

LOAN AGREEMENT

THIS LOAN AGREEMENT (“Agreement”) is made and entered into as of _____, 2003, by and between _____ (hereinafter collectively referred to as “Borrower”), and the City of Alhambra, a public body, corporate and politic, (hereinafter referred to as the “City” or “Lender”) with reference to the following facts:

RECITALS

A. WHEREAS, Borrower desires to acquire, as a residence, a parcel of improved real property commonly described as _____, Alhambra, California, 91801, and legally described at Exhibit “A” attached hereto and by this reference incorporated herein (the “Residence”); and

B. WHEREAS the City has instituted a First Time Home Buyers Assistance Program to assist residents of the City of Alhambra in their first time acquisition of qualifying residences (the “Program”); and

C. WHEREAS the Borrower qualifies for, and desires to participate in, the Program, and further desires to accept certain funds from the City to be applied solely toward the acquisition of the Residence as set forth herein, and further desires to repay those funds in accordance with the terms of this Agreement:

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth below, the parties hereto agree as follows:

1. LOAN OF FUNDS.

1.1 Lender agrees to loan to Borrower, and Borrower hereby agrees to repay to Lender, in accordance with the terms of this Agreement, the principal sum of **Thirty-Five**

Thousand Dollars (\$35,000) (the “Loan”). The above-described principal sum shall be used for the sole purpose of applying such sum toward the purchase of the Residence.

1.2 In evidence of this Loan, Borrower agrees to execute a Note Secured By Deed Of Trust (the “Note”) in the form of Exhibit “B” attached hereto and by this reference incorporated herein.

1.3 In further evidence of this Loan, Borrower agrees to execute a Deed of Trust in the form of Exhibit “C” attached hereto and by this reference incorporated herein.

2. INTEREST ON LOAN; SHARING IN NET PROCEEDS OF SALE.

2.1 No interest shall accrue on the principal balance of this Loan.

2.2 Upon any “sale” of the Residence, as that term is defined at Section 2.3 (a) of this Agreement, in addition to repayment of the principal amount of the Loan as provided in Section 3, the City shall be entitled to share in the “net proceeds” of the sale, as that term is defined at Section 2.3 (b) of this Agreement, in accordance with the following schedule:

(a) In the event the sale occurs on or prior to the date which is the fifth (5th) anniversary of the date of the Note, then the City shall be entitled to seventy-five percent (75%) of the net proceeds of said sale.

(b) In the event the sale occurs after the date which is the fifth (5th) anniversary of the date of the Note, but on or prior to the tenth (10th) anniversary of the date of the Note, then the City shall be entitled to share in fifty percent (50%) of the net proceeds.

(c) In the event the sale occurs after the date which is the tenth (10th) anniversary of the date of the Note, but on or prior to the fifteenth (15th) anniversary of the date of the Note, then the City shall be entitled to share in twenty-five percent (25%) of the net proceeds of the sale.

(d) In the event the sale occurs after the date which is the fifteenth (15th) anniversary of the date of the Note, but on or prior to the twentieth (20th) anniversary of the date of the Note, then the City shall be entitled to share in ten percent (10%) of the net proceeds of the sale.

(e) In the event the sale occurs after the date which is the twentieth (20th) anniversary of the date of the Note, then the City shall not share in any portion of the net proceeds of the sale.

(f) In the event a sale occurs, at any time, which results in a loss to the Borrower (that is, a sale at less than the initial purchase price), then the City shall not share in any portion of the net proceeds, and the City may forgive, subject to program regulations, a portion or all of the repayment of the principal amount of the Loan.

2.3 For purposes of this Loan Agreement, the following terms shall have the meanings set forth below:

(a) The term “sale” shall mean any transfer of title, whether or not recorded, and whether voluntary or involuntary, of all or any portion of the Residence.

(b) The term “net proceeds” of sale shall mean the greater of (i) the gross sale price of the Residence (less brokers fees and customary escrow expenses) or (ii) ninety-five percent (95%) of the appraised value of the Residence at the time of the sale, less, in each case, the initial purchase price of the Residence, hereby declared to be

_____ (\$_____). Unless otherwise agreed by the parties in writing, the initial purchase price shall not be increased to reflect the value of any improvements to the Residence made by Borrower.

(C) In all events, Borrower shall be entitled to a return of the cash down payment, hereby agreed to be _____ (\$_____) which Borrower originally put down to purchase the Residence.

3. REPAYMENT OF LOAN.

3.1 Except as otherwise provided in this Agreement, the principal amount of the Loan, and any other amounts due under this Agreement and the Note, shall be due and payable, in full, at the option of the City and without notice or demand, upon the occurrence of any one or more of the following:

(a) A Sale of the Residence.

(b) Any modification or refinancing of the first trust deed encumbering the Residence made without the City's prior written consent (which consent the City is under no obligation to give).

3.2 If Borrower has fully complied with the terms and provisions of this Agreement, the Note and the Deed of Trust and is not in default on the twentieth (20th) anniversary of the date of the Note, then the entire unpaid principal amount of the Loan, together with all other amounts due under this Agreement and the Note, will be forgiven.

4. REPRESENTATIONS OF BORROWER.

Borrower hereby makes the following representations and warranties, each of which shall be true on the date of the execution of this Agreement:

(a) Borrower has been a resident of the City of Alhambra for the last two (2) continuous years preceding the date of this Loan Agreement.

(b) Borrower is a citizen or legal resident of the United States.

(c) Borrower has a gross income which does not exceed **eighty percent (80%)** of the Median Income for the Los Angeles/Long Beach PMSA.

(d) Borrower has personally advanced at least five percent (5%) of the down payment on the Residence.

(e) The purchase price of the Residence does not exceed **Three Hundred and Thirty Eight Thousand Two Hundred Dollars (\$338,200)** for Single Family homes and **Two Hundred Sixty Thousand Three Hundred Dollars (\$260,300)** for Town Homes and Condominiums.

(f) The Residence is located within the City of Alhambra.

(g) Borrower has secured independent financing in the form a mortgage loan in an amount sufficient to pay the balance of the purchase price of the Residence.

Should any of the foregoing representations and warranties not be true, this Agreement shall be void, and the entire principal amount of the Loan shall immediately become due and payable upon the demand of the City.

5. HOME LOAN PROGRAM.

This Loan Agreement is made pursuant and subject to the Cranston-Gonzalez National Affordable Housing Act Home Program (24 C.F.R. Part 92). Borrower acknowledges that participation in this Program, through the acceptance of this Loan, subjects the Borrower and the Residence to the terms and conditions of the Program. As part of this Program, Borrower understands and agrees, among other things,

(a) that Borrower shall utilize the Residence as a primary residence only,

(b) that Borrower shall maintain the Residence in accordance the specifications of the Program, and

(c) that Borrower shall not discriminate on the basis of race, color, creed, age, handicap, sex or national origin, in any sale, use, or occupancy of the Residence, and

(d) that City shall have the right to enter the Residence, upon reasonable prior notice, for the sole purpose of determining compliance with the terms and conditions of the Program.

6. DEFAULTS

If any one or more of the following events of default shall occur and shall not have been remedied:

(a) Any representation or warranty made by the Borrower in this Agreement or in any request or certificate of the Borrower furnished to City hereunder shall prove to have been incorrect in any material respect; and/or

(b) The Borrower shall default in the payment, when due, of any principal, interest, or other amount payable by Borrower with respect to the Residence, whether due under this Agreement, the Note or otherwise; and/or

(c) The Borrower shall default in the performance of any other obligation to be performed by it contained herein or in the Note;

Then, and in any such case, in addition to any other rights and remedies available to the City hereunder or at law or in equity or otherwise, City may declare the principal and any other amounts accrued on the Note to be forthwith due and payable, whereupon the same shall become forthwith due and payable, and/or City may immediately terminate its commitment hereunder.

7. GENERAL PROVISIONS

7.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the heirs, successors, assigns and representatives of the parties.

7.2 Entire Agreement. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof. In the event of any conflict between the terms of this Agreement and any other document entered into in furtherance of this Agreement, the terms of this Agreement shall prevail.

7.3 Attorneys' Fees. In the event of any legal proceeding arising out of or related to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs as set by the trier of fact.

7.4 Notices. All notices, requests, demands, consents and other communications required or permitted to be given under the terms of this Agreement shall be in writing addressed to the recipient party's Notice Address set forth below, and shall be deemed to have been duly given or made (a) if delivered personally (including commercial courier or delivery service) to the party's Notice Address, then as of the date delivered (or if delivery is refused, upon presentation), or (b) if mailed by certified mail to the party's Notice Address, postage prepaid and return receipt requested, then at the time received at the party's Notice Address as evidenced by the return receipt, or (c) if mailed by first class mail to the party's Notice Address, postage prepaid, then at the time received at the party's Notice Address. A party may only change its Notice Address by a notice given in the foregoing form and manner. Each party's initial Notice Address is as follows:

If to Borrower: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

“BORROWER”

“CITY”

City of Alhambra

By:

Michael A. Martin, Director
Development Services

EXHIBIT "A"
LEGAL DESCRIPTION

EXHIBIT "B"

NOTE SECURED BY DEED OF TRUST

\$35,000.00

_____, 2003
Alhambra, CA 91801

For value received the undersigned, _____ (jointly and severally, the "Borrower"), promise to pay the City of Alhambra at 111 South First Street, Alhambra, California 91801, or order, the sum of Thirty-Five Thousand and No/100 Dollars (\$35,000.00). The term of this Note is twenty (20) years, commencing on the date first set forth above. This Note is subject to and payable in accordance with the terms of that certain Loan Agreement between Borrower and the City of Alhambra, dated as of _____, 2003 (the "Loan Agreement").

This Note is secured by a Deed of Trust of the same date as this Note, executed by Borrower, as trustor, in favor of the City of Alhambra, as beneficiary. The holder of this Note will be entitled to the benefits of the security provided by the Deed of Trust and will have the right to enforce the covenants and agreements of the Borrower contained in the Deed of Trust and/or the Loan Agreement.

All sums due and payable hereunder are payable solely in lawful money of the United States of America. This Note shall, at the option of the holder hereof, become fully due and payable, without notice or demand, upon any default by Borrower in the performance of any obligation arising out of or under the Loan Agreement. If any attorney is engaged by the holder of this Note to enforce or construe any provision of this Note, or the Deed of Trust, or the Loan Agreement, then Borrower will immediately pay to the holder, on demand, all attorneys fees and other costs incurred by holder therein. All payments on this Note will be applied first to the payment of any costs, fees, or other charges incurred in connection with the enforcement of this Note; next, to the payment of costs, fees, or other charges, if any, arising under the Loan Agreement; then to the reduction of the principal balance.

Dated: _____, 2003

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

EXHIBIT "C"

City of Alhambra
111 South First Street
Alhambra, California 91801
Attn.: Nora Corona Hernandez

DEED OF TRUST

1. WITH ASSIGNMENT OF RENTS AS ADDITIONAL SECURITY

This DEED OF TRUST, made as of _____, 2003, between _____ and _____, as community property with right of survivorship, collectively called TRUSTOR, whose address is _____, Alhambra, California 91801, _____, a California Corporation, herein called TRUSTEE, and the City of Alhambra, herein called BENEFICIARY.

Trustor irrevocably grants, transfers and assigns to Trustee in Trust, with Power of Sale, that property in the City of Alhambra, County of Los Angeles California, described as:

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the Purpose of Securing (1) payment of the sum of Thirty-Five Thousand Dollars (\$35,000) with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured; (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A of that certain Fictitious Deed of Trust referenced herein, and it is mutually agreed that all of the provisions set forth in subdivision B of that certain Fictitious Deed of Trust recorded in the book and page of

Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumes	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	71-10-26	615	Sonoma	2067	427
Calveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Def Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego Series 5 Book 1964, Page 149774					

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties) are preprinted on the following pages hereof and are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge thereof does not exceed the maximum allowed by laws.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each County in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may, make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgement of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in the same manner and with the same effect as above provided for regarding disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his or her own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure

or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall Cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, 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 time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed 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 Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed 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 pledgees of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(9) The Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO CHICAGO TITLE COMPANY

The undersigned is the legal owner and holder of the note or notes and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidence of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated: _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.