

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. \_\_\_\_\_

**LOAN AGREEMENT**

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 Loan Agreement (“**Agreement**”) is entered into as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (“**Effective Date**”) by and between \_\_\_\_\_ (“**Borrower**”) and the County of Yuba, a municipal corporation (“**County**”), regarding certain improved real property located at \_\_\_\_\_ in Yuba County, California and further described in Exhibit A (hereinafter “**Property**”), attached hereto and by this reference incorporated herein. Borrower and County are collectively referred to as the “**Parties**.”

**RECITALS**

**WHEREAS**, to further its goal of creating affordable homeownership opportunities for low-income persons and households, the County has authorized the First Time Homebuyer (the “**Program**”) and received federal, state, and/or local funding to offer the Program; and

**WHEREAS**, Borrower is an eligible low-income borrower under the Program, intends to live in the Property as an owner occupant, and agrees to maintain the Property as Borrower’s Principal Residence until such time the Loan is paid in full pursuant to Section 2 of this Loan Agreement and/or Promissory Note; and

**WHEREAS**, County has agreed to provide a loan to Borrower in the amount of \_\_\_\_\_ dollars (\$XXXX.xx) (“**Loan**”) to assist with the purchase of the Property; and

**WHEREAS**, in order to enforce the purpose and intent of the Program, it is necessary to impose provisions that restrict the use of the Property, including restrictions on refinancing debt secured by the Property and the assumption of debt secured by the Property as set forth herein, and as described briefly in Exhibit B, attached hereto and by this reference incorporated herein. These restrictions are intended to prevent the improper use of the Property for purposes incompatible with the Program, and to allow the recapture of the principal amount of the Loan upon sale, transfer or Events of Default; and

**WHEREAS**, the Property constitutes a valuable community resource by providing decent, safe, and sanitary housing to an eligible low-income household who otherwise would be unable to afford such housing; and

**WHEREAS**, to protect and preserve this resource it is necessary, proper, and in the public interest for the County to administer the occupancy, transfer, and assumption controls consistent with the Program by means of this Agreement.

**NOW THEREFORE**, in consideration of substantial economic benefits received by the Borrower and the public purposes served by the Program, Borrower and County agree as follows:

1. Definitions.

- a. "Borrower" shall mean the borrower and any co-borrower(s) who execute(s) this Agreement and all relevant loan program documents related hereto.
- b. "Deed of Trust" shall mean that certain Deed of Trust dated concurrently herewith, securing a Promissory Note in the amount of the Loan, executed by Borrower in favor of the County, and recorded in the Official Records of Yuba County.
- c. "Effective Date" shall mean the date of the Promissory Note.
- d. "Eligible Household" shall mean a household that has been determined to be eligible by the County of Yuba in accordance with the Program Guidelines in effect at the time of the making of this Loan.
- e. "Events of Default" shall include, but not be limited to, the following:
  1. Failure to occupy the Property as Borrower's Principal Residence;
  2. Sale, conveyance, or other transfer of the Property (including a foreclosure sale or short sale);
  3. The conversion of the Property, or any portion thereof, to any commercial or non-residential use, or to a rental unit (except as provided in Section 4 of this Agreement);
  4. Failure to maintain hazard and flood insurance (if applicable) in accordance with the terms and provisions of this Agreement, including Exhibit C, attached hereto and by this reference incorporated herein;
  5. Failure to pay property taxes and/or assessments;
  6. The occurrence of a default under the terms of a senior deed of trust, when said default is not cured within sixty (60) days following the recordation of a notice of default by the trustee under that senior deed of trust;
  7. Borrower refinances the Property's senior purchase loan without the Lender's written permission;
  8. Borrower fails to observe or to perform any covenant, condition, or agreement to be observed or performed by Borrower under this Promissory Note, the Loan Agreement, or the Deed of Trust, including but not limited to failure to pay indebtedness; or

9. Failure to maintain the Property in a safe, sanitary, and decent manner, and/or in a manner consistent with the County's community standards.

- f. "Principal Residence," shall mean the place where the Borrower resides on a substantially full-time basis, defined as not less than ten (10) months per year. An exception to the Principal Residence requirement may be granted, at the County's sole discretion, due to Borrower's illness and/or hospitalization, and shall not exceed six (6) months.
- g. "Program" shall mean the County of Yuba First Time Homebuyer Program.
- h. "Promissory Note" shall mean that certain Promissory Note dated \_\_\_\_\_ and executed by Borrower evidencing the Loan.
- i. "Property," shall mean the real property described in Exhibit A, which will be the Principal Residence of the Borrower.

2. Loan; Loan Repayment.

- a. Loan Amount. County agrees to loan Borrower, and Borrower agrees to repay the Loan in the amount of \_\_\_\_\_ dollars and zero cents (\$\_\_\_\_\_). The Loan shall be evidenced by the Promissory Note.
- b. Interest Rate. Commencing on the Effective Date of the Promissory Note interest on the Loan shall accrue at the rate of three percent (3%) per annum simple interest on the outstanding principal balance. The interest rate will be reduced to two-and-five percent (2.5%) per annum starting in year 6 through the end of year 10 following the Effective Date of the Promissory Note. The rate will further reduce to two percent (2.0%) per annum from year 11 through the end of year 15, then to one-and-five percent (1.5%) per annum from year 16 through the end of year 20, and to one percent (1.0%) per annum from year 21 through the end of year 25. The interest rate will decrease to zero-and-five percent (0.5%) per annum from year 26 through the end of year 30. Finally, upon repayment of the Program loan on or before the expiration of the original 30-year term, the County shall forgive all deferred accrued interest due.
- c. Repayment. Upon the earlier of (i) thirty (30) years from the Effective Date, (ii) the sale, transfer, lease, or encumbrance of all or any interest in the Property without Lender's prior written consent (other than as permitted pursuant to the Deed of Trust and the Loan Agreement), or (iii) the occurrence of any Event of Default (each, a "**Maturity Date**"), the principal amount of the Loan together with any outstanding accrued interest shall become due and payable pursuant to the terms of the Deed of Trust and Promissory Note. Any portion of the outstanding principal balance due under the Loan may be prepaid at any time, and from time to time, without penalty or premium, such prepayment shall be applied to principal, unless any insurance or property tax payments have been made on behalf of the Borrower. All other loan payments will be credited first to any insurance or property tax payments made on behalf of Borrower, then to accrued interest, and then to principal. Borrower may repay the Loan balance at any time with no penalty. The Loan period shall not be extended.

3. Refinancing; Junior Loans.

- a. County Loan. The County shall not refinance the County's Loan. The Loan is a one-time assistance product for the purchase of the Property.
- b. Written Consent Required. The Borrower shall not place any additional mortgage or deed of trust on the property, including any line of credit, and must not otherwise use the property as security in any transaction without first obtaining prior written consent of the County. The County must approve in writing all financing, refinancing, and security requests. The County shall have sole discretion regarding the approval or disapproval of any refinancing request, including any financing terms.
- c. Subordination Requests.
  1. In the event the Borrower desires to refinance the Property such that the County's approval to subordinate its interest in the Property is required, or in the event the Borrower wishes to obtain a mortgage loan or equity line of credit junior in lien priority to the County's Deed of Trust, the Borrower shall submit to the County a Request to Refinance, in the format proscribed by the County. All requests must be made in writing and shall clearly state the reason for the request.

The County shall only consider requests for subordination to obtain a lower interest rate (must result in lower APR, not just a lower nominal rate).

The County shall not consider requests for subordination for the following reasons:

- A. To receive cash out;
- B. To pay-off revolving, automotive, or other consumer debt;
- C. To pay off loans junior to the County's loan or other debt secured by the Property; and
- D. To pay property taxes, utilities, or assessments.

The County shall only subordinate under the following conditions:

- A. Proceeds of the new loan will only be used to refinance the existing loan that is currently in a position senior to the County's interest in the Property, the amount of which shall not exceed the remaining balance on the loan plus actual costs associated with the refinance (closing costs), which must be approved in writing by the County.
- B. The total indebtedness on the Property does not exceed the current market value.
- C. The Borrower will not receive any disbursement from the proceeds of the refinance.
- D. The new loan shall be in favor of an institutional lender. Personal loans shall not be allowed.
- E. The new loan meets the conditions of the Program guidelines in effect at the time, including that the loan must:
  - 1) Be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA;

- 2) Not have a temporary interest rate buy-down;
- 3) Be at least for the period of time remaining on the Program Loan;
- 4) Not have a balloon payment due before the maturity date of the Program Loan, and;
- 5) Collect impounds for property taxes and insurance.

F. The County shall review the Request to Refinance and compliance provisions and may, in its sole discretion, grant or deny the request. The County may also grant the request subject to additional conditions, which are within the County's discretion to impose. The County shall have no obligation to grant any request for refinancing. Any approval by the County of refinancing is also subject to the County's approval of any documents that may require County's execution by the senior lender, including but not limited to a subordination document.

- d. Junior Loans. Mortgage loans or equity lines of credit junior in priority to the Deed of Trust are not permitted, unless expressly approved by the County in writing.
- e. Failure to Comply. The County and the Borrower agree that the requirements of this Section are necessary to ensure the continued affordability of the Property to Borrower and to minimize the risk of loss of the Property by Borrower through default and foreclosure of mortgage loans. Borrower further acknowledges that violation of the provisions of this Section shall constitute an Event of Default under this Agreement.

4. Changes in Title, Occupancy, or Use.

- a. Notice. In all cases where there is a change in title, occupancy, and/or use, Borrower must notify the County in writing of any change.
- b. Generally Acceptable Title Changes. Upon receipt of documentation to the County's satisfaction demonstrating a good faith transfer, and in its sole discretion, the following transfers may not be deemed defaults under the Loan Agreement, Promissory Note, or Deed of Trust:
1. The transfer of the Property to the surviving joint tenant, on the death of a joint tenant.
  2. A transfer of the Property where a spouse becomes an owner of the property.
  3. A transfer of the Property resulting from a decree of dissolution of marriage or legal separation, whereby one of the original Borrowers remains on the title.
  4. A transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.
- c. Assumption upon Sale. Upon sale of the Property, the Loan is not assumable and the Loan balance is immediately due and payable.
- d. Assumption upon Death of Borrower. Upon the death of Borrower, the Loan is not assumable and the Loan balance is immediately due and payable.

- e. Change in Use to Rental. If the Borrower converts any portion of the Property from owner-occupied to rental use, the Loan is due in full. With prior County approval, and at the County's sole discretion, Borrower may rent a room or space to an immediate family member provided the Property remains the primary residence of the Borrower.
  - f. Change in Use to Non-Residential. Conversion to use other than residential use is not allowable where the full use of the Property is changed from residential to commercial or other non-residential use; in this event, the Loan balance is due and payable. Borrower may request that the County allow for a partial conversion where a portion of the Property is used for a business but the Borrower still resides in the Property. Partial conversions may be allowed at County's sole discretion, and only if reviewed and approved by any and all agencies required by local statute.
5. Limits on Liability. In no event shall the County become liable or obligated in any manner to Borrower by reason of the assignment of this Agreement, nor shall County be in any way liable or obligated to Borrower for any failure of the County's assignee to consummate a purchase of the Property or to comply with the terms of this Agreement, or any escrow instructions or agreement for the purchase of the Property.
6. Insurance Proceeds and Condemnation Award. In the event the Property is destroyed and insurance proceeds are distributed to Borrower instead of being used to rebuild the Property, or in the event of condemnation if the proceeds thereof are distributed to Borrower, any surplus of proceeds remaining after payment of the senior liens and encumbrances on the Property shall be used to pay the balance of the Loan, and any remaining balance shall be distributed to Borrower.
7. Effective Date. The rights and obligations of the County and Borrower set forth in this Agreement shall be effective as of the Effective Date.
8. Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Party in accordance with this Section. Formal notices, demands, and communications between Borrower and County shall be given by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the Borrower and County as follows, or if any such office is relocated, to the new address specified by the relocated party:

**County:** County of Yuba  
915 8th Street, Suite 123  
Marysville, CA 95901  
Attn: First Time Homebuyer Program Administrator

**Borrower:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Remedies upon Breach. County shall have all of the remedies provided for at law or equity, including but not limited to all rights and remedies under the Deed of Trust.
10. General Provisions.

- a. Attorneys' Fees. If either party initiates legal proceedings to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to an award of reasonable attorneys' fees and costs in additions to any other recovery to which it is entitled under this Agreement.
- b. No Joint Venture; No Third-Party Beneficiary. No joint venture or other partnership exists or is created between the Parties by virtue of this Agreement. Except as expressly stated herein, this Agreement does not benefit any third party.
- c. Successors; Assignment. This Agreement shall inure to the benefit of and shall be binding upon the Parties to this Agreement and their respective heirs, executors, administrators, successors and assigns. County shall have the right to assign all of its rights and obligations under this Agreement without the consent of Borrower.
- d. Entire Agreement; Amendment. This Agreement, the Promissory Note, and the Deed of Trust 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 Agreement that are not expressed or specifically referenced herein. This Agreement may be modified only by an instrument in writing executed by the Parties or their respective successors in interest.
- e. Survival; No Merger. All of the terms, provisions, representations, warranties, and covenants of the Parties under this Agreement shall survive the close of escrow of any sale of the Property and shall not be merged in any deed transferring the Property.
- f. Authority and Execution. Each Party represents and warrants that it has full power and authority to enter into this Agreement and to undertake all of its obligations hereunder, that each person executing this Agreement on its behalf is duly and validly authorized to do so.
- g. Severability. The invalidity or unenforceability of any term or provision of this Agreement shall not impair or effect the remainder of this Agreement, and the remaining terms and provisions hereof shall not be invalidated but shall remain in full force and effect.
- h. Waiver; Modification. No waiver or modification of this Agreement or any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the Party to be charged therewith. No evidence or any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the Parties arising out of or affecting this Agreement or the rights or obligations of any Party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid. The provisions of this section may not be waived except as herein set forth. A waiver or breach of any covenant, condition, or provision of this Agreement shall not be deemed a waiver of any other covenant, condition, or provision hereof.
- i. Construction. The section headings and captions used in this Agreement are for convenience of reference only and shall not modify, define, limit, or amplify any of the terms or provisions hereof. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties have prepared it.
- j. Governing Law and Venue. This Agreement 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 Agreement shall be brought in Yuba County.

- k. Time of the Essence. Time is of the essence in this Agreement as to each provision in which time is an element of performance.
  
- l. Further Assurances. Each Party will, upon reasonable request of the other Party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such further instruments and documents as may be reasonably necessary in order to fulfill the intents and purposes of this Agreement.

**IN WITNESS WHEREOF**, the undersigned have caused this Agreement to be executed as of the dates set forth below.

**BORROWER(S):**

By: \_\_\_\_\_  
TYPE NAME HERE

By: \_\_\_\_\_  
TYPE NAME HERE

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**COUNTY OF YUBA**, a public body corporate and politic:

By: \_\_\_\_\_  
MIKE LEE  
Its: Community Development Director

**ATTEST:**

By: \_\_\_\_\_  
MARY PASILLAS  
Its: County Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
JANET BENDER  
Its: County Counsel

**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:**

**EXHIBIT B  
DISCLOSURE STATEMENT**

THERE ARE RESTRICTIONS ON THE USE AND TRANSFER OF THE PROPERTY YOU ARE BUYING.

THERE ARE RESTRICTIONS ON REFINANCING OF THE LOANS ON THE PROPERTY, AND ON USING THE PROPERTY AS SECURITY.

YOU SHOULD READ IN THEIR ENTIRETY THE LOAN AGREEMENT AND DEED OF TRUST RECORDED AGAINST THE PROPERTY. YOU MAY OBTAIN COPIES FROM THE COUNTY OF YUBA OR FROM THE ESCROW COMPANY.

YOU SHOULD ALSO BE AWARE THAT A PROMISSORY NOTE WILL BE EVIDENCED BY THE LOAN AGREEMENT AND DEED OF TRUST. YOU MAY OBTAIN A COPY OF THE PROMISSORY NOTE FROM THE COUNTY OF YUBA OR FROM THE ESCROW COMPANY.

I HAVE READ THE FOREGOING AND I UNDERSTAND WHAT IT MEANS.

**BORROWER(S):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**  
**AGREEMENT TO PROVIDE HOMEOWNERS INSURANCE**

The County of Yuba ("County") requires that a sufficient amount of Homeowners Insurance be placed on your property to cover all encumbrances. The requirements are as follows:

1. Insurance shall be secured on the mortgaged property and will be written on "Special" form for the replacement cost of the property.
2. The County shall be named as a "mortgagee" under such insurance for the duration of the Loan(s).
3. At the completion of the escrow transaction and annually thereafter, the County must be provided with a copy of a policy of such insurance or will be provided an "Evidence of Insurance" document.
4. The Borrower shall provide proof of current homeowners insurance at the request of the County on an annual basis.
5. The Borrower shall be required to establish and maintain an impound account for taxes and insurance with the first mortgage during the life of the County's Loan.
6. The County shall receive thirty (30) days advance written notice of the cancellation, expiration, or termination or any material change in the coverage afforded by the insurance policy.

Proof of current homeowners insurance shall be provided to:

Certificate Holder:  
County of Yuba  
915 8th Street, Suite 123  
Marysville, CA 95901  
Attn: First Time Homebuyer Program Administrator

By E-MAIL  
[iscott@co.yuba.ca.us](mailto:iscott@co.yuba.ca.us) and [skhagura@co.yuba.ca.us](mailto:skhagura@co.yuba.ca.us)

I/We are in agreement with the above terms, and agree to the conditions as set forth.

**BORROWER(S):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_