

RECORDING REQUESTED BY,)
MAIL TAX STATEMENTS TO)
AND WHEN RECORDED MAIL TO:)
)
County of Yuba)
915 8th Street, Suite 123)
Marysville, CA 95901)
Attn: First Time Homebuyer Program Administrator)

Exempt from recording fee (Govt. Code § 6103 and § 27383) Space above this line reserved for use by Recorder's Office

A.P.N. _____

DEED OF TRUST

County of Yuba
First Time Homebuyer (Community Development Block Grant-funded)

NOTICE TO BORROWER: THIS DOCUMENT CONTAINS LOAN TERMS AND CONDITIONS, INCLUDING PROVISIONS RESTRICTING USE AND TRANSFER OF THE PROPERTY, REFINANCING, AND ASSUMPTIONS.

THIS DEED OF TRUST (this "Deed of Trust"), is made as of this ____ day of _____, 20__, ("Effective Date") by and between _____ (collectively "Trustor"), whose address is _____ CA _____, and _____, ("Trustee"), whose address is _____, CA _____, for the benefit of the County of Yuba ("Beneficiary" or "County"), whose address is 915 8th Street, Suite 123, Marysville, CA 95901.

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, the property located at _____, Yuba County, California, _____ that is described in Exhibit A, attached hereto and by this reference incorporated herein (the "Site");

TOGETHER WITH all interests, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Site;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including, without limiting the generality of the foregoing, all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Site, including, without limitation, all fixtures, attachments, appliances, furnishings, equipment and machinery (whether fixed or movable) and other articles (including, in each instance, improvements, restorations, replacements, repairs, additions, accessions or substitutions thereto or thereof);

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any Street, open or proposed, adjoining the Site, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with the Site;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Site, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Site, claims or

demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages;

All of the foregoing, together with the Site, is herein referred to as the “**Security**”.

THIS DEED OF TRUST is made for the purpose of securing:

Payment of the indebtedness secured by that certain Promissory Note secured by this Deed of Trust in the face amount of \$ _____, executed by Trustor as Borrower for the benefit of Beneficiary (hereafter, the “**Note**”).

- a) Payment of such additional sums and interest thereon which may be advanced on behalf of Trustor pursuant to this Deed of Trust, or which Beneficiary may hereafter loan to Trustor, or its successors or assigns pursuant to a promissory note or notes or other documents reciting that they are secured by this Deed of Trust; and
- b) Performance of every obligation, covenant or agreement of Trustor contained herein and in that certain Loan Agreement, Transfer Restriction (“**Loan Agreement**”) executed by and between Trustor and Beneficiary dated _____, notice of which has been given to and received by Trustor, and any amendments to any of the foregoing.

THIS DEED OF TRUST is and shall be junior and subordinate to any first lien on the Property held by the lending institution (“**Senior Lender**”) providing the primary loan (“**Senior Loan**”), and shall not impair the rights of the Senior Lender, or any assignee or successor in interest to the Senior Lender, to exercise its remedies under any deed of trust held by Senior Lender (“**Senior Deed of Trust**”) in the event of a default by Trustor. In the event of a foreclosure or deed in lieu of foreclosure of the Senior Deed of Trust, this Deed of Trust shall be terminated and shall have no further force or effect on subsequent owners of the Property. Any person, including his or her successors or assigns (other than Trustor or a related person or entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the Senior Deed of Trust shall receive title to the Property free and clear from the restrictions in this Deed of Trust.

Further, if the Senior Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, this Deed of Trust shall be terminated upon acquisition of title by the Senior Lender, provided that (i) County has been given written notice of a default under the Senior Deed of Trust (which requirement may be satisfied by recordation of a notice of default under California Civil Code Section 2924), and (ii) County shall not have cured the default under the Senior Deed of Trust within sixty (60) days of such notice sent to County.

ARTICLE I DEFINITIONS

Section 1.1 “**Expiration Date**” means the date upon which the indebtedness evidenced by the Note has been fully repaid to Beneficiary or forgiven by the Beneficiary and all other obligations the performance of which is secured by this Deed of Trust have been satisfied.

Section 1.2 “**Mortgage**” means any permanent loan or other financing instrument the proceeds of which are used in the purchase of the Site and the dwelling constructed thereon (“**Improvements**”), which loan is secured by a security interest in the Trustor’s interest in the Site or the Improvements.

Section 1.3 **"Property"** means the "Site" and the "Improvements", together with additions, improvements, restorations and replacements thereof, and the items set forth in this Deed of Trust.

Section 1.4 **"Standards"** means those standards of maintenance typical of single-family, detached residence in well-maintained neighborhoods.

Section 1.5 **"Trustor"** means Trustor, or Borrower obligated under the Note that is secured by this Deed of Trust, and its transferees and successor in interest. Where an obligation is created hereunder that is binding upon Trustor, the obligation shall also apply to and bind Trustor's transferees or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee.

Unless the context clearly otherwise requires, any capitalized term used herein and not defined herein shall have the meaning given to it under the Loan Agreement and/or Promissory Note.

ARTICLE II OCCUPANCY AND MAINTENANCE OF THE PROPERTY AND SECURITY

Section 2.1 Occupancy

Trustor understands that the financial assistance received by Trustor from Beneficiary and represented by this Deed and the Note it secures are part of a program by the Beneficiary intended to assist low-income first-time homebuyer households with home purchase, and that the purposes of this program would be defeated if the Property did not remain owner-occupied. In consideration of the purposes of this program and of the financial assistance provided Trustor by Beneficiary, Trustor agrees to be bound by the occupancy restrictions contained in the Loan Agreement.

Section 2.2 Maintenance and Modification of the Property by Trustor. Trustor shall:

- a. At all times prior to the Expiration Date, at the Trustor's expense, keep the Property in good condition;
- b. Not substantially alter, remove, or demolish the Property or any building or other improvements thereon, except when incidental to the replacement of fixtures, equipment, machinery, or appliances with items of like kind, without the prior written consent of Beneficiary;
- c. Restore and repair to the equivalent of its original condition, all or any part of the Property which may be damaged or destroyed, including, but not limited to, damage from termites and dry rot, soil subsidence and construction defects, whether or not insurance proceeds are available to cover any part of the cost of such restoration or repair;
- d. Pay when due all claims for labor performed and materials furnished in connection with the Property and not permit any mechanic's or materialman's liens to arise against the Property or to furnish loss or liability under such mechanic's lien claims;
- e. Comply with all laws affecting the Property or requiring that any alterations, repairs, replacements, or improvements be made thereon, including without limitation laws and regulations requiring that a permit be

obtained from the County of Yuba prior to the alteration, repair, removal or demolition of any building or improvement thereon;

- f. Not commit or permit waste on or to the Property, or to commit, to suffer or to permit any act or violation of law to occur upon the Property;
- g. Not abandon the Property;
- h. Cultivate, irrigate, fertilize, fumigate and prune, all as necessary; and
- i. Notify the Beneficiary in writing of any condition at or on the Property which may have a significant and measurable effect on its market value. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Property.

ARTICLE III TAXES, INSURANCE AND ADVANCES

Section 3.1 Taxes, Assessments, Charges and Liens

Trustor shall pay or cause to be paid, at least ten (10) days prior to delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings. With respect to special assessments or other similar governmental charges, Trustor shall pay such amount in whole or in installments over a period of years.

Trustor shall pay or cause to be paid at least ten (10) days prior to delinquency, all encumbrances (including any debt secured by deed of trust), liens, and/or charges, with interest, on the Property or any part thereof which appear to Beneficiary to be prior or superior hereto; and to pay immediately and in full all such encumbrances, liens and/or charges, if any, which may now be due or payable.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay any such item within seven (7) business days following the earlier of the receipt or mailing of such notice. Any amount so advanced therefore by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted under law shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor hereby agrees to pay all such amounts.

Section 3.2 Insurance

- a. Trustor shall keep the improvements now existing or hereafter erected on the Property insured through an insurance policy written to provide replacement cost and to include conditions or endorsements to include the perils covered by the terms "fire", "extended coverage", and "special form," and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

Flood insurance shall be required by beneficiary if property is located within FEMA-designated Special Flood Hazard Area.

- b. Trustor agrees, at its sole cost and expense, for the mutual benefit of Trustor and Beneficiary to secure public liability insurance covering the Property and the ownership, use, occupancy and maintenance of the Property.
- c. All such insurance policies and coverages shall:
 - 1) Be maintained at Trustor's sole cost and expense so long as any part of the amounts secured by this Deed of Trust have not been paid;
 - 2) Be with insurers of recognized responsibility, and in form and substance satisfactory to the Beneficiary;
 - 3) Name Beneficiary as additional insured and loss payee; and
 - 4) Contain a provision to the effect that the insurer shall not cancel the policy or modify it materially and adversely to the interest of Beneficiary without first giving Beneficiary at least thirty (30) days' prior written notice thereof. Certificates of insurance, and the written policies if requested by Beneficiary, for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand at any time prior to the Expiration Date. Replacement or renewal policies shall be secured at least 30 days prior to the expiration of existing policies. Beneficiary shall not 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.
- d. In the event of a loss, the amount collected under any policy of insurance on said Property may, at the sole option of the Beneficiary, except to the extent expressly limited or prohibited by statutory or case law in effect as of the date of this Deed of Trust, and subject to the rights of any prior deed of trust:
 - 1) Be applied by Beneficiary upon any indebtedness and/or obligation secured hereby whether the same be then matured or unmatured, and in such order as Beneficiary may determine;
 - 2) Be used to replace or to restore the improvements partially or totally destroyed to a condition satisfactory to said Beneficiary;
 - 3) Be used by the Beneficiary to fulfill any of the covenants contained herein as the Beneficiary may determine;
or
 - 4) Be released to the Trustor.

In any of the foregoing events neither the Trustee nor the Beneficiary shall be obligated to see to the proper application thereof, nor shall the amount so released or used under clauses (i), (ii), or (iii) above be deemed a payment on any indebtedness secured hereby. Such application, use and/or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Subject to the rights of the holder of any prior deed of trust, Trustor hereby grants to Beneficiary an irrevocable power of attorney and assigns to Beneficiary all of Trustor's right, title and interest in each such policy in the event of the foreclosure of this Deed of Trust or other transfer of the title to the Property in extinguishment, in whole or in part, of the debt secured hereby. No insurance shall be required hereunder in excess of that allowed by Civil Code Section 2955.5. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Section 3.3 Advances

In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Property in good repair and operating condition, the Beneficiary may (but shall be under no obligation to) take out the required policies of insurance and pay the premium on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and, provided that the Beneficiary provides five (5) business days' notice to the Trustor all amounts so advanced thereof or by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the maximum rate permitted by law.

**ARTICLE IV
DAMAGE, DESTRUCTION AND CONDEMNATION**

Section 4.1 Damage and Destruction

If, prior to the Expiration Date, the Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, the Trustor shall (a) cause any insurance proceeds arising from insurance referred to in Section 3.2 hereof and any other coverage acquired by the Trustor to be used to promptly rebuild and replace the Property, and (b) repair and replace the Property as necessary. The foregoing covenants shall be subordinated to the provisions of all senior obligations to which this Deed of Trust is subordinate. There shall be no abatement in, and Trustor shall be obligated to continue to pay, the amounts payable under the Agreement, the Note, and this Deed of Trust.

Section 4.2 Condemnation

Subject to the provisions of senior obligations to which this Deed of Trust is subordinate, if title to or any interest in or the temporary use of the Property or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, including any proceedings or purchase in lieu thereof, the proceeds as a result of such taking shall be paid as provided by the law of the State of California to all persons or entities as their interests appear of record.

**ARTICLE V
REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE TRUSTOR**

Section 5.1 Defense of Title

The Trustor, for itself and its successors and assigns, warrants and will forever defend the right and title to the foregoing described and conveyed property unto Beneficiary, its successors and assigns, against the claims of all persons, excepting only encumbrances approved by Beneficiary.

Section 5.2 Inspection of the Property

Trustor covenants and agrees that at any and all reasonable times and upon reasonable notice, Beneficiary, its duly authorized agents, attorneys, experts, engineers, and representatives shall have the right, without payment of charges or fees, to inspect the Site.

Section 5.3 Trustor's Authority

Trustor hereby represents and warrants that there is not now pending against or affecting Trustor, nor to the knowledge of Trustor is there threatened, any action, suit, or proceeding that if adversely determined, would materially impair or affect the financial condition or operations of Trustor or the ability of Trustor to maintain the Improvements. Trustor further represents and warrants that the execution and delivery by Trustor of this Deed of Trust, the Note and the Loan Agreement have been duly authorized by all requisite action on the part of Trustor, that each such document, when executed and delivered to Beneficiary will constitute a valid obligation, enforceable in accordance with its terms, and that the execution thereof and Trustor's performance thereunder shall not violate any provision or instrument to which Trustor is a party.

ARTICLE VI

AGREEMENTS AFFECTING THE PROJECT; FURTHER ASSURANCES; PAYMENT OF THE COUNTY SHARE

Section 6.1 Other Agreements Affecting Property

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Note or any other agreement of any nature whatsoever now or hereafter involving or affecting the Site or any part thereof, including without limitation the Loan Agreement.

Section 6.2 Further Assurances; After Acquired Property

At any time, and from time to time, upon request by the Beneficiary, the Trustor shall make, execute and deliver, or cause to be made, executed and delivered, to the Beneficiary and, where appropriate, cause to be recorded and/or filed, and from time to time thereafter to be re-recorded and/or refiled, at such time and in such places as shall be deemed desirable by the Beneficiary, any further deeds of trust, security agreements, financing statements respecting personal property, instruments of further assurance, certificates and other documents as may, in the opinion of the Beneficiary, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve, (a) the obligations of the Trustor under this Deed of Trust, and (b) the lien of this Deed of Trust as a lien prior to all liens except those obligations which shall be senior obligations pursuant to the provisions of this Deed of Trust. Upon any failure by the Trustor to do so, the Beneficiary may make, execute, record, file re-record and/or refile any and all such deeds of trust, security agreements, instruments, certificates and documents for and in the name of the Trustor, and the Trustor hereby irrevocably appoints the Beneficiary the agent and attorney-in-fact of the Trustor to do so. The lien hereof shall automatically attach, without further act, to all after-acquired property deemed to be part of the Security as defined herein.

Section 6.3 Agreement to Pay Attorney's Fees and Expenses

In the event of an Event of Default hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand thereof, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall, be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the maximum rate permitted by law.

Section 6.4 Payment to the Beneficiary

The Trustor shall pay to the Beneficiary all amounts identified in the Note in the amount(s) and at the time(s) specified in such documents. The failure to do so constitutes an Event of Default authorizing and permitting the Beneficiary to exercise the remedies set forth in Article VII hereof.

Section 6.5 Notice of Default; Right to Cure

Trustor shall use its best efforts to ensure that any Mortgage secured by the Site includes provisions: (a) requiring delivery to County of a copy of any notice of default given to Trustor under such Mortgage concurrently with service of such notice to Trustor, and (b) providing County with the right (but not the obligation) to cure or remedy, or to commence to cure or remedy such default during the period available to Trustor pursuant to such Mortgage plus sixty (60) additional days.

Section 6.6 Due on Sale, Rent, or Lease

The Note secured by this Deed of Trust is due upon the occurrence of any transfer of title to the Property whether by sale or lease, or the execution of an installment sale contract giving the purchaser a right to possess the Property before transfer of title. The Note secured by this Deed of Trust is also due upon any attempt to rent or lease a portion or the entire residential dwelling located on the Property, other than rental of a room or space by an immediate family member provided the Property remains the primary residence of the Trustor.

**ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES**

Section 7.1 Events of Default Defined

The following shall be Events of Default under this Deed of Trust: (a) the occurrence of an Event of Default under the Promissory Note and/or Loan Agreement; (b) any representation or warranty made by Trustor hereunder is false or misleading in any material respect as of the date on which the representation is made; or (c) the failure of the Trustor to perform or comply with any obligation, covenant, agreement or warranty under this Deed of Trust, the Note, or the Loan Agreement. The continuation of said failure for a period of thirty (30) calendar days as to monetary obligations and ninety (90) calendar days as to non-monetary obligations, after written notice specifying such failure and requesting that it be remedied (such notice being referred to herein as a "notice of default") shall have been given to Trustor from the Beneficiary.

Section 7.2 Acceleration of Maturity

If an Event of Default shall have occurred and be continuing or not be cured, then the entire indebtedness secured hereby shall, at the option of the Beneficiary, immediately become due and payable without notice or demand (which are hereby expressly waived), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession

If an Event of Default shall have occurred and be continuing or not be cured, the Beneficiary may:

- a. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Site and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Site, or part thereof or interest therein, increase the income therefrom or protect the Security hereof and with or without taking possession of the

Site, sue for or otherwise collect rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expense of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Site, the collection of such rents, issues and profits and the application thereof, as aforesaid, shall not cure or waive any Event of Default or notice of Event of Default hereunder or invalidate any act done in response to such Event of Default or pursuant to such notice of Event of Default and, notwithstanding the continuance in possession of the Site or the collection, receipt and application of rents, issues or profits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale. Trustor requests that a copy of any notice of default and a copy of any Notice of Trustee's Sale hereunder be mailed to Trustor at the address herein given;

- b. Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;
- c. Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Site to be sold, which notice Trustee or Beneficiary shall cause to be duly recorded in the Official Records of Yuba County; or
- d. Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to the Site, including any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure by Power of Sale

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the Promissory Note amount is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Site, at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine, at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale, Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchaser.

After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the Promissory Note; (ii) all other sums then secured hereby; and (c) the remainder, if any, to the person or persons legally entitled thereto.

Trustee may postpone sale of all or any portion of the Site by public announcement at such time and place of sale, and from time to time, thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

Section 7.5 Receiver

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under Security, and without regard to the then value of the Site or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefore. Any such receiver or receivers shall have all the powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Site, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver

No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to or of any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of obligations to the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, powers or remedies consequent on any breach or Event of Default by the Trustor.

If the Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted herein, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements of this Deed of Trust, (v) consents to the filing of any map, plat or replat affecting the Security, (vi) consents to the granting of any easement or other right affecting the Security, or (vii) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted upon the occurrence of the Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Deed of Trust be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Site, the Beneficiary without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Security (or a part thereof) or the indebtedness secured hereby, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the Trustor and without in any way releasing or discharging any liabilities, obligations or undertakings of the Trustor.

Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

Section 7.8 Suits to Protect the Security

The Beneficiary shall have power (upon ninety (90) days of notice to the Trustor) to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security (and the rights of the Beneficiary as secured by this Deed of Trust); by any acts which may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security and in the rents, issues, profits and revenues arising therefrom, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the security thereunder or be prejudicial to the interests of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proof of claim and other documents as may be necessary or advisable in order to have claims of the Beneficiary allowed in such proceedings for the entire amount due and payable by the Trustor under this Deed of Trust at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.10 Trustor's Right to Reinstate

After default of Trustor and the commencement of foreclosure proceedings, Trustor may reinstate a monetary default under the Note, to the extent and within the times permitted under Civil Code section 2924c, by: (a) Trustor paying to Beneficiary all sums which would be then due under the Note and this Deed of Trust; (b) the Trustor paying all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in enforcing Beneficiary's and Trustee's remedies, including but not limited to, reasonable attorney's fees; and (c) Trustor taking such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property, Trustor's obligation to pay the sums secured by this Deed of Trust, and Trustor's obligation to comply with the covenants and restrictions contained in the Individual Regulatory Agreement, shall continue unimpaired.

Section 7.11 Reconveyance by Trustee

Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the Site then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or person legally entitled thereto."

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1 Amendments

This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

Section 8.2 Successors and Assigns

This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder, including Pledges, of the Note secured hereby, whether or not named as Beneficiary herein.

Section 8.3 Notices

Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request, or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipts requested, addressed to the address set forth in the first paragraph of this Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

Section 8.4 Acceptance by Trustee

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

Section 8.5 Captions

The captions or headings at the beginning of each Section hereof are for the convenience of the parties are not a part of this Deed of Trust.

Section 8.6 Severability

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision thereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 No Merger

If title to the Site shall become vested in the Beneficiary, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary under this Deed of Trust. In addition, upon foreclosure under this

Deed of Trust pursuant to the provisions hereof, any leases or subleases then existing and affecting all or any portion of the Security shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure shall so elect. No act by or on behalf of Beneficiary or any purchaser shall constitute a termination of any lease or sublease unless Beneficiary or purchaser shall give written notice of termination to such tenant or subtenant.

Section 8.8 Governing Law and Venue

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California. Any action to foreclose upon, or enforce or interpret any of the provisions of this Deed of Trust shall be brought in the Superior Court of California, Yuba County.

Section 8.9 Gender and Number

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.10 Substitution of Trustee

Beneficiary may from time to time or at any time substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of Yuba County, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee named herein.

Section 8.11 No Notice by Trustee.

Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which Trustor, Beneficiary and/or Trustee shall be a party, unless brought by Trustee, or of any pending sale under any other Deed of Trust.

Section 8.12 Entire Agreement

This Deed of Trust, the Note and the Loan Agreement constitute the entire agreement of the Parties with respect to the subject matter hereof. There are no representations, promises, agreements or other understandings between the Parties relating to the subject matter of this Deed of Trust that are not expressed or specifically referenced herein. This Deed of Trust may be modified only by an instrument in writing executed by the Parties or their respective successors in interest.

Section 8.13 Recordation

The parties agree that this Deed of Trust shall be recorded against the Site.

Section 8.14 Environmental Indemnity

Trustor agrees to indemnify, reimburse, defend, exonerate, pay and hold harmless (a) Beneficiary, its affiliates and their respective successors and assigns who acquire all or any portion of the loan secured by this Deed of Trust or the Property in any manner, including but not limited to, purchase at a foreclosure sale, acceptance of a deed in lieu thereof or otherwise through the exercise of the rights and remedies of Beneficiary under this Deed of Trust and (b) the officials,

directors, officers, shareholders, employees, successors, assigns, agents, contractors, subcontractors, experts, licensees, affiliates, lessees, mortgagees, trustees, and invitees of Beneficiary and such other persons or entities, from and against any and all Environmental Damages arising from the presence of Hazardous Materials upon, about or beneath the Property or migrating to or from the Property prior to or during Trustor's use or ownership of the Property, or arising in any manner whatsoever out of the violation of any Environmental Requirements pertaining to the Property and the activities thereon, or the breach of any warranty or covenant or the inaccuracy of any representation of Trustor contained in this Deed of Trust unless and to the extent such Environmental Damages exist solely as a result of the gross negligence or willful misconduct of the otherwise indemnified person. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel chosen by Trustor and reasonably approved by the indemnified parties), even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. Trustor's obligations hereunder shall not apply with respect to Environmental Damages caused after Beneficiary has purchased the Property at a foreclosure sale unless caused by Trustor, either solely or jointly with others including Beneficiary.

Section 8.15 Defense of Actions; Protection of Beneficiary's Security.

Trustor agrees to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust, and/or any additional or other security for the obligations secured hereby, the interest of Beneficiary or the rights, powers and/or duties of Trustee hereunder; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any action or proceeding in which Beneficiary and/or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust. If Trustor fails to perform any of the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the property, including but not limited to, default on or foreclosure of a prior deed of Trust, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary at Beneficiary's option, upon notice to Trustor, may make such claims, disburse such sums and take such action as is necessary to protect Beneficiary's interest including, but not limited to disbursements of reasonable attorneys' fees and entry upon the Property to make repairs.

Section 8.16 Successor and Assigns Bound; Joint and Several Liability; Subordination

The covenants and agreements contained in this Deed of Trust shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several. The covenants and agreements contained in this Deed of Trust shall be subordinate to the lien of a first deed of trust recorded against the Property (i.e. recorded senior to any other deed of trust) and to any lien made senior pursuant to this Deed of Trust and shall not impair the rights of any institutional lender which is the maker of a loan secured by such senior deeds of trust, or such Beneficiary's assignee or successor in interest, to exercise its remedies under the deeds of trust in the event of default by Grantee. These remedies include the right to accept a deed or assignment in lieu of foreclosure. After such foreclosure, sale, or acceptance of deed in lieu of foreclosure, this Deed of Trust shall be forever terminated and shall have no further effect as to the Property or any transferee thereafter; provided, however, if the holder of such deed of trust acquires title to the Property pursuant to a deed or assignment in lieu of foreclosure, this Deed of Trust shall automatically terminate upon such acquisition of title only if (i) the Beneficiary has been given 30-days written notice of delinquency and/or default under such senior deeds of trust (which requirement shall be satisfied by providing any notices of delinquency and/or default required under California Civil Code sections 2924 et seq.), and (ii) the Beneficiary shall not have cured the default under such senior deeds of trust within the 30-day period provided in such notice sent to the Beneficiary.

Section 8.17 Waiver of Statute of Limitations

The right to plead any and all statutes of limitations as a defense to any demand secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.18 Trust Irrevocable

The trust created hereby is irrevocable by the Trustor.

Section 8.19 Interpretation

The term "and/or" as used herein means one or the other or both, or any one or all, of the things or persons in connection with which the words are used. Paragraph headings are for reference only and shall not be considered in the interpretation of this Deed of Trust.

Section 8.20 Materiality

Each and every provision, covenant, term and condition, representation and warranty herein contained is agreed to be a material provision hereof, and any breach thereof shall constitute a sufficient ground for acceleration of the due date of the indebtedness secured hereby and a sufficient ground for foreclosure in the event of failure of Trustor either to cure said breach within the time periods, if any, herein provided or to pay in full the indebtedness hereby secured.

**ARTICLE IX
HAZARDOUS MATERIALS**

Section 9.1 Hazardous Materials

Trustor shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept or used in or about the Site by Trustor, its agents, employees, contractors or invitees except for materials ordinarily used in the course and scope of constructing improvements to residential dwellings.

Trustor shall indemnify, defend (with counsel approved by Beneficiary) and hold Beneficiary harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Site, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise as a result of any breach of the obligations contained in this Section or any contamination, discharge, or release of Hazardous Materials. This indemnification of Beneficiary by Trustor includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Materials present in, on or under the Site or adjacent property caused by or as a result of Trustor's activities. If any Hazardous Materials are discharged, released, dumped, or spilled on, under, or about the Site and result in any contamination of the Site or adjacent property, or otherwise result in the release or discharge on, under or from the Site of Hazardous Materials, Trustor shall promptly take all actions at its sole expense as are necessary to comply with, and in accordance with, all Environmental Laws (as defined below).

"Hazardous Materials" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly

identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. 2601, et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, et seq.], the Resource Conservation and Recovery Act [42 U.S.C. 6901, et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100, et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any "Superfund" or "Superlien" law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

"Environmental Law" means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to Hazardous Materials (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. 2601, et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, et seq.], the Resource Conservation and Recovery Act [42 U.S.C. 6901, et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100, et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first written above.

TRUSTOR(S):

By: _____

By: _____

Date: _____

Date: _____

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF YUBA)

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF YUBA)

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION

THE LAND DESCRIBED HEREIN IS SITUATED IN THE COUNTY OF YUBA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

INSERT LEGAL DESCRIPTION

APN: