

RECORDING REQUESTED AND  
WHEN RECORDED MAIL TO:

Economic Development Department  
County of Monterey  
168 W. Alisal Street, 3<sup>rd</sup> Floor  
Salinas, CA 93901  
Attention: Director

No fee document pursuant to  
Government Code Section 27383

*Space above for Recorder's use only*

APN:

Address:

DEED OF TRUST AND SECURITY AGREEMENT

THIS DEED OF TRUST AND SECURITY AGREEMENT ("Deed of Trust") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, among Trustor \_\_\_\_\_ ("Borrower"), whose address is \_\_\_\_\_, Trustee \_\_\_\_\_ ("Trustee"), and Beneficiary County of Monterey, a political subdivision of the State of California ("County").

Borrower, in consideration of the promises herein recited and the trust herein created, irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, the property located in the County of Monterey, State of California, described in the attached Exhibit A and more commonly known as: \_\_\_\_\_, California (the "Property").

TOGETHER with all improvements now or hereafter erected on the Property, and all easements, rights, appurtenances, and all fixtures now or hereafter attached to the Property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by this Deed of Trust; and

TOGETHER with all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefore, whether or not the same are, or shall be attached to said building or buildings in any manner; and all of the foregoing, together with the Property, is herein referred to as the "Security";

To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever;

TO SECURE to County the compliance with terms and conditions contained in that County of Monterey State HOME Program First Time Home Buyer Loan Agreement and Buyer's Occupancy and Financing Restriction Agreement (collectively, "Loan Agreement") and the repayment of the sums evidenced by that certain promissory note executed by Borrower in favor of County as of the date of this Deed of Trust (the "Note") as well as any promissory note executed by Borrower in favor of County subsequent to the Deed of Trust relative to the Property; and

TO SECURE the payment of all other sums advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained.

BORROWER AND COUNTY COVENANT AND AGREE AS FOLLOWS:

1. Owner's Estate. That Owner is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Security; that other than this Deed of Trust, the Security is encumbered only by: (a) that deed of trust executed by Owner in connection with a loan made to Owner by \_\_\_\_\_ (the "First Lender"), securing a promissory note executed by Owner in favor of the First Lender ("First Lender Note"), to assist in the purchase of the Property and (b) the Buyer's Occupancy and Financing Restrictions Agreement. Owner agrees to warrant and defend generally the title to the Security against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring County's interest in the Security. (As used in this Deed of Trust, the term "First Lender" shall include all successors and assigns of the First Lender.)

2. Repayment of Sums Owed on the Note(s). Borrower will promptly repay, when due, the principal required by the Note(s).

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

4. Hazard Insurance. Borrower will keep the Security insured by a standard fire and extended coverage insurance policy for such periods as County may require, in at least an amount equal to the replacement cost of the Security. In no event shall the amount of insurance be less than the amount necessary to prevent Borrower from becoming a co-insurer under the terms of the policy.

The insurance carrier providing this insurance shall be licensed to do business in the State of California and be chosen by Borrower subject to approval by County.

All insurance policies and renewals thereof will be in a form acceptable to County and will include a standard mortgagee clause with standard lender's endorsement in favor of County and in a form acceptable to County. County shall have the right to hold, or cause its designated agent to hold, the policies and renewals thereof, and Borrower shall promptly furnish to County, or its designated agent, the original insurance policies or certificates of insurance, all renewal notices and all receipts of paid premiums. In the event of loss, Borrower will give prompt notice to the insurance carrier and County or its designated agent. County, or its designated agent, may make proof of loss if not made promptly by Borrower. County shall receive thirty (30) days advance notice of cancellation of any insurance policies required under this section.

Unless County and Borrower otherwise agree in writing, insurance proceeds will be applied to restoration or repair of the Security damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds will be used to repay the loan evidenced by the Note, with the excess, if any, paid to Borrower. If the Security is abandoned by Borrower, or if Borrower fails to respond to County, or its designated agent, within thirty (30) days from the date notice is mailed by either of them to Borrower that the insurance carrier offers to settle a claim for insurance benefits, County, or its designated agent, is authorized to collect and apply the insurance proceeds at County's option either to restoration or repair of the Security or to repay the loan and all sums secured by this Deed of Trust.

If the Security is acquired by County, all right, title and interest of Borrower in and to any insurance policy and in and to the proceeds thereof resulting from damage to the Security prior to the sale or acquisition will pass to County to the extent of the sums secured by this deed of trust immediate prior to such sale or acquisition subject to the rights of the First Lender.

5. Preservation and Maintenance of Security. Borrower will keep the Security in good condition and repair and will not commit waste or permit impairment or deterioration of the Security.

6. Protection of County's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust or if any action or proceeding is commenced which materially affects County's interest in the Security, including, but not limited to, default under the deed of trust securing the Note, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then County, at its option and upon notice to Borrower, may make such appearances, disburse such sums and take such action as it determines necessary to protect County's interest, including but not limited to, disbursement of reasonable attorney's fees and entry upon the Security to make repairs.

Any amounts disbursed by County pursuant to this Section with interest thereon, will become an indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and County agree to other terms of payment, such amount will be payable upon notice from County to Borrower

requesting payment thereof, and will bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts will bear interest at the highest rate permissible under applicable law. Nothing contained in this Section will require County to insure any expense or take any action hereunder.

7. Inspection. County may make or cause to be made reasonable entries upon and inspections of the Security, provided that County has given Borrower reasonable notice of inspection.

8. Acceleration; Remedies. Upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust (including, but not limited to, the covenant to pay, when due, any sums secured by this Deed of Trust), the Loan Agreement or the Note, County, prior to acceleration, will provide notice by certified mail, return receipt requested, to Borrower specifying:

- (i) the breach;
- (ii) if the breach is curable, the action required to cure such breach;
- (iii) a date, not less than thirty (30) days from the date the notice is effective pursuant to Section 16 below, by which such breach, if curable, is to be cured; and
- (iv) if the breach is curable, that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums due under the Note and secured by this Deed of Trust, as well as sale of the Security.

The notice will also inform Borrower of Borrower's right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of default or any other defense of Borrower to acceleration and sale. If the breach is not curable or is not cured on or before the date specified in the notice, County, at its option, may:

- (a) declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by California law;
- (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, pursuant to the provisions for notice of sale found at California Civil Code Sections 2924, et seq., as amended from time to time; or
- (d) exercise all other rights and remedies provided herein, in the instruments by which the Borrower acquires title to 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.

County shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees.

9. Borrower's Right to Reinstate. Notwithstanding County's acceleration of the sums secured by this Deed of Trust, Borrower will have the right to have any proceedings commenced by County to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Security pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

- (a) Borrower pays County all sums which would be then due under this Deed of Trust;
- (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust, the Loan Agreement or Note;
- (c) Borrower pays all reasonable expenses incurred by County and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust the Loan Agreement or Note, and in enforcing County's and Trustee's remedies, including, but not limited to, reasonable attorney's fees; and
- (d) Borrower takes such action as County may reasonably require to assure that the lien of this Deed of Trust, County's interest in the Security and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

10. Forbearance by the County Not a Waiver. Any forbearance by County in exercising any right or remedy will not be a waiver of the exercise of any such right or remedy, nor shall acceptance by the County of any payment provided for in the Note constitute a waiver of the County's right to require prompt payment of any remaining principal and interest owed. The procurement of insurance or the payment of taxes or other liens or charges by County will not be a waiver of County's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

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

12. Reconveyance. Upon payment or forgiveness of all sums secured by this Deed of Trust, County will request Trustee to reconvey the Security and will surrender this Deed of Trust and the Note to Trustee. Trustee will reconvey the Security without warranty and without charge to the person or persons legally entitled thereto. Such person or persons will pay all costs of recordation, if any.

13. Substitute Trustee. County, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. The successor trustee will succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

14. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the

Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

"Hazardous Substances" shall mean those substances defined as toxic or hazardous substances or hazardous waste under any Environmental Law, and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.

"Environmental Law" shall mean all Federal and State of California laws that relate to health, safety or environmental protection.

Borrower shall promptly give County written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory County or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

15. Notice. Any notice, demand or communication under, or in connection with, this Note may be served by personal service, by electronic transmission, by facsimile or by mailing the same by certified mail in the United States Post Office, postage prepaid, and directed to:

County: County of Monterey  
Attn: Director, Economic Development  
168 W. Alisal Street, 3d Floor  
Salinas, California 93901

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

Notice shall be deemed satisfied within one (1) business day if provided by personal service, by electronic transmission or by facsimile. Notice shall be deemed satisfied within three (3) business days if provided by certified mail. Either County or Borrower may change such address by notifying the other Party in writing as to such new address as County or Borrower may desire used and which address shall constitute as the address until further written notice.

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

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

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

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

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

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust as of the date first written above.

BORROWERS:

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

Name: \_\_\_\_\_

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

Name: \_\_\_\_\_

EXHIBIT A  
Property Description



**ACKNOWLEDGMENT**

STATE OF CALIFORNIA )  
COUNTY OF MONTEREY ) SS.

On \_\_\_\_\_ before me, \_\_\_\_\_,  
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 \_\_\_\_\_

Name of Notary: \_\_\_\_\_

Commission Number: \_\_\_\_\_

(Seal)

Date Commission expires: \_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF CALIFORNIA )  
COUNTY OF MONTEREY ) SS.

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

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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 \_\_\_\_\_

Name of Notary: \_\_\_\_\_

Commission Number: \_\_\_\_\_

(Seal)

Date Commission expires: \_\_\_\_\_