

DO NOT DESTROY THIS NOTE: When paid, this note with Deed of Trust securing same, must be surrendered to Trustee for cancellation before reconveyance will be made.

**DEFERRED PAYMENT PROMISSORY NOTE SECURED BY DEED OF TRUST
FRESNO COUNTY HOUSING ASSISTANCE REHABILITATION PROGRAM
FOR OWNER OCCUPIED PROPERTIES ("PROGRAM")**

RRD Loan # _____

\$ _____ Fresno, California _____, 20__

FOR VALUE RECEIVED, the undersigned Borrower promises to pay to the County of Fresno, a political subdivision of the State of California ("Holder"), at the Revenue Reimbursement Division in the Hall of Records, 2281 Tulare Street, Fresno, California 93721 (Mailing address: P.O. Box 226, Fresno, California 93708-0226), or at such other address as Holder may direct from time to time in writing, the principal sum of _____ Dollars and no cents (\$ _____.00). All sums hereunder shall be payable in lawful money of the United States of America.

1. Interest Rate - This loan shall accrue interest at the rate of 0 per cent per annum.
2. Maturity Date - This Note is due and payable in full thirty (30) years from the 1st day of the next full calendar month 35 days after the recordation of the Notice of Completion.
3. Borrower Warranties – Borrower acknowledges and understands that this Promissory Note evidences a Loan being made pursuant to the terms, conditions, and restrictions of the Program. Further, Borrower understands that Borrower must meet the income eligibility restrictions of the Program and all Borrowers must occupy the property as their principal place of residence. Borrower hereby warrants to the County that all information concerning the Borrower's income is true and correct, and to the best of the Borrower's knowledge and belief that Borrower meets the eligibility criteria of the Program. Borrower hereby acknowledges that Borrower is making certain representations to the County with regard to the Borrower's and Property's eligibility to receive a Loan funded from the Program.
4. Acceleration - All unpaid principal, and other sums due under this Note will, at the County's option, become immediately due and payable to the Holder by the Borrower upon the occurrence of any one of the following events:
 - Borrower voluntarily or involuntarily sells, exchanges, transfers, contracts to sell, leases with or without option to purchase, disposes of, or changes the character of the property described in the Deed of Trust securing this Promissory Note.
 - Borrower fails to occupy the property as their principal residence for reasons other than for medical treatment or disability which requires a temporary alternate residence.

Consent by the County to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions.

5. Payments - All payments are deferred until the Maturity Date specified in Section 2 hereinabove, or when the property is sold or title is transferred, whichever is sooner. Voluntary payments may be made at any time. Each payment shall be credited first to any fees due and the remainder to the principal sum.
6. **BALLOON PAYMENT. Borrower promises to pay any unpaid remaining balance or any other amounts due to the Holder on or before _____.**
7. Prepayment of Note Amount - Borrower may prepay to Holder the full Note at any time without penalty.
8. Assumption - The indebtedness evidenced by this Promissory Note may be assumed only upon the prior written approval of the County and only by a person or household determined by the County to be eligible under the County Program.
9. Permitted Transfers – Transfer of title is allowable under the following limited circumstances and with the County's written approval:
 - a. The transfer of the property to the surviving joint tenant by devise, descent, or operation of law, or death of a joint tenant.
 - b. A transfer of the Property where the Borrower's spouse becomes an owner of the Property.
 - c. A transfer of the Property resulting from a decree of dissolution of marriage, legal separation, or from an incidental property settlement agreement by which the Borrower's spouse becomes an owner of the Property.

10. Maintenance - Borrower is responsible for performing all interior and exterior maintenance and upkeep of the home/property described in the Deed of Trust securing this Promissory Note after rehabilitation of the dwelling has been completed. Maintenance and upkeep shall mean keeping the home/property in a reasonable and satisfactory state of repair, including keeping the lot free from weeds, trash, debris, and non-operating vehicles.
11. Insurance - Borrower shall provide and maintain current at all times Hazard Insurance coverage on the property during the term of the County loan. Borrower agrees to provide the County of Fresno a copy of their Hazard Insurance Policy with a Loss Payable Endorsement in favor of the County of Fresno. The Borrower may obtain Hazard Insurance through any person or agency of his/her choice, although County may, for reasonable cause, refuse to accept a particular insurer.
12. Defaults, Remedies, and Enforcement – In the event the Borrower fails to comply with any of the terms of this Promissory Note, the County may, at its option, deem the Borrower's failure a material breach of this Promissory Note and utilize any of the remedies set forth herein. Termination of this Promissory Note due to breach shall not, in any way whatsoever, limit the rights of the County in seeking any other legal relief in a court of law or equity, including the recovery of damages.

Monetary Defaults: Such defaults include the failure to make any payment of money when due, whether repayment of the loan or payment of any other monetary obligation associated with this Promissory Note, including without limitation, property taxes, fire insurance, and other charges to protect the County's interest in the property described in the Deed of Trust securing this Promissory Note.

Non-Monetary Defaults: Upon the occurrence of any of the following events, County may declare this Promissory Note to be in default. The County shall provide a written notice of default to Borrower specifying the following: (a) the facts constituting the Event(s) of Default; (b) the action(s) necessary for the Borrower to cure the Event(s) of Default; and (c) a period of not less than 30 days within which Borrower must cure the event of default, providing that if the cure cannot reasonably be completed within this cure period, Borrower shall commence the action(s) required to cure within 15 days and shall, in all instances, complete the cure within 60 days after the date the notice is mailed. The following shall also trigger default:

- a. Non-compliance with any term or condition of this Promissory Note.
- b. Failure to disclose a material fact in the loan documents, certificates, or schedules supplied to County by Borrower.
- c. A determination in the County's sole discretion that any representation or warranty was untrue in any material respect when made, or that the Borrower concealed from County, or failed to disclose to County a material fact.
- d. The filing, voluntarily or involuntarily, for protection under bankruptcy or similar creditor protection laws, unless the same is dismissed within 60 days; making a general assignment of the benefits to creditors; or applying for the appointment of a receiver.

Remedies and Enforcements: In the event of any Monetary Default or Event of Default for which an appropriate cure has not been timely completed, County may elect to exercise the following remedies, in addition to any other remedy, in equity or at law, which may be available. The following remedies and enforcements are not exclusive:

- a. Declare immediately due and payable the remaining principal balance of the County loan not previously waived or forgiven.
- b. Suspend Borrower from further participation in or assistance under the Program on subject property or other properties.
- c. In the event of default by Borrower and or his/her Contractor for non-compliance with the terms and conditions of the Loan Agreement, Construction Agreement, Deed of Trust, or this Promissory Note, County may, at its sole discretion, elect to declare all loan proceeds previously advanced for completed construction work immediately due and payable, all loan proceeds not yet advanced shall become unencumbered and no longer obligated under this loan, and any funds remaining on deposit with County will be returned upon review by County Financial Services' determination that Borrower has met his/her obligations under Promissory Note. In such event, County may elect to terminate this Promissory Note and no further rights, duties or obligations shall exist.

13. Superiority of Covenants – The Borrower covenants that he or she has not, and will not execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and in any event, these Covenants are controlling as to the rights and obligations between and among the Borrower and the County.
14. Severability – If any one or more of the provisions contained in this Promissory Note shall for any reason be held to be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless, in the sole discretion of the County, the invalidity, illegality, or unenforceability of the provisions negates the Program purpose and/or threatens the security of the County.
15. Attorney's Fees and Costs - Failure by Borrower to comply with any provisions of this Promissory Note or the Deed of Trust shall constitute a default. Borrower agrees to pay reasonable attorney's fees, costs or expenses incurred by the County in collecting the indebtedness or otherwise enforcing its rights under this Promissory Note and the Deed of Trust.
16. Successors Bound - This Note is the obligation of all endorsers, and shall be binding upon them and their heirs and successors.

17. Security for Note - This Promissory Note shall be secured by a Deed of Trust, of even date herewith, executed by Borrower as Trustor to _____, as Trustee.

Borrower(s)

EXHIBIT "A"

Page 1 of 2

Maintenance of the Property. Borrower shall: (a) keep the Property in a decent, safe, sanitary, habitable condition and repair and permit no waste thereof; (b) not commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable; (c) not remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property, without the prior written consent of the Lender; (d) 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) 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 initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's written consent; and (g) not alter the use of all or any part of the Property without the prior written consent of the Lender.

Payment of Taxes and Utility Charges. Borrower shall pay when due, all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, fines and impositions attributable to the Property, leasehold payments or ground rents, if any, and any interest on the Property or any part thereof; all costs, fees and expenses of this trust. Borrower shall make such payments when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph and Borrower shall promptly furnish to Lender receipts evidencing all such payments made.

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

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

EXHIBIT "A"

(continued)

Page 2 of 2

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

- (a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;
- (b) A transfer of the Property where the Borrower's spouse becomes an owner of the property;
- (c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the Borrower's spouse becomes an owner of the Property.

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

Acceleration. Upon Borrower's breach of any covenant or agreement of Borrower in the Note or Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust or upon Borrower's failure to make any payment or to perform any of its obligations, covenants and agreements pursuant to the Note, Lender shall mail notice to Borrower specifying the following: (1) the breach; (2) the action required to cure such breach; (3) a date, no more than 60 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees.

PLEASE INITIAL _____

**Fresno County Department of Public Works and Planning
Community Development Division
Affordable Housing Programs**

Disclosure Statement - Deferred Payment

Borrower(s) _____
 Address _____

PROJECT# _____
 RRD LOAN # _____

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of the credit provided to you or on your behalf.	The amount you will have paid after you have made all payments.
%	\$	\$	\$

SECURITY INTEREST - The property located at:

LATE CHARGE - You will not be charged a late charge.

PREPAYMENT PENALTIES:

If you pay off early, you will not have to pay a penalty.

If you pay off early, you will not be entitled to a refund of part of the Finance Charge.

ASSUMPTIONS - The indebtedness may be assumed only upon the prior written approval of the County and only by a person or household determined by the County to be eligible for low income home buyer assistance under the Affordable Housing Programs (AHP).

PROPERTY INSURANCE - Property insurance is required during the life of the loan.

PAYMENT SCHEDULE - Payments are deferred until property is sold or title is transferred. Voluntary payments can be made at any time.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled dates and prepayment refunds and penalties.

I/We hereby acknowledge receiving and reading a completed copy of the above disclosures. Neither AHP nor the Borrower(s) has become obligated to make or accept the loan identified above.

 Borrower Date Borrower Date

 Borrower Date Borrower Date

Fresno County Department of Public Works and Planning
 Community Development Division
 Affordable Housing Programs
 Owner Occupied Rehabilitation Program
 ITEMIZATION OF AMOUNT FINANCED

RRD LOAN #

PROJECT #

BORROWER(S):

PROPERTY:

The information provided below reflects estimates of the charges which you are likely to incur at the settlement of your loan.

- A) PRINCIPAL AMOUNT OF LOAN(S):
- CalHome.....\$
 - CDBG\$
 - HOME.....\$
 - HPG.....\$
 - TOTAL.....\$
- B) PREPAID FINANCE CHARGE:
- Escrow & Title Fees.....\$
 - Tax Service.....\$
 - Pest Report.....\$
 - TOTAL PREPAID FINANCE CHARGE:.....\$
- C) AMOUNT FINANCED (A minus B):.....\$
- D) FINANCE CHARGE:
- Total Prepaid Finance Charge.....\$
 - Interest Paid Over Term of Loan\$.00
 - TOTAL FINANCE CHARGE:.....\$

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

DO NOT DESTROY THIS NOTE: When paid, this note with Deed of Trust securing same, must be surrendered to Trustee for cancellation before reconveyance will be made.

**PROMISSORY NOTE SECURED BY DEED OF TRUST
FRESNO COUNTY HOUSING ASSISTANCE REHABILITATION PROGRAM
FOR OWNER-OCCUPIED PROPERTIES ("PROGRAM")**

RRD Loan # _____

\$ _____ Fresno, California _____, 20

IN INSTALLMENTS AS HEREIN STATED, FOR VALUE RECEIVED, the undersigned Borrower promises to pay to the County of Fresno, a political subdivision of the State of California ("Holder"), at the Revenue Reimbursement Division in the Hall of Records, 2281 Tulare Street, Fresno, California 93721 (Mailing address: P.O. Box 226, Fresno, California 93708-0226), or at such other address as Holder may direct from time to time in writing, the principal sum of _____ Dollars and no cents (\$ _____ .00) with interest at the rate of 0 per cent per annum; principal and interest payable in installments of _____ Dollars and no cents (\$ _____ .00) or more on the same day of each and every month, beginning on the 1st day of the next full calendar month 35 days after the Notice of Completion has recorded, and continuing monthly thereafter until said principal and interest have been paid in full.

Each payment shall be credited first to any fees due and the remainder to the principal sum. All sums hereunder shall be payable in lawful money of the United States of America.

If payment of any portion of the installment as hereinabove set forth is delinquent more than 15 days, the County may, at their sole option, assess a late charge of \$15.00 for each installment so delinquent.

Should default be made in payment of any installment of principal and interest, the whole sum of principal and interest shall, at the option of the Holder of this note, become immediately due.

1. Maturity Date – This loan is due and payable in full thirty (30) years from the 1st day of the next full calendar month 35 days after the date of the recordation of the Notice of Completion.
2. Borrower Warranties – Borrower acknowledges and understands that this Promissory Note evidences a Loan being made pursuant to the terms, conditions, and restrictions of the Program. Further, Borrower understands that Borrower must meet the income eligibility restrictions of the Program, and all Borrowers must occupy the property as their principal place of residence. Borrower hereby warrants to the County that all information concerning the Borrower's income is true and correct, and to the best of the Borrower's knowledge and belief that Borrower meets the eligibility criteria of the Program. Borrower hereby acknowledges that Borrower is making certain representations to the County with regard to the Borrower's and Property's eligibility to receive a Loan funded from the Program.
3. Acceleration - All unpaid principal, accrued interest, and other sums due under this Note will, at the County's option, become immediately due and payable to the Holder by the Borrower upon the occurrence of any one of the following events:
 - Borrower voluntarily or involuntarily sells, exchanges, transfers, contracts to sell, leases with or without option to purchase, disposes of, or changes the character of the property described in the Deed of Trust securing this Promissory Note.
 - Borrower fails to occupy the property as their principal residence for reasons other than medical treatment or disability which requires a temporary alternate residence.
4. Prepayment of Note Amount – Borrower may prepay to Holder the full Note at any time without penalty.
5. Assumption - The indebtedness evidenced by this Promissory Note may be assumed only upon the prior written approval of the County and only by a person or household determined by the County to be eligible under the Program.
6. Permitted Transfers – Transfer of title is allowable under the following limited circumstances and with the County's written approval:
 - a. The transfer of the Property to the surviving joint tenant by devise, descent or operation of law, or death of a joint tenant.
 - b. A transfer of the Property where the Borrower's spouse becomes an owner of the Property.
 - c. A transfer of the Property resulting from a decree of dissolution of marriage, legal separation, or from an incidental property settlement agreement by which the Borrower's spouse becomes an owner of the Property.
7. Maintenance - Borrower is responsible for performing all interior and exterior maintenance and upkeep of the home/property described in the Deed of Trust securing this Promissory Note after rehabilitation of the dwelling has been completed. Maintenance

and upkeep shall mean keeping the home/property in a reasonable and satisfactory state of repair, including keeping the lot free from weeds, trash, debris, and non-operating vehicles.

8. Insurance - Borrower shall provide and maintain current at all times Hazard Insurance coverage during the term of the County loan. Borrower agrees to provide the County of Fresno a copy of their Hazard Insurance Policy with a Loss Payable Endorsement in favor of the County of Fresno. The Borrower may obtain Hazard Insurance through any person or agency of his/her choice, although County may, for reasonable cause, refuse to accept a particular insurer.
9. Defaults, Remedies and Enforcement – In the event the Borrower fails to comply with any of the terms of this Promissory Note, the County may, at its option, deem the Borrower's failure a material breach of this Promissory Note and utilize any of the remedies set forth herein. Termination of this Promissory Note due to breach shall not, in any way whatsoever, limit the rights of the County in seeking any other legal relief in a court of law or equity, including the recovery of damages.

Monetary Defaults: Such defaults include the failure to make any payment of money when due, whether repayment of the loan or payment of any other monetary obligation associated with this Promissory Note, including without limitation, property taxes, fire insurance, and other charges to protect the County's interest in the property described in the Deed of Trust securing this Promissory Note.

Non-Monetary Defaults: Upon the occurrence of any of the following events, County may declare this Promissory Note to be in default. The County shall provide a written notice to Borrower specifying the following: (a) the facts constituting the Event(s) of Default; (b) the action(s) necessary for the Borrower to cure the Event(s) of Default; and (c) a period of not less than 30 days within which Borrower must cure the event of default, providing that if the cure cannot reasonably be completed within this cure period, Borrower shall commence the action(s) required to cure within 15 days and shall, in all instances, complete the cure within 60 days after the date the notice is mailed. The following shall also trigger default:

- a. Non-compliance with any term or condition of this Promissory Note.
- b. Failure to disclose a material fact in the loan documents, certificates, or schedules supplied to County by Borrower.
- c. A determination in County's sole discretion that any representation or warranty was untrue in any material respect when made, or that the Borrower concealed from County, or failed to disclose to County a material fact.
- d. The filing, voluntarily or involuntarily, for protection under bankruptcy or similar creditor protection laws, unless the same is dismissed within 60 days; making a general assignment of the benefits to creditors; or applying for the appointment of a receiver.

Remedies and Enforcements: In the event of any Monetary Default or other Event of Default for which an appropriate cure has not been timely completed, County may elect to exercise the following remedies, in addition to any other remedy, in equity or at law, which may be available. The following remedies and enforcements are not exclusive:

- a. Declare immediately due and payable the remaining principal balance of the County loan not previously waived or forgiven.
 - b. Suspend Borrower from further participation in or assistance under the Program on subject property or other properties.
 - c. In the event of default by Borrower and or his/her Contractor for non-compliance with the terms and conditions of the Loan Agreement, Construction Agreement, Deed of Trust, or this Promissory Note, County may, at its sole discretion, elect to declare all loan proceeds previously advanced for completed construction work immediately due and payable, all loan proceeds not yet advanced shall become unencumbered and no longer obligated under this loan, and any funds remaining on deposit with County will be returned upon review by County Financial Services' determination that Borrower has met his/her obligations under this Promissory Note. In such event, County may elect to terminate this Promissory Note and no further rights, duties or obligations shall exist.
10. Superiority of Covenants – The Borrower covenants that he or she has not, and will not execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and in any event, these Covenants are controlling as to the rights and obligations between and among the Borrower and the County.
 11. Severability – If any one or more of the provisions contained in this Promissory Note shall for any reason be held to be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless, in the sole discretion of the County, the invalidity, illegality, or unenforceability of the provisions negates the Program purpose and/or threatens the security of the County.
 12. Attorney's Fees and Costs - Failure by Borrower to comply with any provisions of this Promissory Note or the Deed of Trust shall constitute a default. Borrower agrees to pay reasonable attorney's fees, costs or expenses incurred by the County in collecting the indebtedness or otherwise enforcing its rights under this Promissory Note and the Deed of Trust.
 13. Successors Bound - This Note is the obligation of all endorsers, and shall be binding upon them and their heirs and successors.
 14. Security for Note - This Promissory Note shall be secured by a Deed of Trust, of even date herewith, executed by Borrower as Trustor to _____, as Trustee.

Borrower(s)

EXHIBIT "A"

Page 1 of 2

Maintenance of the Property. Borrower shall: (a) keep the Property in a decent, safe, sanitary, habitable condition and repair and permit no waste thereof; (b) not commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable; (c) not remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property, without the prior written consent of the Lender; (d) 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) 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 initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's written consent; and (g) not alter the use of all or any part of the Property without the prior written consent of the Lender.

Payment of Taxes and Utility Charges. Borrower shall pay when due, all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, fines and impositions attributable to the Property, leasehold payments or ground rents, if any, and any interest on the Property or any part thereof; all costs, fees and expenses of this trust. Borrower shall make such payments when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph and Borrower shall promptly furnish to Lender receipts evidencing all such payments made.

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

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

EXHIBIT "A"

(continued)

Page 2 of 2

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

- (a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;
- (b) A transfer of the Property where the Borrower's spouse becomes an owner of the property;
- (c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the Borrower's spouse becomes an owner of the Property.

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

Acceleration. Upon Borrower's breach of any covenant or agreement of Borrower in the Note or Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust or upon Borrower's failure to make any payment or to perform any of its obligations, covenants and agreements pursuant to the Note, Lender shall mail notice to Borrower specifying the following: (1) the breach; (2) the action required to cure such breach; (3) a date, no more than 60 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees.

PLEASE INITIAL

Vertical line of text on the right margin.

**Fresno County Department of Public Works and Planning
Community Development Division
Affordable Housing Programs
Disclosure Statement - Mandatory Payment**

Borrower(s) _____
 Address _____

PROJECT _____
 RRD LOAN # _____

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	AMOUNT FINANCED The amount of the credit provided to you or on your behalf.	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments.
%	\$	\$	\$

SECURITY INTEREST - The property located at: _____

LATE CHARGE - If payment is late, you may be charged \$15.00.

PREPAYMENT PENALTIES :

If you pay off early, you will not have to pay a penalty.

If you pay off early, you will not be entitled to a refund of part of the Finance Charge.

ASSUMPTIONS - The indebtedness may be assumed only upon the prior written approval of the County and only by a person or household determined by the County to be eligible for low income home buyer assistance under the Affordable Housing Programs (AHP).

PROPERTY INSURANCE - Property insurance is required. Hazard or flood insurance may be obtained by Borrower(s) through any person of his/her choice, although Fresno County Affordable Housing Programs may, for reasonable cause, refuse to accept a particular insurer.

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments are Due

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled dates and prepayment refunds and penalties.

I/We hereby acknowledge receiving and reading a completed copy of the above disclosures. Neither AHP nor the Borrower(s) has become obligated to make or accept the loan identified above.

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____