scores during the first five years, so that it no longer ranks as a Low Performing School, Borrower shall remain a Qualified Borrower for the purposes of the above-stated interest rate reductions.

3. *Occupancy.* Borrower shall occupy the Property as Borrower’s principal place of residence during the term of this Note.

4. *Loan Not Assumable, Prohibition on Transfer of Interests; Limited Exceptions.* Where Lender-administered funds continue to be used in financing the purchase or continued use of the Property, the Borrower shall not make any lease, sale, assignment, conveyance or transfer of the Property except as permitted. No transfer of this second loan will be permitted, and no successor in interest to the Borrower(s) will be permitted to assume the Borrower(s) loan secured by this Deed of Trust except in the following limited circumstances:

- (a) The transfer results from the death of a Borrower and the transfer is to the surviving Co-Borrower who occupies the property;
- (b) A transfer by a Borrower to his or her spouse when the spouse becomes by such transfer a co-owner of the Property;
- (c) A transfer of the Property resulting from a decree of dissolution of the marriage or legal separation or from a property settlement agreement incidental to such a decree by which a spouse who is already a Borrower continues to occupy the Property and becomes the sole owner of the Property.
- (d) A transfer by a Borrower to an inter vivos trust in which the Borrower is the sole beneficiary.

5. *Repayment of Loan Principal and Interest.* Borrower shall repay to Lender the principal, interest and any other amounts due under this Note on the earliest of the following occurrences:

- (a) When the first note and deed of trust becomes due and payable;
- (b) When the first note and deed of trust loan is paid in full;
- (c) When the first note and deed of trust loan is refinanced; or
- (d) When the property is sold or transferred.

6. *Acceleration of Payment.* The principal amount of this loan, together with any then outstanding accrued interest thereon shall become immediately due and payable upon the earliest of any of the following events:

- (a) In the event of a default under the terms of this Note or the Deed of Trust securing this Note;
- (b) In the event that the Borrower shall cease to occupy the Property as Borrower's principal place of residence; or
- (c) In the event of any sale, or transfer, lease, rental or encumbrance of the property in violation of paragraph 4 of this Promissory Note.

7. *Place and Manner of Payment.* All amounts due and payable under this Note are payable at the principal office of the Lender set forth above, or at such other place or places as the Lender may designate to the Borrower in writing from time to time.

8. *Application of Payments.* Until the 5<sup>th</sup> Anniversary, all partial payments received on account of this Note shall be first applied to the reduction of principal and the remainder shall be applied to accrued interest. Any payments received by the Lender on account of this Note after the 5<sup>th</sup> Anniversary shall first be applied to accrued interest and the remainder shall be applied to reduction of the principal.

9. *Attorney's Fees.* The Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the Lender in the enforcement of this Note.

10. *Default and Acceleration.* All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note. The Borrower agrees that the unpaid balance of the then principal amount of this Note, together with all accrued interest thereon and charges owing, shall, at the option of the Lender or, if so provided in this Note and Deed of Trust executed by the Borrower, shall automatically become due and payable, and thereafter until paid bear interest at the rate of ten percent (10%) per annum, upon the failure of the Borrower to make any payment hereunder as and when due; upon the failure of the Borrower to perform or observe any other provision of this Note, or upon the occurrence of any event (whether termed default, event of default or similar term) which under the terms of the Deed of Trust, shall entitle the Lender to exercise rights or remedies thereunder.

11. *Notices.* Except as may be otherwise specifically provided herein, any approval, notice, direction, consent, request or other action by the Lender shall be in writing and may be communicated to the Borrower at the address of the Property, or at such other place or places as the Borrower shall designate to the Lender in writing, from time to time, for the receipt of communications from the Lender.

12. *No Prohibition Against Prepayment.* Borrower may prepay this Note at any time without penalty.

13. *Governing Law.* This Note shall be construed in accordance with and be governed by the laws of the State of California.

14. *Severability.* If any provision of this Note 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 thereby.

15. *Time.* Time is of the essence in this Note.

16. *No Waiver by the Lender.* No waiver of any breach, default or failure of condition under the terms of the Note or Deed of Trust shall thereby be implied from any failure of the Lender to take, or any delay by the Lender in taking, action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure; and a waiver of any term of the Note, Deed of Trust, or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

17. *Successors and Assigns.* The promises and agreements herein contained shall bind and inure to the benefit of, as applicable, the respective heirs, executors, administrators, successors and assigns of the parties.

Executed at \_\_\_\_\_, California

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

WHEN RECORDED RETURN TO:

(For Recorder's Use Only)

**PERMANENT DEED OF TRUST WITH ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING  
CALIFORNIA HOUSING FINANCE AGENCY HOME PURCHASE ASSISTANCE PROGRAM ("HPA")**

**SECOND LOAN NO.** \_\_\_\_\_

**NOTICE TO BORROWER  
THIS DEED OF TRUST CONTAINS PROVISIONS  
PROHIBITING UNAUTHORIZED TRANSFERS**

This Deed of Trust is made on \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_ (the "Borrower"), to  
\_\_\_\_\_ (the "Trustee"), whose business address is  
\_\_\_\_\_  
in favor of \_\_\_\_\_  
(the "Lender") or Assignee, whose address is \_\_\_\_\_

**RECITALS**

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 in the County of \_\_\_\_\_, State of California, 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 real and personal property are sometimes referred to as the "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.

2. *Payment of Principal and Interest.* Borrower will promptly pay when due the principal and simple interest, and late charges as applicable, on the indebtedness evidenced by the Note.

3. *Application of Payments.* Unless applicable law or the Note provides otherwise, all payments received by Lender under the Note will be applied by Lender first to interest payable on the Note, and then to the outstanding principal of the Note.

4. *Payment Due.* This loan is due in the event: (a) California Housing Finance Agency's first Note and Deed of Trust becomes all due and payable whether by acceleration or otherwise; (b) the first Note and Deed of Trust is paid in full; (c) the first Note and Deed of Trust is refinanced; (d) the Property is sold or transferred; or (e) the Borrower ceases to occupy the Property as the Borrower's principal place of residence.

BORROWER HEREBY ABSOLUTELY, UNCONDITIONALLY AND IRREVOCABLY ASSIGNS to Lender all rents, royalties, issues, accounts and profits of or relating to the Property. This assignment is absolute, primary and direct and is not intended to be a separate or secondary pledge, or other form of additional security, and no further act or step is or shall be required of Lender to perfect this assignment. This assignment shall not impose upon Lender any duty to cause the Property to produce rents nor shall Lender be deemed to be a mortgagee in possession by reason thereof for any purpose. The right of the Lender to all rents, royalties, issue accounts and profits of, or relating to the Property, are subordinate to the rights of the holder of the first Deed of Trust.

5. THE ABOVE GRANT, TRANSFER, AND ASSIGNMENTS ARE FOR THE PURPOSE OF SECURING:

Payment of the indebtedness evidenced by that certain promissory note of the Borrower dated \_\_\_\_\_, 20\_\_\_\_\_, and entitled "California Housing Finance Agency Home Purchase Assistance Program Loan, Second Loan No. \_\_\_\_\_" (the "Note") of the Borrower in the face amount of \_\_\_\_\_ (\$ \_\_\_\_\_), together with simple interest on such indebtedness according to the terms of the Note, and any and all amendments, modifications, extensions or renewals of the Note.

6. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

6.1 *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 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.

6.2 *Insurance.* To keep the Property insured, with loss payable to 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 buildings or improvements on the Property, and to deliver the original of all such policies to Lender, together with receipts satisfactory to Lender evidencing payment of the premiums. All such policies shall provide that 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 Lender, shall be delivered to Lender at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor 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.

6.3 *Payment of Taxes and Utility Charges.* To pay, at least ten (10) days prior to delinquency, all taxes and assessments, both general and special, fines, penalties, levies and charges of every type or nature levied upon or assessed against any part of the Property.

6.4 *Payment and Discharge of Liens.* Borrower shall pay, when due, all claims of every kind and nature which might become a lien on the Property or any part thereof and will not at any time create or allow to exist any lien on the Property or any part thereof of any kind or nature other than the Agency's first Deed of Trust and this

second Deed of Trust; 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 the 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 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.

7. IT IS MUTUALLY AGREED THAT:

7.1 *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 Lender. 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 Lender shall determine at its option. 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 Lender may be released to Borrower upon such conditions as Lender may impose for its disposition. Application of all or any part of the amounts collected and received by 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.

7.2 *Prohibition on Transfer of Interests.* Borrower shall not make any sale, lease, conveyance or other transfer of the Property in any form except as contained in paragraph 8.2 herein.

7.3 *Sale or Forbearance.* No sale of the Property, forbearances on the part of 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.

7.4 *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) 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 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 Lender, may reconvey all or any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any such agreement of extension or subordination.

7.5 *Reconveyance.* Upon written request of Lender stating that all sums and obligations secured hereby have been discharged, or otherwise as requested in writing by Lender, and upon surrender of this Deed of Trust and the Note and any additional loan notes to Trustee for cancellation, and upon payment to Trustee of its fees and expenses, Trustee shall reconvey, without warranty, the Property or that part thereof then held hereunder. The recitals in any reconveyance shall be conclusive proof of their truthfulness and the grantee in any such reconveyance may be described "as the person or persons legally entitled thereto". When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all of the rents, royalties, issues, accounts and profits of the Property to the person or persons legally entitled thereto unless such reconveyance expressly provides to the contrary.

7.6 *Occupancy.* Borrower shall occupy the Property as Borrower's principal place of residence during the term of the Note.

## 8. EVENTS OF DEFAULT

8.1 *Events of Default.* Any one or more of the following events shall constitute a default under this Deed of Trust: (a) failure of 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 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 Lender to exercise the rights or remedies thereunder.

8.2 *Loan Not Assumable, Transfer of Property; Limited Exceptions.* Where Lender administered funds continue to be used in financing the purchase or continued use of the Property, no transfer of the Property will be permitted, and no successor in interest to the Borrower(s) will be permitted to assume the Borrower's loan secured by this Deed of Trust except in the following limited circumstances:

- (a) The transfer results from the death of a Borrower and the transfer is to the surviving Co-Borrower;
- (b) A transfer by a Borrower to his or her spouse when the spouse becomes by such transfer a co-owner of the Property;
- (c) A transfer of the Property resulting from a decree of dissolution of the marriage or legal separation or from a property settlement agreement incidental to such a decree which requires the Borrower to continue to make payments on the Note and by which a spouse who is already a Borrower becomes the sole owner of the Property;
- (d) A transfer by a Borrower to an inter vivos trust in which the Borrower is the sole beneficiary.

### 8.3 *Acceleration and Sale.*

(a) *Acceleration.* In the event of any default as set forth in paragraphs 8.1 and 8.2 above, the Lender, without demand on Borrower, may declare all sums hereby secured immediately due and payable by notice thereof to Borrower or by executing and recording or by causing Trustee to execute and record a notice of default and election to cause the Property to be sold to satisfy the obligations secured hereby or by the commencement of an appropriate action to foreclose this Deed of Trust or by any other appropriate manner;

(b) *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 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 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 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 hereby, 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.

8.4 *Attorney's Fees.* If Trustee or Lender shall be made parties to or shall intervene in any action or proceeding affecting the Property or the title thereto or the interest of Trustee or Lender under this Deed of Trust, or

if Lender employs an attorney to collect any or all of the indebtedness hereby secured or to foreclose this Deed of Trust, or authorizes Trustee to conduct trustee's sale proceedings hereunder, then Trustee and Lender shall be reimbursed by Borrower, immediately and without demand, for all reasonable costs, charges and attorney's fees incurred by them or either of them in any such case whether or not suit be commenced, and the same, together with interest thereon from the date of payment at the rate of ten percent (10%) per annum, shall be secured hereby as provided in paragraph 8.3(b).

8.5 *Exercise of Remedies; Delay.* No exercise of any right or remedy by Lender or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law, and no delay by 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.

8.6 *Trustee Substitution.* The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to Lender, to be exercised at any time hereafter, without specifying any reason therefor 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 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, 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 named as trustee or as one of the trustees.

8.7 *Remedies Cumulative.* No remedy herein contained or conferred upon Lender or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to 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.

8.8 *HUD Insurance.* Notwithstanding any provision in this Deed of Trust to the contrary, in the event the first deed of trust is insured by HUD, the provisions of said HUD deed of trust shall control and any restrictions contained herein which are in conflict with HUD's mortgage insurance program shall automatically terminate if title to the Property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the Deed of Trust is assigned to HUD.

## 9. MISCELLANEOUS PROVISIONS

9.1 *Successors, Assigns, Gender, Number.* The covenants and agreements herein contained shall bind, and the benefit and advantages 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.

9.2 *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.

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

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

9.5 *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.



9.6 *Incorporation by Reference.* The provisions of the California Housing Financing Agency Home Purchase Assistance Program security instruments and the documents relating to that program are incorporated by reference as though set out verbatim.

9.7 *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.

9.8 *Indemnification.* Borrower will indemnify and hold Lender, its officers and agents harmless against any and all losses, claims, demands, penalties and liabilities which 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 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 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 Lender upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by Lender as a result of any legal action arising out of this Deed of Trust.

9.9 *Subordination.* This Deed of Trust is intended to be subject and subordinate to a deed of trust to Lender, as beneficiary, recorded concurrently herewith. Except for the aforementioned subordination, this Deed of Trust is intended to be and remain at all times prior and superior to any other deeds of trust on the Property.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust on the day and year set forth above. If a mailing address is set forth opposite its signature below, and not otherwise, the Borrower shall be deemed to have requested that a copy of any notice of default and of any notice sale hereunder be mailed to it at such address.

**MAILING ADDRESS FOR NOTICES**

**SIGNATURE OF BORROWER**

\_\_\_\_\_  
(Street)

\_\_\_\_\_

\_\_\_\_\_  
(City) (State) (Zip)

\_\_\_\_\_

**Acknowledgements**

**PROMISSORY NOTE SECURED BY A DEED OF TRUST**

**(Public Safety Officer/Teacher Down Payment Assistance Loan No. \_\_\_\_\_)**

Oakland, California

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
[Property Address] (the "Property")

**I. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, under the terms of this Promissory Note Secured by a Deed of Trust, I, the undersigned \_\_\_\_\_ (singularly and collectively, the "Borrower,") promise to pay to the order of the City of Oakland, a municipal corporation, organized and existing under the laws of the State of California, (the "City"), the amount of \_\_\_\_\_dollars, (\$\_\_\_\_\_), (the "Principal") and to pay interest on the unpaid principal amount of this Note from \_\_\_\_\_ (61<sup>st</sup> month, date of first principal and interest payment) at a single rate of Six Percent (6.0%) per annum until paid in full.

**A. Relationship Between the City and Borrower:** The relationship between the City and Borrower is solely of creditor and debtor.

**B. Loan Authority:** The Loan evidenced by this Note is being made pursuant to the City of Oakland Public Safety Employee Downpayment Assistance Program, adopted on October 26, 1999, by City Council Resolution No. 75309 C.M.S., and amended on July 25, 2000, by City Council Resolution No. 75902 C.M.S., adding Oakland Unified School District Teachers and Police Communication Dispatchers, and the regulations issued thereunder.

**C. Use of Funds:** The Loan is being made in order to assist me in purchasing the Property. The sales price of the Property is \_\_\_\_\_dollars, (\$\_\_\_\_\_), and my downpayment amount is \_\_\_\_\_dollars, (\$\_\_\_\_\_). My downpayment is the actual cash amount of money I have paid for the purchase of the Property from my own funds, excluding this Loan and other loans or gifts.

**II. INTEREST**

Interest will be charged on unpaid Principal beginning on \_\_\_\_\_ (first day of the 61<sup>st</sup> month from date of Note) until the full amount of Principal has been paid. I will pay single interest at a yearly rate of Six Percent (6.0%). The interest rate required by this Section is the rate I will pay both before and after any default described in Section VI of this Note.

**III. SECURITY**

This Note is secured by a Deed of Trust on the Property dated the same date as this Note. The indebtedness evidenced by this Note, and any other financial obligation which may hereafter be imposed on me by the City, is subordinate to the indebtedness evidenced by a note payable to a Senior Lender, which note is secured by a First Deed of Trust on the Property.

**IV. PAYMENTS**

**A. Deferral of Payment:** The amounts due and payable under this Note shall be deferred until \_\_\_\_\_ (61<sup>st</sup> month), provided that I comply with the terms of this Note and the Deed of Trust which secures this Note, and do not Transfer or Refinance the Property.

**B. Monthly Payments:** Both the Principal and interest of this Note are payable on the first day of each month in sixty (60) monthly installments, including principal and interest of \$ \_\_\_\_\_ beginning on \_\_\_\_\_ (61<sup>st</sup> month from date of Note), in lawful money of the United States.

**C. Place of Payment:** I will make payments at the offices of the City of Oakland, Community and Economic Development Agency, 250 Frank H. Ogawa Plaza, 5th floor, Oakland, CA 94612, Attention: Loan Servicing Section, or at such places as designated by the City.

**D. Acceleration of Payment:** The Principal amount of this Note, together with accrued interest shall be due and payable in full: (1) in the event of a default hereunder or the Deed of Trust; or (2) the date of the first Transfer or Refinance of the Property (as defined below) to occur after the date of this Note.

**E. Transfer:** " Transfer" shall mean any transfer of title to, or sale, conveyance, rental, or lease of the Property, including execution of an installment sale contract giving the purchaser a right to possess the Property before transfer of title, or judicial sale on execution or other legal process of foreclosure or trustee's sale of the Property (regardless of or by whom initiated) provided, however, that "Transfer" shall not include any of the following:

- (1) a transfer resulting from death of the Borrower where the transfer is to a Co-Borrower;
- (2) a transfer resulting from a decree of dissolution of marriage or legal separation or from a property settlement agreement incidental to such a decree in which one Borrower becomes the sole owner of the Property and becomes obligated to continue to make the loan payments;
- (3) a transfer between Co-Borrowers;

(4) a transfer by Borrower into an inter vivos trust in which Borrower is a beneficiary and Borrower continues to occupy the Property.

**F. Refinance:** "Refinance" shall mean paying off the First Note secured by the First Deed of Trust prior to its maturity date with funds secured from a new loan.

I understand that if I Refinance the First Note secured by the First Deed of Trust, I am required to repay to the City the entire amount I owe under the terms of this Note as set forth herein.

## **V. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of Principal and accrued interest at any time before they are due ("Prepayment"). I shall inform the City in writing when I make a Prepayment.

During the **first sixty (60) months**, the City will use my Prepayments to reduce the Principal amount that I owe under this Note.

During the **last sixty (60) months**, the City will use my Prepayments to first pay the accrued interest and then to reduce the Principal amount that I owe under this Note.

If I make a partial Prepayment, there will be no change in the Due Dates unless the City agrees in writing to a change.

## **VI. DEFAULT CONDITIONS**

**A. Event of Default:** An "Event of Default" shall have occurred if:

- (1) I fail to observe or to perform any covenant, condition or agreement to be observed or performed by me pursuant to this Note or the Deed of Trust, or if any of the certifications made by me in order to obtain this Loan or the warranties or promises made by me under Section XI herein are subsequently determined by the City to have been false in any material respect;
- (2) I fail to pay indebtedness hereunder, whether Principal or interest, when they are due and payable; or
- (3) The occurrence of any event which, under the terms of any deed of trust on the Property, shall entitle that lender to exercise the rights or remedies thereunder.

**B. Notice of Default:** If the City determines that I am in default, the City shall send me a written notice by certified mail telling me that if I do not correct the default by a certain date, the City may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

Upon the occurrence of an Event of Default which has not been corrected, the City shall require the Principal plus interest at the maximum rate permitted under the terms of this Note to be immediately due and payable and shall notify me thereof in writing, sent by certified mail, return receipt requested.

Should I fail to remit to the City such amount within thirty (30) days and correct the Event of Default, the City may institute foreclosure proceedings in accordance with the Subordinate Deed of Trust.

- C. No Waiver by City:** Even if, at a time when I am in default, the City does not require me to pay immediately in full as described above, the City will still have the right to do so if I am in default at a later time.
- D. Payment of City's Cost and Expenses:** If the City has required me to pay immediately in full as described above, the City will have the right to be paid, by me, for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.
- E. Nonrecourse:** I shall have no personal liability for any deficiency on this Note and the only remedy available to the City or any holder in due course shall be foreclosure pursuant to law as provided in the Deed of Trust securing this Note.

## **VII. GIVING NOTICES**

Unless applicable law requires different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the City a notice of my different address.

Any notice that must be given to the City under this Note will be given by mailing it by first class mail to the City at the address stated in Section IV B above or at a different address if I am given a notice of that different address.

## **VIII. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The City may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

## **IX. WAIVERS**

I, and any other person who has obligations under this Note, waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the City to demand payment of amounts due. "Notice of Dishonor" means the right to require the City to give notice to other persons that amounts due have not been paid.

## **X. UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the City under this Note, the Deed of Trust, dated the same as this Note, protects the City from possible losses which might result if I do not keep the promises which I make in this Note.

The Deed of Trust is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust. The Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note.

## **XI. WARRANTIES AND PROMISES OF BORROWER**

### **A. Occupancy**

- (1) I promise to occupy the Property as my principal place of residence for the term of this Loan.
- (2) I promise that in the event I intend to Transfer or Refinance the Property, I shall promptly send prior written notice to the City.
- (3) I promise to comply with all reasonable requests from the City to provide documentary proof that I am using the Property as my principal place of residence and that no Transfer or Refinance of the Property has occurred. My failure to comply with the City's reasonable request for documentary proof shall constitute a presumption that I am not using the Property as my principal place of residence or that a Transfer or Refinance of the Property has occurred and shall constitute an Event of Default as set forth in Section VI of this Note.

### **B. First-Time Homebuyer**

I further warrant that I am a First-Time Homebuyer, meaning that I qualify under one of the following definitions:

- (1) I have not owned my principal residence in the City of Oakland within the three-year period immediately preceding the date of this Note; or

(2) I have owned my previous primary residence with a partner or spouse and I am no longer part owner in that property.

**C. Income Eligibility**

I warrant that the financial and other information I have provided to the City, the Senior Lender, or their agents in order to determine my annual gross household income and my eligibility to qualify to obtain this Loan was true, correct, and complete as of the date of my application for this Loan, which date was less than six (6) months prior to the date of this Note.

**D. Employment:**

I warrant that I am a sworn employee or trainee for a sworn position with the City of Oakland Police Department or Fire Services Agency, or I am a teacher with the Oakland Unified School District, or I am an Oakland Police Department Communications Dispatcher.

**E. Breach of These Warranties**

I understand and agree that if any of the warranties set forth in this Section are untrue in any material respect or I break any of the above promises, the City at its sole discretion may declare this Note immediately due and payable and shall be entitled to enforce all conditions of this Note to which it is entitled in the Event of Default under the terms of this Note as set forth in Section VI.

WITNESS THE HAND(S) OF THE UNDERSIGNED:

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

NO FEE DOCUMENT

Recording Requested by and:

When recorded mail to:

City of Oakland, a municipal corporation  
Community and Economic Development Agency  
250 Frank H. Ogawa Plaza, 5th Floor  
Oakland, CA 94612

Attention: Public Safety Officer/Teacher  
Downpayment Assistance Program

CITY OF OAKLAND  
PUBLIC SAFETY OFFICER,  
OAKLAND UNIFIED SCHOOL DISTRICT TEACHER, AND  
POLICE COMMUNICATION DISPATCHER  
DOWNPAYMENT ASSISTANCE PROGRAM

DEED OF TRUST

THIS DEED OF TRUST is made on \_\_\_. The trustor is \_\_\_\_\_ ("Borrower"). The trustee is \_\_\_\_\_ ("Trustee"). The beneficiary is the City of Oakland, a municipal corporation, organized and existing under the laws of the State of California, and whose address is 250 Frank H. Ogawa Plaza, 5th Floor, Oakland, CA 94612 ("City"). Borrower owes City the principal sum of \_\_\_ U.S. Dollars (\$\_\_\_) ("Loan"). This debt is evidenced by Borrower's Promissory Note ("Note") dated the same date as this Deed of Trust.

The Note provides for deferral of monthly payments until \_\_\_\_\_ (*61<sup>st</sup> month*) if the Borrower complies with the terms of the Note and this Deed of Trust and do not Transfer or Refinance the Property.

The Note provides that both the Principal and Interest of this Note are payable on the first day of each month in sixty (60) monthly installments, including principal and interest of \$ \_\_\_\_\_ beginning on \_\_\_\_\_ (*61<sup>st</sup> month from date of Note*).

The Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the City of Oakland Public Safety Employee Downpayment Assistance Program, adopted on October 26, 1999, by City Council Resolution No. 75309 C.M.S., ("Public Safety Employee Downpayment Assistance Program") and amended on July 25, 2000, by City Council Resolution No. 75902 C.M.S., adding Oakland Unified School District Teachers and Police Communication Dispatchers, and the regulations issued thereunder.



In addition to the Loan, the Borrower obtained a deed of trust loan (the "First Deed of Trust Loan") from \_\_\_ (the "Senior Lien Holder"), which loan is secured by a first deed of trust lien on the Property (the "First Deed of Trust"). The documents evidencing or securing the First Deed of Trust Loan are collectively referred to herein as the First Deed of Trust Loan Documents.

This Deed of Trust secures to City:

(a) the repayment of the debt evidenced by the Note, with interest as provided in the Note, and all renewals, extensions and modifications of the Note;

(b) the payment of all other sums, with interest as provided in the Note, advanced under paragraph 7 to protect the security of this Deed of Trust; and

(c) the performance of Borrower's covenants and agreements under this Deed of Trust and the Note.

For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, subject to the rights of the Senior Lien Holder under the First Deed of Trust, the property located in Alameda County, California, which has the address of \_\_\_\_\_, and is further described in Exhibit "A" attached hereto ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Deed of Trust. All of the foregoing is referred to in this Deed of Trust as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised 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, the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

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

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

- 1. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal and interest on the debt evidenced by the Note.
- 2. Application of Payments.** Unless applicable law provides otherwise, all payments received by City under paragraph 1 shall be applied: first, to any interest due; and secondly, to principal due under the Note.
- 3. Prior Deeds of Trust; Charges; Liens.** The Borrower shall perform all of the

Borrower's obligations under the First Deed of Trust, including Borrower's covenants to make payments when due.

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

**4. Subordination.** City and Borrower acknowledge and agree that this Deed of Trust 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 or which may hereafter be 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, fixturing 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 hereof in conflict therewith. In the event of a foreclosure, deed in lieu of foreclosure, or assignment to HUD of the First Deed of Trust, any provisions herein or any 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 successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the Property through a foreclosure, deed in lieu of foreclosure, or assignment to HUD of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the City has been given written notice of a default under the First Deed of Trust and (ii) the City 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 90-day period provided in such notice sent to the City.

**5. Hazard or Property Insurance.** 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 any other hazards, including floods or flooding, for which City requires insurance. This insurance shall be maintained in the amounts and for the periods that City requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to City's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, City may, at City's option, obtain coverage to protect City's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to City and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the First Deed of Trust. All original policies of insurance required pursuant to the First Deed of Trust shall be held by the Senior Lien Holder; provided, however, City may be named as a loss payee as its interest may appear and may be named as an additional insured. If City requires, Borrower shall promptly give to City 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 City. City may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower.

Unless City 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 and City's security is not lessened. If the restoration or repair is not economically feasible or City's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from City that the insurance carrier has offered to settle a claim, then City may collect the insurance proceeds. City may use the proceeds to repair or restore the Property or to pay sums secured by this Deed of Trust, whether or not then due. The 30-day period will begin when the notice is given.

If under paragraph 21 the Property is acquired by City, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to City to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

Notwithstanding the above, the City'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, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Deed of Trust. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in City's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or City's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 17, by causing the action or proceeding to be dismissed with a ruling that, in City's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Deed of Trust or City's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to City (or failed to provide City with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning (i) Borrower's occupancy of the Property as a principal residence; (ii) Borrower's income; (iii) Borrower's eligibility as a first-time homebuyer as provided in the Note; and (iv) Borrower's employment as a sworn employee or trainee for a sworn position with the City of Oakland Department or Fire Services Agency, or as an

Oakland Unified School District fulltime teacher, or as a Oakland Police Department Communication Dispatcher.

The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions. The use and occupancy restrictions limit the Borrower's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the City to the remedies provided in paragraph 21 hereof.

**7. Protection of City's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect City's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then City may do and pay for whatever is necessary to protect the value of the Property and City's rights in the Property. City's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the First Deed of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although City may take action under this paragraph 7, City does not have to do so.

Any amounts disbursed by City under this paragraph 7 shall become additional debt of Borrower secured by this Deed of Trust. Unless Borrower and City agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from City to Borrower requesting payment.

Prior to taking any actions under this paragraph 7, however, City shall notify the Senior Lien Holder of such default in the manner provided in paragraph 21 of this Deed of Trust, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Deed of Trust. All amounts advanced by the Senior Lien Holder to cure a default hereunder shall be deemed advanced by the Senior Lien Holder and shall be secured by the First Deed of Trust. In addition, the City agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure until it has given the Senior Lien Holder at least 60 days' prior written notice. Any action by City hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the First Deed of Trust.

City and Borrower further agree that a default hereunder shall constitute a default under the First Deed of Trust. In the event of a default hereunder, the Senior Lien Holder shall have the right to exercise all rights and remedies under the First Deed of Trust.

**8. Inspection.** City or its agent may make reasonable entries upon and inspections of the Property. City shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to City, subject to the terms of the First Deed of Trust.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Borrower and City otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and City otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by City to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to City within 30 days after the date the notice is given, City is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

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

**11. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of City and Borrower, subject to the provisions of paragraph 16. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Deed of Trust but does not execute the Note: (a) is co-signing this Deed of Trust only to mortgage, grant and convey the Borrower's interest in the Property under the terms of this Deed of Trust; (b) is not personally obligated to pay the sums secured by this Deed of Trust; and (c) agrees that City and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Deed of Trust or the Note without that Borrower's consent; provided, however, that such modification or accommodation shall not be made without the prior written consent of the Senior Lien Holder.

**12. Loan Charges.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. City may choose to make this refund by reducing the principal owed under

the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

**13. Notices.** Any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to City. Any notice to City shall be given by first class mail to City's address stated herein or any other address City designates by notice to Borrower. Any notice required to be given to the Senior Lien Holder shall be given by first class mail to whatever address is designated by the Senior Lien Holder by notice to the Borrower. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or City when given as provided in this paragraph.

**14. Governing Law; Severability.** This Deed of Trust shall be governed by federal law and California law. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable.

**15. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Deed of Trust.

**16. Transfer of the Property or a Beneficial Interest in Borrower.** 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, transferred, or refinanced so as to trigger acceleration under the Note (or if a beneficial interest in Borrower is sold, transferred, or refinanced and Borrower is not a natural person) without City's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, City may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by City if exercise is prohibited by federal law as of the date of this Deed of Trust.

If City exercises this option, City 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 Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, City may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

Notwithstanding City's right to invoke any remedies hereunder, as provided in paragraph 7 above, City 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.

The Borrower and the City agree that whenever the Note or this Deed of Trust gives the City the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), 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 City except where such consent or approval would be inconsistent with applicable law.

**17. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Borrower: (a) pays City all sums which then would be due under this Deed of Trust and the 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 Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as City may reasonably require to assure that the lien of this Deed of Trust, City's rights in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Borrower, this Deed of Trust 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 paragraph 16.

**18. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments 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, the City and the Borrower agree that the Note and the Deed of Trust will not be assigned without the Senior Lien Holder's prior written consent.

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

Borrower shall promptly give City 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, the 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.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

**21. Acceleration; Remedies.** City shall give notice to Borrower and the Senior Lien Holder prior to acceleration following Borrower's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given 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 the default must be cured; and (d) that failure to cure the default 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 non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured by the Borrower on or before the date specified in the notice, and the Senior Lien Holder has not exercised its right to cure the default, then City at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding City's right to invoke any remedies hereunder, as provided in Section 7 above, the City 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. City shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If City invokes the power of sale, City or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, the Senior Lien Holder and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. City or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property 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 expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.



**22. Release.** Upon payment of all sums secured by this Deed of Trust, City shall release this Deed of Trust, subject to reasonable reconveyance fees. Borrower shall pay any recordation costs.

**23. Substitute Trustee.** City, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

**24. Modification of First Deed of Trust Loan Documents.** The City 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 Loan Documents, including any provisions requiring the payment of money as long as any such modifications do not prejudice the rights of the City.

BY SIGNING BELOW, the Borrower accepts and agrees to the terms and covenants contained in this Deed of Trust.

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State of California  
County of \_\_\_\_\_

On \_\_\_\_\_, before me,  
\_\_\_\_\_, personally  
appeared \_\_\_\_\_,

personally known to me **OR**  proved to me on the basis of satisfactory evidence to be the person(s) 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.

WITNESS my hand and official seal.

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Signature of Notary Public

Rev. 8/24/00

CITY OF OAKLAND  
 PUBLIC SAFETY OFFICER,  
 OAKLAND UNIFIED SCHOOL DISTRICT TEACHER, AND  
 OAKLAND POLICE COMMUNICATIONS DISPATCHER  
 DOWN PAYMENT ASSISTANCE PROGRAM

PROGRAM DISCLOSURE

**A. INTRODUCTION**

The City of Oakland is offering a Public Safety Officer/Teacher Down Payment Assistance Program to increase the number of Public Safety Employee and Teacher homeowners living within the City of Oakland and to support neighborhood revitalization through homeownership. Through funds from the Oakland Redevelopment Agency, the City of Oakland will lend qualifying City of Oakland Police Department's and Fire Services Agency's sworn employees or trainees, and Oakland Unified School District fulltime teachers up to \$10,000 to purchase a home. This Program provides assistance to eligible City of Oakland Police and Fire Services Agencies' sworn employees or trainees for a sworn position, and Oakland Unified School District's fulltime Teachers to purchase homes in Oakland, encouraging them to take ownership of the City in which they work.

**B. LOAN TERMS:**

Minimum Loan Amount	Maximum Loan Amount	Interest Rate	Maximum Term
\$5,000	\$10,000	0% for the first 60 months (first to fifth years)	Ten (10) years
		6.0% for the last 60 months (sixth to tenth years)	

**Payments:**

Payments are deferred for the first 60 months (first through fifth years)  
 60 monthly payments based on 6% interest for five years beginning on the 61<sup>st</sup> month.

Example: \$10,000 loan

No payments for the first 60 months.

60 monthly payments of \$192.36 beginning on the 61<sup>st</sup> month

**Program Costs:** There is a \$100.00 non-refundable application fee for applicants applying for the City loan, except in the case of a loan to be insured under the Federal Housing Administration (FHA), and upon loan closing the borrower will be required to pay the cost of a title insurance policy insuring the City.

**95% First Mortgages:** Participating lenders may make mortgage loans for up to 95% of the purchase price based on the borrowers' ability to pay.

**C. ELIGIBLE BORROWERS**

Borrowers must meet the following requirements:

**Employment:** Borrower must be a sworn employee or trainee for a sworn position with the City of Oakland Police Department or Fire Services Agency, or a fulltime teacher in the Oakland Unified School District, or a Oakland Police Department Communications Dispatcher.

**First-time homebuyers:** Applicant must be a First-Time Homebuyer defined as someone who has not owned a primary residence in the City of Oakland within the past three years; or who has owned their previous primary residence with a partner or spouse and is no longer part owner in that property.

**Income:** Applicant's household income cannot exceed 120% of the established HUD area median income for Oakland, adjusted for household size, unless and in the case of a loan insured under the Federal Housing Administration (FHA), in which case, the applicant's maximum household income cannot exceed 115% of the established HUD area median income for Oakland, adjusted for household size. For the purpose of determining maximum allowable income, a household shall include all adults that will occupy the residence on a permanent basis, including all borrowers, co-borrowers, their spouses (unless legally separated), and any dependents 18 years of age or older who will live in the property.

Income recertification will be required if more than 90 days have elapsed from the date of the original certification and the date of loan closing.

**Occupancy:** Borrowers must occupy the property within 60 days from loan closing and must occupy the property as their primary residence for the life of the City's loan. Use of the property for rental purposes, including temporary leases, is not allowed under the City's loan program and will trigger immediate repayment of the loan if at any time during the loan term the property is no longer the principal residence of the borrowers.

#### **D. ELIGIBLE UNITS**

Any single family residence in the City of Oakland is eligible, including a detached home, condominium, townhouse, live/work unit, and manufactured housing.

**Certification of Applicant(s):**

My signature below indicates that I have received, read and understand the Public Safety Officer Down Payment Assistance Program Disclosure and the Truth-In-Lending Disclosure Statement. This certification form will be submitted as part of my application for a Public Safety Officer Down Payment Assistance Program loan from the City of Oakland.

\_\_\_\_\_  
Applicant Signature                          Date

\_\_\_\_\_  
Applicant Signature                          Date

\_\_\_\_\_  
Applicant Name (Print)

\_\_\_\_\_  
Applicant Name (Print)

**Participating Lender Representative Certification**

I understand that it is my responsibility to provide information on the Program parameters and loan to the applicant(s) as described in the Program Disclosure. I have described the provision(s) of the loan to the best of my ability and have answered any and all questions of the applicant(s).

\_\_\_\_\_  
Participating Lender Representative

\_\_\_\_\_  
Date

Rev. 7/3/01