RECORDING REQUESTED BY AND AFTER RECORDING RETURN TO:

[AFTER RECORDING RETURN TO NAME] [AFTER RECORDING RETURN TO ADDRESS]

(Space above this line reserved for Recorder's use)

Prepared by: [DOCUMENT PREPARER NAME] **APN:** [To be inserted]

DEED OF TRUST

(Residential — Three-Party Security Instrument with Power of Sale)

THIS DEED OF TRUST (this "Deed of Trust") is made and entered into as of (the "Effective Date"), by and among:

- **[TRUSTOR NAME]**, a Individual, whose mailing address is [TRUSTOR MAILING ADDRESS] (the "Trustor" or "Borrower");
- **[TRUSTEE FULL LEGAL NAME]**, whose address is [TRUSTEE ADDRESS] (the "Trustee"); and
- **[BENEFICIARY LENDER FULL LEGAL NAME]**, a Institutional lender, whose address is [BENEFICIARY ADDRESS] (the "Beneficiary" or "Lender").

Trustor, Trustee, and Beneficiary are each a "Party" and together the "Parties."

Recitals

A. Beneficiary has made, or is contemporaneously making, a loan to Trustor in the principal sum of **** () (the "Loan"), evidenced by a promissory note dated made by Trustor payable to Beneficiary (the "Note").

B. Trustor is the owner of the real property described in Section 2 below (the "Property") and desires to secure the Loan with a lien on the Property in favor of Beneficiary.

C. Beneficiary is unwilling to make the Loan unless Trustor grants this Deed of Trust conveying the Property to Trustee, in trust, with power of sale.

NOW, THEREFORE, in consideration of the Loan and the mutual covenants herein, the Parties agree as follows.

1. Grant in Trust

FOR AND IN CONSIDERATION of the Principal Amount of **** () lent by Beneficiary to Trustor, and for the purpose of securing: (a) payment of the Note and all renewals, extensions, modifications, and

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replacements thereof; (b) payment of all sums advanced by Beneficiary to protect the Property or enforce this Deed of Trust; and (c) performance of every covenant and agreement of Trustor under this Deed of Trust and the Note (collectively, the "Secured Obligations"):

Trustor **IRREVOCABLY GRANTS, TRANSFERS, CONVEYS, AND ASSIGNS** to Trustee, **IN TRUST, WITH POWER OF SALE**, the real property described in Section 2, together with all improvements now or hereafter erected thereon, and all easements, appurtenances, rents, royalties, mineral rights, water rights, and fixtures now or hereafter a part of the Property. All replacements and additions shall also be covered by this Deed of Trust. All of the foregoing is collectively referred to as the "Property."

2. Property Description

The Property is located in the County of [COUNTY WHERE PROPERTY IS LOCATED], State of [STATE], commonly known as:

> ***[PROPERTY STREET ADDRESS]***

and more particularly described as:

> *[LEGAL DESCRIPTION]*

Occupancy: Primary Residence.

3. Borrower's Covenants and Warranty of Title

Trustor covenants, represents, and warrants to Beneficiary that:

1. Trustor is the lawful owner of the estate hereby conveyed and has the right to grant and convey the Property;
2. The Property is free and clear of all liens and encumbrances except those expressly disclosed to Beneficiary in writing before the Effective Date and any encumbrances of record;
3. Trustor will forever warrant and defend the title to the Property against all lawful claims and demands;
4. Trustor has not performed and will not perform any act to encumber the Property except as permitted by this Deed of Trust; and
5. Trustor will execute such further assurances of title as Beneficiary may reasonably require.

4. Promise to Pay

Trustor, for value received, promises to pay to Beneficiary the Principal Amount, together with interest, fees, and all other sums due under the Note and this Deed of Trust, on the terms set forth herein. Trustor shall pay all sums payable hereunder without abatement, set-off, or counterclaim.

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5. Interest and Payment Schedule

Fixed interest rate. The Principal Amount shall bear interest at a fixed rate of **7% per annum**, calculated from the Effective Date and accruing until the Principal Amount and all accrued interest are paid in full, before and after maturity, and before and after default.

Monthly installments. Trustor shall pay consecutive monthly installments of **** each, due on the 1st day of each month, commencing on the first such day after the Effective Date. Payments shall be made to Beneficiary at [ADDRESS WHERE PAYMENTS ARE SENT], or at such other place as Beneficiary may designate by written notice.

Maturity. The remaining balance of the Principal Amount, all accrued and unpaid interest, and any other sums secured by this Deed of Trust shall be due and payable in full on **** (the "Maturity Date"), unless earlier accelerated.

Application of payments. Payments shall be applied first to interest at the Interest Rate, and then to principal. Upon default, Beneficiary may apply payments in such order as it elects in its sole discretion.

Default rate. Upon the occurrence and during the continuance of an event of default, the Principal Amount shall bear interest at a default rate of **10% per annum**.

Late fees. If any installment is not paid within 15 days of its due date, Trustor shall pay a late fee equal to **5%** of the overdue amount.

Prepayment. Trustor may prepay all or any portion of the Principal Amount at any time without penalty.

6. Taxes, Assessments, and Encumbrances

Trustor shall pay when due all taxes, assessments, charges, fines, and other impositions attributable to the Property, all utility charges, and all existing and future liens and encumbrances on the Property. Upon Beneficiary's request, Trustor shall furnish receipts evidencing such payments.

7. Funds for Escrow Items

Trustor shall pay to Beneficiary, together with each monthly installment, an amount (the "Funds") sufficient to provide for payment of: (a) real property taxes and assessments; (b) ground rents or lease payments, if any; (c) premiums for hazard, flood, and other insurance required under this Deed of Trust; and (d) premiums for any mortgage or private mortgage insurance. Beneficiary shall hold the Funds in an escrow account, shall apply the Funds to pay the Escrow Items when due, and shall not charge Trustor for holding or applying the Funds except as permitted by applicable law.

Annual analysis. Beneficiary shall provide Trustor an annual accounting of the escrow account. If the Funds held exceed the amount required, Beneficiary shall refund the surplus to Trustor. If the Funds are insufficient, Trustor shall pay the deficiency within the time specified by Beneficiary.

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RESPA compliance. The escrow account is administered in accordance with the Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. §2601 et seq., and Regulation X, 12 CFR Part 1024. Any escrow surplus exceeding $50 shall be refunded to Trustor within 30 days of the annual escrow analysis.

8. Property Insurance

Trustor shall keep all improvements on the Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards as Beneficiary may require — including, at Beneficiary's option, earthquake and flood — in amounts and with insurers reasonably acceptable to Beneficiary, and in any event at not less than full replacement cost. Each policy shall (a) name Beneficiary as mortgagee and loss payee under a standard mortgage clause; (b) provide that it may not be canceled without at least thirty (30) days' prior written notice to Beneficiary; and (c) upon request, be delivered to Beneficiary together with paid premium receipts.

Force-placed insurance. If Trustor fails to maintain the required coverage, Beneficiary may obtain coverage at Trustor's expense, and any amount so advanced shall be added to the Principal Amount.

Application of proceeds. Insurance proceeds shall be applied first to restoration if economically feasible, and otherwise to the Secured Obligations.

9. Repair, Maintenance, and Vacancy

Trustor shall maintain the Property in good order, condition, and repair; shall not commit or permit waste; shall promptly make all necessary repairs; and shall not abandon or permit the Property to become vacant for more than thirty (30) consecutive days without Beneficiary's prior written consent.

10. Due-on-Sale (Transfer of Property)

Trustor shall not sell, convey, transfer, assign, lease for more than three (3) years, or otherwise encumber all or any part of the Property or any interest therein without Beneficiary's prior written consent. Any such transfer without consent shall constitute an event of default, and Beneficiary may, at its option, declare all Secured Obligations immediately due and payable.

Garn-St. Germain exemptions. Pursuant to the Garn-St. Germain Depository Institutions Act (12 U.S.C. §1701j-3(d)), Beneficiary shall not exercise its due-on-sale rights upon: (a) transfer by devise, descent, or operation of law upon the death of a joint tenant; (b) the granting of a leasehold of three (3) years or less without an option to purchase; (c) a transfer to a relative resulting from the death of the Borrower; (d) a transfer where the spouse or children of the Borrower become owners; (e) a transfer resulting from a decree of dissolution of marriage; or (f) a transfer into an inter vivos trust in which the Borrower remains a beneficiary.

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11. Substitution of Trustee

Beneficiary may, from time to time, remove the Trustee and appoint a successor trustee by executing and recording a Substitution of Trustee in the real property records of the county where the Property is located. No consent of Trustor is required.

12. Default and Acceleration

Events of default. Any of the following shall constitute an event of default under this Deed of Trust:

1. Failure to make any payment under the Note or this Deed of Trust when due;
2. Unauthorized sale, transfer, encumbrance, or lease of the Property;
3. Failure to maintain required insurance, pay required taxes, or perform any other covenant;
4. Trustor's death, incompetency, insolvency, or bankruptcy;
5. Any material misrepresentation by Trustor in connection with the Loan;
6. Waste, abandonment, or material damage to the Property not promptly repaired; or
7. Breach of any other covenant in the Note or this Deed of Trust.

Acceleration. Upon an event of default and after any notice and cure period required by applicable law, Beneficiary may declare all Secured Obligations immediately due and payable and invoke any remedy permitted by this Deed of Trust or applicable law, including the Power of Sale.

13. Power of Sale and Foreclosure

Upon the occurrence of an event of default, Beneficiary may elect to cause the Trustee to sell the Property at public auction pursuant to the **Power of Sale** expressly granted herein and in accordance with the non-judicial foreclosure procedures of the State of [STATE]. The procedure shall include (as required by applicable law): recordation of a Notice of Default; the applicable statutory waiting period; publication and posting of a Notice of Sale; public auction to the highest bidder; and delivery of a Trustee's Deed to the purchaser.

14. Borrower's Right to Reinstate

Notwithstanding the acceleration of the Secured Obligations, Trustor shall have the right to reinstate the Loan at any time prior to the earlier of (a) five (5) business days before the date of the non-judicial foreclosure sale (or such other period as applicable state law requires), or (b) entry of a judgment of foreclosure, by paying to Beneficiary: (i) all sums that would then be due under the Note and this Deed of Trust had no acceleration occurred; (ii) all reasonable costs and expenses incurred by Beneficiary and Trustee in enforcing this Deed of Trust; and (iii) any other amounts required to reinstate by applicable law.

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15. Condemnation

Any award or compensation for any taking of all or any part of the Property by condemnation, eminent domain, or similar proceeding is hereby assigned to Beneficiary and shall be applied to the Secured Obligations, with any excess paid to Trustor.

16. Reconveyance

Upon payment in full of all Secured Obligations, Beneficiary shall surrender this Deed of Trust and the Note to Trustee, request reconveyance, and Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. Trustor shall pay all recordation costs.

17. Notices

All notices under this Deed of Trust shall be in writing and delivered (a) by hand; (b) by nationally recognized overnight courier; or (c) by certified mail, return receipt requested, to the applicable address stated in the preamble or such other address as a Party may designate by written notice.

18. State-Specific Compliance Notices

Servicemembers Civil Relief Act notice. The SCRA, 50 U.S.C. §3901 et seq., caps interest at 6% on pre-service obligations and bars non-judicial foreclosure against an active servicemember without a court order.

19. General Provisions

Governing Law. This Deed of Trust shall be governed by the laws of the State of [STATE] and applicable federal law.

Successors and assigns. This Deed of Trust shall bind and benefit the Parties' respective heirs, successors, and assigns.

Severability. If any provision is held unenforceable, the remainder shall continue in full force and effect.

No waiver. No delay or omission by Beneficiary in exercising any right shall impair such right.

Cumulative remedies. All remedies are cumulative and not exclusive.

Entire agreement. This Deed of Trust, together with the Note, constitutes the entire agreement of the Parties with respect to the security for the Secured Obligations.

Amendments. This Deed of Trust may be amended only by a written instrument executed by all Parties and recorded.

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20. Signatures and Acknowledgment

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the Effective Date.

Trustor / Borrower

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

Notary Acknowledgment

State of [STATE] County of [COUNTY WHERE PROPERTY IS LOCATED]

On this _____ day of _____**, 20**, before me, the undersigned notary public, personally appeared **[TRUSTOR NAME]**, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument.

I certify under PENALTY OF PERJURY under the laws of the State of [STATE] that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public: _____ Printed name: _____ My commission expires: _____

[Notary Seal]

This Deed of Trust is intended for recordation in the real property records of [COUNTY WHERE PROPERTY IS LOCATED] County, [STATE].

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