

**NEVADA COUNTY  
DOWN PAYMENT ASSISTANCE PROGRAM  
PROMISSORY NOTE - SECURED BY A DEED OF TRUST**

(Amount)

Date: \_\_\_\_\_ Property Address:

**FOR VALUE RECEIVED**, the undersigned, Name of Borrower hereinafter called "Borrower(s)", and all successors and assigns, promise(s) to pay to the order of and for the benefit of Nevada County, hereinafter called "Lender," a political subdivision of the State of California, through its Down Payment Assistance Program, hereinafter called "the Program", or order, at 950 Maidu Avenue, Nevada City, CA 95959, in lawful money of the United States, the principal sum of Amount with simple interest on unpaid principal from the date of recordation until paid, at the rate of three percent (3%) per annum, hereinafter called "Loan". "County Loan Documents" shall mean, collectively, the Promissory Note ("Note") and Deed of Trust ("Deed").

**1. BORROWER'S OBLIGATION:** This Note evidences the obligation of the Borrower(s) to the Program for the repayment of funds loaned to Borrower(s) for the purpose of assisting in the **acquisition and/or construction** of that certain real property and any improvements thereon; hereinafter called "the Property", described in that certain Deed of Trust securing this indebtedness and dated of even date herewith.

Borrower(s) acknowledge(s) that this Note is given in connection with the purchase of the Property as part of the Nevada County's Down Payment Assistance Program. This Note is not automatically assumable but is subject to Section 711.5 of the California Civil Code which allows Nevada County to accelerate all amounts due under this Note if any subsequent sale or transfer of the Property of any kind does not comply with the provisions of this Note or the Deed of Trust securing it.

**2. REPAYMENT OF LOAN PRINCIPAL AND INTEREST:** No periodic payments are required hereunder. Borrower(s) agree(s) to pay the unpaid principal balance, unpaid accrued interest, and any other amounts due under this Note upon the earlier of:

- a. 30 years from the date of this Note; or
- b. Upon sale, transfer, rent or lease, or encumbrance of all or any interest in the Property without Lender's prior written consent, except for a transfer permitted in Paragraph 3.
- c. Upon Borrowers' failure to occupy the Property as Borrower's principal place of residence.

**3. OCCUPANCY;** Borrower and borrower's immediate family shall occupy

the Property as Borrower's principal place of residence during the term of the Note. Only with the County's written permission, a homeowner may be approved to rent their home to a Qualified Tenant household, defined as a tenant earning no more than 150% area median income as defined by the U.S. Department of Housing and Urban Development. The tenant must occupy the home as their primary residence. Maximum rent allowed to be charged cannot exceed 30% of 150% area median income, adjusted for bedroom size.

**4. PERMITTED TRANSFERS:** The Down Payment Assistance Loan is not assumable except under the following limited circumstances, provided that the Borrower or transferee, if appropriate, shall continue to occupy the home as a principal place of residence and the Borrower shall provide written notice of such transfer to the County:

- a. The transfer of the Property to the surviving joint tenant by devise, descent, or operation of the law, on the death of a joint tenant, or child of Borrower by devise or inheritance following death of the Borrower;
- b. A transfer of the Property where the spouse becomes an owner of the property;
- c. A transfer of the Property resulting from a decree of dissolution of marriage, legal separation, or from an incidental property settlement agreement by which the spouse becomes an owner of the Property.
- d. A transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.

**5. ACCELERATION OF PAYMENT:** The principal amount of this loan, together with any then outstanding accrued interest thereon, shall become immediately due and payable, at the option of the holder and without demand or notice, upon the occurrence of any of the following events:

- a. In the event of a default under the terms of this Note and the Deed of Trust.
- b. In the event that the Borrower shall cease to occupy the Property as Borrower's principal place of residence; or
- c. In the event of any sale, transfer, lease, or encumbrance of the Property without Lender's prior written consent in violation of Paragraph 3 of this Note.

**6. EFFECTS DUE-ON SALE CLAUSE:** Failure of the holder to exercise the option to accelerate payment as provided in Paragraph 4 of this Note will not constitute waiver of the right to exercise this option in the event of subsequent cause for acceleration. Failure by Borrower to occupy the Property as Borrower's principal place of residence shall be considered an on-going event of default under this Note.

**7. PLACE AND MANNER OF PAYMENT:** All amounts due and payable under this Note are payable at the principal office of the Lender set forth above, or at such other place or places as the Lender may designate to the Borrower in writing from time-to-time.

**8. APPLICATION OF PAYMENTS:** All payments received on account of this Note shall be first applied to accrued interest, if any, and the remainder shall be applied to the reduction of principal.

**9. ATTORNEY'S FEES:** The Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the Lender in the enforcement of this Note.

**10. DEFAULT AND ACCELERATION:** All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note. The Borrower agrees that the unpaid balance of the then principal amount of this Note, together with all accrued interest thereon and charges owing, shall, at the option of the Lender or, if so provided in this Note and Deed of Trust executed by the Borrower, shall automatically, become immediately due and payable, and thereafter until paid bear interest at the rate of % per annum, upon the failure of the Borrower to make any payment hereunder as and when due; upon the failure of the Borrower to perform or observe any other term or provision of this Note, or upon the occurrence of any event (whether termed default, event of default or similar term) which under the terms of the Deed of Trust, shall entitle the Lender to exercise rights or remedies thereunder

**11. NOTICES:** Except as may be otherwise specified herein, any approval, notice, direction, consent, request or other action by the Lender shall be in writing and must be communicated to the Borrower at the address of the Property, or at such other place or places as the Borrower shall designate to the Lender in writing, from time to time, for the receipt of communications from the Lender. Mailed notices shall be deemed delivered and received five (5) working days after deposit in the United States mails in accordance with this provision.

**12. PREPAYMENT POLICY:** Borrower may prepay this Note at any time without penalty.

**13. GOVERNING LAW:** This Note shall be construed in accordance with and be governed by the laws of the State of California.

**14. SEVERABILITY:** If any provision of this Note shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

**15. NO WAIVER BY THE LENDER:** No waiver of any breach, default or failure of condition under the terms of the Note or Deed of Trust shall thereby be implied from any failure of the Lender to take, or any delay by the Lender in taking action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure; and a waiver of any term of the Note, Deed of Trust, or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

**16. SUCCESSORS AND ASSIGNS:** The promises and agreements herein contained shall bind and inure the benefit of, as applicable, the respective heirs, executors, administrators, successors and assigns of the parties.

**THE BORROWER(S) HEREBY CERTIFY(IES) TO THE PROGRAM THAT THIS IS THE PROMISSORY NOTE DESCRIBED IN AND SECURED BY THE TRUST DEED COVERING THE REAL PROPERTY THEREIN DESCRIBED.**

**EXECUTED AT \_\_\_\_\_, CALIFORNIA**

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

**Address for Purpose of Notice:**

**Borrower Name**  
**Borrower Address**