

**CHAPTER 24
KARUK TRIBE HOUSING AUTHORITY
HOME LOAN PROGRAM
POLICY AND PROCEDURES**

I. Scope

The Karuk Tribe Housing Authority (KTHA), a Tribally Designated Housing Entity, wishes to establish fair, effective, and consistent policies and procedures for Karuk Tribal members and other Native Americans who are in need of home loan assistance. By using Native American Housing Assistance and Self-Determination Act (NAHASDA) funds, the KTHA will assist low and moderate income Native American families residing within the KTHA formula service area by providing home loan assistance for purchasing a home and necessary infrastructure construction.

Loans will be available each fiscal year. The amount allotted to the loan fund will be determined each fiscal year by the amount left from the previous year. Loans will be available for families whose income does not exceed 80% of median. Families whose income is between the 80-100% median will be eligible for the loan program, provided the ratio of loans within the 80-100% median does not exceed 20%. The KTHA shall not be obligated to continue the program when funds have been exhausted.

The KTHA will make funding available for this program for five consecutive years. All payments will be placed in a "revolving loan" fund at the KTHA.

II. Applicability

Funds will be utilized for first time home buyers purchasing or constructing homes, foundation and infrastructure costs only. Loans may not be used for debt consolidation. Home and related site work may not exceed the loan amount unless funding is obtained from a different source.

"Borrower" can only be considered eligible for the revolving loan program, combining multiple programs funded by the IHBG [such as down payment assistance] will not be allowed.

III. Qualifications

Applicant must be an enrolled member of the Karuk Tribe or other federally recognized Indian tribe.

Applicant must be residing within the Karuk Tribe Housing Authority formula area of Siskiyou or Humboldt County.

80% of all loans in the loan program will be for families at or below 80% of median income.

For the purposes of this program, annual income has one of the following meanings:

- (1) "Annual income" as defined for HUD's Section 8 programs in 24 CFR part 5, subpart F (except when determining the income of a homebuyer for an owner-occupied rehabilitation project, the value of the homeowner's principal residence may be excluded from the calculation of Net Family assets); or
- (2) Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:
 - (i) Wages, salaries, tips, commissions, etc;
 - (ii) Self-employment income;
 - (iii) Farm self-employment income;
 - (iv) Interest, dividends, net rental income, or income from estates or trusts;
 - (v) Social security or railroad retirement;
 - (vi) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
 - (vii) Retirement, survivor, or disability pensions; and
 - (viii) Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or
- (3) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.

KTHA will use the definition that best fits the needs of the Tribal member.

IV. Guidelines

The Karuk Tribe Housing Authority will be the title holder for a thirty year period starting from the close of escrow secured by a Deed of Trust. At the end of thirty years, the KTHA will transfer title to the purchaser if all payments including interest and penalties have been paid in full.

KTHA will carry the note at 2% interest for the loan term. Payments will be amortized over thirty years; payments shall be applied to interest first, tax and insurance impounds second and principle third.

Payments are due on the first day of each month. Payments made after the 15th day of the month in which it is due, will be assessed a late charge of 5% of the payment amount. If a homebuyer fails to make the required payment for two consecutive months, the KTHA will begin foreclosure in the appropriate court of jurisdiction.

In the instance where the "Borrower" owns the land and is borrowing funds for construction, the "Borrower" will be required to sign a note and deed of trust in the amount of the loan as security for the loan to the KTHA for the term of the loan effective the close of escrow.

Home shall be the primary residence. Applicants who are not first time homebuyers and have secured approval for assistance from the KTHA Housing Committee must agree to sell their existing home and apply a minimum of 80% of the proceeds from that sale to the loan on the home being financed by the KTHA.

"Borrower" will carry homeowners insurance for the term of the loan naming the KTHA as the lien holder and first insured. Insurance must be for no less than the amount owed to KTHA.

KTHA will not assume maintenance or rehabilitation responsibility for the home.

The Head of Household must be an enrolled member of the Karuk Tribe or other federally recognized Indian tribe.

Borrower debt to income ratio may not exceed 41%.

Borrower must have credit free from collections, excluding medical collections, and no bankruptcy filing within 5 years.

Borrower must have no less than two years continual employment at current income level.

Borrower will be responsible for obtaining appraisal. KTHA will loan 100% of appraised value or the purchase price, whichever is less.

Borrower may include closing costs and appraisal fees in the loan, provided the loan amount, including costs, is less than the appraised value. Under no circumstance will the loan amount be for more than the appraised value of the property. Any amount over the appraised value, will be the responsibility of the Borrower.

V. Priority

KTHA will identify the member families and/or individuals for consideration for the home loan program utilizing the following criteria.

1. Karuk Tribal Members
2. Other federally recognized tribal members

4. Living Conditions
5. Inability to obtain loan through standard mortgage market
6. Income criteria as outlined in section III.
7. Employment History
8. Credit Report
9. Date of Application

Additional criteria to be used to select recipients will include greatest need in relation to income, condition of existing dwelling, and non-eligibility for obtaining financing from other sources.

VI. Application Requirements

- 1) Applicant household must meet the qualifications as stated in Section III.
- 2) Applications are available at KTHA. The application may be requested by mail, telephone, fax, or email. Completed application forms must be submitted in person or by mail with original signatures.
- 3) Applications shall be processed and prioritized in accordance with the priorities listed in section V. The KTHA Housing Committee shall award two loans each fiscal year. Households not receiving a loan will be placed on a waiting list and shall not be required to reapply. However, the KTHA will require an annual verification and update of all information contained in the application. Information must be current and applicant must qualify at the time of award. The KTHA may require proof that family has applied for and been denied loans through private sector financial institutions.
- 4) The identity and status of all household members shall be verified through birth certificates, Social Security cards, drivers' licenses, marriage certificates, divorce decrees, adoption papers, baptismal certificates, affidavits and other such documents. In particular, if both parents of a child are not in the household, proof of custody must be provided if inclusion of child is a factor in determining eligibility.
- 5) An applicant shall be eligible to receive KTHA home loan assistance on a one-time basis. The Housing Committee may consider exceptions on a case-by-case basis. If the Housing Committee determines that an applicant qualifies for additional

assistance, the applicant must wait a minimum of three years from the date of determination.

- 6) The applicant must occupy the home within 30 days from the escrow closing date and must make this home their sole residence for no less than five years.
- 7) In the event Borrower sells the home before loan is paid in full, Borrower must repay said obligation to KTHA. In the event of death of Borrower, immediate family members will be allowed to assume the loan obligation. Immediate family members will be defined as spouse, child, grandchild, brother, or sister.
- 8) Notification shall be sent to applicants (in writing) of their eligibility status within 30 days of receiving the application. Eligible applicants shall be given an approximate time period when funding shall be available. Applicants who are denied assistance through this program may request a hearing before the KTHA Housing Committee within 20 days of the date of the denial letter. Hearings will be held within 60 days from receiving the request by KTHA.
- 9) If, at any time either during the application process or after purchase of the home, it comes to the attention of the KTHA and is determined that false, incomplete, or inaccurate information may have been provided regarding any eligibility factor, such information shall be investigated. If it is determined that fraud has been committed, the applicant shall be subject to penalties under applicable Federal, State, or Tribal laws. Such penalties may include but not be limited to, repayment of assistance that has been received or an application being withdrawn and deemed ineligible.

CHAPTER 24
KARUK TRIBE HOUSING AUTHORITY
HOME LOAN PROGRAM
GUIDELINES

I. Scope

The Karuk Tribe Housing Authority (KTHA), a Tribally Designated Housing Entity, wishes to establish fair, effective and consistent policies and guidelines for Karuk Tribal members and other Native Americans who are in need of home loan assistance. By using the Native American Housing Assistance and Self-Determination Act (NAHASDA) funds, the KTHA will assist low and moderate income Native American families residing within the KTHA formula service area by providing home loans for purchasing a home and necessary infrastructure construction.

The amount of the loans available each year may vary depending on the NAHASDA allocations for this program. Family income must be less than the median income as published by HUD, with a minimum of 80% of the loans available to those who have income less than 80% of the published median income. KTHA will award home loans each fiscal year when funds are available and shall not be obligated to continue the program when funds have been exhausted.

KTHA will make funding available for this program for five consecutive years. All payments will be placed in a "revolving loan" fund at KTHA.

II. Applicability

Funds may only be utilized for first-time home buyers purchasing or constructing homes, foundation and infrastructure. Loans may not be used for debt consolidation. Home and related site work may not exceed the loan amount unless funding is obtained from a different source.

Loans available for fee-simple land and will be secured by a Promissory Note and Deed of Trust with Title Insurance issued showing Karuk Tribe Housing Authority as Lien Holder. KTHA must be in first position, but may allow subordinated financing.

III. Qualifications

Applicant must be an enrolled member of the Karuk Tribe or other federally recognized Indian Tribe. Applicant must be residing within the Karuk Tribe Housing Authority formula area of Siskiyou or Humboldt Counties.

For the purposes of this program, annual income has one of the following meanings:

1. "Annual Income" as defined for HUD's Section 8 programs in 24CFR part 5, subpart F.
2. Annual Income as reported under the Census long-form for the most recent available decennial Census. This definition includes:

- i) Wages, salaries, tips, commissions, etc.
- ii) Self-employed income;
- iii) Farm self-employment income;
- iv) Interest, dividends, net rental income, or income from estates or trusts
- v) Social security or railroad retirement
- vi) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
- vii) Retirement, survivor or disability pensions; and
- viii) Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or

3. Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.

KTHA will use the definition that best fits the needs of the Tribal member.

IV. Guidelines

Loan approval for an applicant shall be valid for a period of six months. A request by the applicant for an extension of time beyond the six months must be in the form of a written request to the loan committee stating: 1) the steps that the applicant has taken toward the purchase of a home, 2) the time needed to complete the purchase, and 3) the funds needed to complete the purchase. Without written approval from the loan committee for an extension, the loan approval previously granted will expire. The applicant must then submit a new loan application for consideration.

1. Interest Rates available will be determined by the KTHA Housing Committee which may change from time to time
2. Term of the loan has a maximum of thirty (30) years.
3. KTHA will collect and impound an amount for property taxes, hazard insurance and flood insurance with each loan payment. Hazard Insurance will name KTHA as Mortgagee and conform to requirements of KTHA. KTHA to determine the impound amounts required.
4. Payments are due on the first of each month.
5. A Late Charge of Five Percent (5%) of the payment amount will be due if not paid by the 15th of the month in which the payment was due.
6. Borrower house payment shall not exceed 30% of adjusted gross income.
7. Borrower total debt-to-income ratio not to exceed 41%.
8. Borrowers must provide income verification for all members who are at least 18 years of age. KTHA will use income for all adult members to determine income eligibility as determined by NAHASDA guidelines.
9. Borrower must have two years continuous employment at current income levels.
10. Borrower shall not have any outstanding debt to KTHA or KT.
11. Borrower's credit must be free from collections, excluding medical collection, with no bankruptcy within five years. In the event of prior Bankruptcy, applicant to provide explanation for reason of bankruptcy, including all bankruptcy papers. Applicant must show that the situation that caused the bankruptcy was remedied and will not reoccur. Borrower's credit score must be a minimum of 600.
12. Applicant to have reestablished at least one credit account and have six months current and non-delinquent activity.
13. In the instance where the Borrower already owns the land and is borrowing funds for construction, the Borrower will be required to sign a Note and Deed of Trust in the amount of the loan to secure said property to the KTHA for the term of the loan.

14. KTHA will not be responsible for any maintenance or rehabilitation of the home.
15. Loan amount to be determined based on Appraisal or Purchase Offer, whichever is less. Closing costs and appraisal fees may be included in the loan if appraised value is higher than the purchase price. Under no circumstance will the loan amount be more than the appraised value.
16. Property must pass Environmental Assessment as ordered by KTHA.

V. Priority

KTHA will identify the member families and/or individuals for consideration for the home loan program utilizing the following criteria:

1. Karuk Tribal Members
2. Other federally recognized tribal members
3. Living conditions
4. Income criteria
5. Employment History
6. Credit report and history
7. Inability to obtain loan through standard mortgage market.
8. Date of Application

VI. Application Requirements

1. Applications must be submitted to KTHA with original signatures on documents.
2. Applicant must submit all information as requested by KTHA to be considered.
3. Applications shall be processed and prioritized in accordance with the priorities listed in Section V. Households not receiving a loan will be placed on a waiting list and shall not be required to reapply. KTHA, however, will require verification and update of all information contained in the application. Information must be current and applicant must qualify at the time of award. KTHA may require proof that family has applied for and been denied loans through private sector financial institutions.
4. The identity and status of all household members shall be verified through birth certificates, Social Security cards, drivers' licenses, marriage certificates, divorce decrees, adoption papers, baptismal certificates, affidavits and other such documents. In particular, if both parents of a child are not in the household, proof of custody must be provided if inclusion of child is a factor in determining eligibility.
5. The applicant must occupy the home within 30 days from the escrow closing date and must make this home their sole residence for not less than five years.
6. Loan Specialist may request additional information while processing the loan application. Applicant must submit all information requested prior to submission to Loan Committee.
7. Notification shall be sent to applicant concerning the approval or denial of their loan application. Applicants who are denied assistance through this program may request a hearing before the KTHA Housing Committee within twenty (20) days of the date of the denial letter. Hearings will be held within sixty (60) days from the date the request is received by KTHA.
8. Failure to submit complete information as requested, or submitting false, incomplete or inaccurate information may lead to denial of loan application. If it is determined that fraud

has been committed, the applicant may be subject to penalties under applicable Federal, State or Tribal laws.

-*****-

Recording Requested By:
Siskiyou County Title Co.

Escrow # _____

Return To:

Karuk Tribe Housing Authority
P O Box 1159
Happy Camp, CA 96039

AP No. _____

(Space above this line for Recorder's use)

DEED OF TRUST
Karuk Tribe Housing Authority
(NAHASDA)

THIS DEED OF TRUST is made this _____ by and between:
_____, (the "Trustor"),
Siskiyou County Title Company, (the "Trustee"), and
Karuk Tribe Housing Authority (the "Beneficiary").

The loan and Promissory Note which is secured by this Deed of Trust was made pursuant to the Native American Housing and Self Determination Act of 1997 (NAHASDA) (25 U.S.C. §§4101. et seq.), a federally funded program administered by the United States Department of Housing and Urban Development, Office of Native American Programs.

TRUSTOR, in consideration of the indebtedness recited and the trust created in this Deed of Trust, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Siskiyou, State of California:

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

Together with all the improvements now or hereafter erected on the property and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given in this Deed of Trust to Beneficiary to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights and water stock, 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 all of the foregoing, together with said property are referred to in this Deed of Trust as the "Property".

TO SECURE to Beneficiary: (a) repayment of the indebtedness evidenced by Trustor's Note of even date herewith made by Trustor and incorporated by reference in this Deed of Trust ("the Note"), in the principal sum of _____ with interest thereon according to the terms of the Promissory Note, payable to order of the Beneficiary, and extensions or renewals thereof, and payment of all other sums advanced to protect the security of this Deed of Trust, and the performance of the covenants and agreements of the Trustor contained in this Deed of Trust and in the Note; and (b) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured; and (c) 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.

Trustor covenants that Trustor is lawfully seized of the estate conveyed by this Deed of Trust. Trustor will warrant and defend generally the title to the Property 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 Beneficiary's interest of the property.

Trustor agrees 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 therefore; 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.

Trustor and Beneficiary covenant and agree as follows:

1. **Definition of Terms.** Capitalized terms as used in this Deed of Trust, unless defined herein, shall have the meaning as defined in the Note.
2. **Payment of Principal and Interest.** Trustor shall promptly pay when due the indebtedness evidenced by the Note, and the late charges as provided in the Note, and the principal of and interest on any advanced secured by this Deed of Trust.
3. **Funds for Taxes and Insurance.** Subject to applicable law, all yearly premium installments for property taxes, hazard insurance, flood insurance (if required), and mortgage insurance, if any, all as reasonably estimated initially and from time to time by Beneficiary on the basis of assessments and bills and reasonable estimates of these amount shall be paid to Beneficiary in monthly installments as determined by the Beneficiary sufficient to cover the premiums and payments as due from time to time.

Beneficiary shall determine at their sole discretion the monthly amount due from Trustor. Trustor shall pay said installments at the same time and place as directed with the normal monthly payment.

If the amount of the funds held shall become insufficient to pay taxes, assessments and insurance premiums as they fall due, Trustor shall pay any amount necessary to make up the deficiency within thirty (30) days from the date notice is mailed by such holder to Trustor requesting payment on these amounts.

4. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary under the Note and Sections 2 and 3 hereof shall be applied by Beneficiary in the following order to amounts owed by Trustor:
 - A. First, in payment of any interest due pursuant to the Promissory Note and this Deed of Trust.

- B. Second, in payment of any late charges, impound amounts, fees or advances made pursuant to the Promissory Note and this Deed of Trust.
 - C. Third, in payment of principal described in the Promissory Note.
5. **Occupancy.** Trustor shall occupy the Property conveyed by this Deed of Trust as Trustor's principal residence. This restriction includes, but is not limited to prohibition of Trustor's renting or otherwise leasing the Property, if in connection with such renting or leasing the Trustor ceases to occupy the Property as Trustor's principal residence. Trustor shall complete in a timely manner an occupancy certificate each year upon request by the Beneficiary.
 6. **Program Eligibility.** The loan to Trustor which is evidenced by the Note and accrued by this Deed of Trust is made pursuant to the NAHASDA Program and Karuk Tribe Housing Authority Home Loan Program. The Trustor's continuing eligibility for assistance under the Program will be reviewed at regular intervals by the Beneficiary. If as a result of any such review it is determined that the Trustor is no longer eligible to participate in said program, the Trustor shall make arrangements which are satisfactory to the Beneficiary to repay the balance of the Loan. Failure to promptly make such arrangements after receipt of notification of ineligibility shall constitute a default under the Note and this Deed of Trust.
 7. **Sale or Transfer of Property.** Before sale or transfer of title to the Property, the Trustor, or the Trustor's representative shall notify the Beneficiary of his or her intention to sell or otherwise transfer title. If Trustor transfers title, the entire Loan which is evidenced by the Note shall be immediately due and payable. Where title is transferred to, or otherwise altered to include or favor, a spouse or person signing the Note and such spouse or person resides on the Property conveyed in this Deed of Trust and is independently eligible to participate under the NAHASDA Program, the transfer or alteration in this title shall not result in acceleration of the Loan evidenced by the Note. Similarly, when a spouse or person signing the Note takes the title to the Property which secures this Deed of Trust by devise, descent or by operation of law upon the death of a joint tenant and such spouse or person resides on the Property and is independently eligible for assistance under the Program, the transfer of title shall not result in acceleration of the Loan evidenced by the Note.
 8. **Charges: Liens.** Trustor shall pay all taxes, assessments and other charges, fines and imposition attributable to the Property which may attain a priority over this Deed of Trust, in the manner provided under Section 3 hereof or, if not paid in such manner, by Trustor making payment, when due, directly to the payee thereof.
 9. **Hazard Insurance.** Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included with the term "extended coverage" and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require including as applicable, but not limited to, flood insurance as required under 24C.F.R. 1000.38(b).

All insurance policies and renewals thereof shall be in form acceptable to and shall include a standard mortgage clause in favor of and acceptable to the Beneficiary. In the event of a loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

Unless Beneficiary and Trustor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property 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 shall be treated as if received from a sale of the Property, or of that part of the Property damaged and shall be applied, in the manner described in Section 13 herein below to the sums secured by this Deed of Trust. If the Property is abandoned by Trustor, or if the 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.

Unless Beneficiary and Trustor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in Sections 2 and 3 hereof or change the amount of such installments. If under Section 22 hereof the Property is acquired by Beneficiary, all rights, title and interest of Trustor in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

10. **Preservation and Maintenance of Property; Condominiums; Planned Unit Developments; and Cooperatives.** Trustor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or a planned unit development, or on a share in a cooperative housing corporation, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents creating and governing a cooperative housing corporation. If a condominium or planned unit development rider is executed by Trustor and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and supplement the covenants and agreements of this Deed of Trust as if the rider were a part of this Deed of Trust.
11. **Protection of Beneficiary's Security.** If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action proceeding commenced which materially affects Beneficiary's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving bankrupt or decedent, then Beneficiary at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums and take such action as is necessary to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. If Beneficiary required mortgage insurance as a condition of making the Loan secured by this Deed of Trust, Trustor shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Trustor's and Beneficiary's written agreement or applicable law. Trustor shall pay the amount of all mortgage insurance premiums in the manner provided under Section 3 hereof.

Any amounts disbursed by Beneficiary pursuant to this Section 11, with interest thereon, shall become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts shall constitute future advances hereunder and shall be payable upon notice from Beneficiary to Trustor requesting payment thereof, and shall bear interest from the date of disbursement at the rate of ten percent (10%) per annum, unless payment of such interest at such rate would be contrary to applicable law, in which event such advances shall bear interest at the highest rate permissible under applicable law.

12. **Inspection.** Beneficiary may make or cause to be made reasonable entries upon and inspection of the Property, provided that Beneficiary shall give Trustor notice prior to any such inspection specifying reasonable cause therefore related to Beneficiary's interest in the Property. Such inspections shall include, without limitation, those made by Beneficiary as part of the periodic recertification of eligibility of Trustor's participation under the NAHASDA Program.
13. **Condemnation.** Proceeds of any award claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary.

In the event of a total taking of the Property, the proceeds shall be treated as if received from a sale of the Property. In the event of a partial taking of the Property, unless Trustor and Beneficiary otherwise agree in writing, the proceeds shall be treated as if received from a sale of that portion of the Property which is taken. Condemnation proceeds from a complete or partial taking shall be allocated in the following manner:

- A. First, in payment of any interest owing to Beneficiary pursuant to this Deed of Trust.
- B. Second, in payment of fees or advances made by the Beneficiary herein.
- C. Third, in payment of the principal described in the Note and in such order as Beneficiary may determine, or at the option of the 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 hereunder or invalidate any act done pursuant to such notice.
- D. Fourth, to the Trustor.

Unless Beneficiary and Trustor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the payments referred to in Section 2 and 3 hereof nor change the amount of such installments.

14. **Trustor Not Released.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release or modify, in any manner, the liability of the original Trustor or Trustor's successors in interest.
15. **Forbearance by Beneficiary Not a Waiver.** 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 a waiver of the Beneficiary's right to accelerate the maturity of the indebtedness by this Deed of Trust.

16. **Remedies Cumulative.** All remedies provided in this Deed of Trust are distinct and may be exercised concurrently, independently or successively.
17. **Successors and Assigns Bound; Joint and Several Liability; Captions.** The covenants and agreement 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 join and several. The captions and heading of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.
18. **Notice.** Except for any notice required under applicable law to be given in another manner: (a) any notice to Trustor provided for in this Deed of Trust shall be given by the mailing of such notice by certified mail addressed to Trustor at the Property Address or at such other address as Trustor may designate by notice to Beneficiary, and (b) any notice to Beneficiary shall be given by certified mail, return receipt requested, to Beneficiary's address stated in this Deed of Trust or to such other address as Beneficiary may designate by notice to Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.
19. **Governing Law; Severability.** This Deed of Trust shall be governed by the laws of California. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Note are declared to be severable.
20. **Trustor's Copy.** Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation.
21. **Transfer of the Property.** At the election of Beneficiary, all the sums secured by this Deed of Trust shall be immediately due and payable upon the occurrence of any one of the following:
 - A. Sale, conveyance or transfer of all or any part of the Property or any interest in it by means of one or more of the following: deed, contract of sale, lease, option, installment, land contract, or other instrument having the effect of transferring either the Trustor's equity or right of possession, now or in the future, excluding permitted transfers to a spouse or other person signing the Note in the manner described in Section 7 above.
 - B. Failure of the Trustor to occupy the Property as a residence unless such failure is due to circumstances beyond the reasonable control of Trustor.
 - C. The Trustor's default under any of the terms or provisions of this Deed of Trust.

In the event of such acceleration, Beneficiary shall mail Trustor notice of the acceleration in accordance with Section 18 hereof. Such notice shall provide a period of not fewer than thirty (30) days from the date the notice is mailed within

which Trustor may pay the sums declared due. If Trustor fails to pay such sums prior to the expiration of such period, Beneficiary may, without further notice of demand on Trustor, invoke any remedies permitted by Section 22 hereof.

22. **Acceleration; Remedies.** Except as provided in Section 21 hereof, upon Trustor's breach of the covenant to pay when due any sums secured by this Deed of Trust or upon Trustor's breach of any other covenant or agreement in this Deed of Trust of the Note incorporated by reference in this Deed of Trust, Beneficiary prior to acceleration shall mail notice to Trustor as provided in Section 18 hereof specifying: (1) the breach; (2) the action required to cure said breach; (3) a date not fewer than thirty (30) days from the date the notice is mailed to Trustor by which such breach specified in the notice may result in acceleration of the sums secured by this Deed of Trust and the sale of the Property. If the breach is not cured on or before the date specified in the notice, Beneficiary at Beneficiary's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 22, including but not limited to, reasonable attorney's fees.

Beneficiary shall also execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Beneficiary's election to cause the Property to be sold and shall cause such notice to be recorded in the County in which the Property or some part thereof is located. Beneficiary or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Trustor and to other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Beneficiary or Beneficiary's designees may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's Deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's Deed shall be prima facie evidence of the truth of the statement made herein. Trustee shall apply the proceeds of sale in the following order: (a) to all reasonable costs and expenses of the sale, including but not limited to reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust, as evidenced by the Note. As to the indebtedness evidenced by the Note, such sums secured by this Deed of Trust shall include the principal amounts stated in the Note (or the most recent recalculation of these amounts) and (c) the excess, if any, to the person or persons legally entitled thereto.

23. **Appointment of Receiver; Beneficiary in Possession.** Upon acceleration under Section 22 hereof or abandonment of the Property, Beneficiary, in person, or by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of, rent and manage the Property and to collect the rents of the Property. All rents collected by Beneficiary or the receiver shall be applied first to payment of costs of management of the Property and collection of rents, including but not limited

