



P.O. Box 260
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Mammoth Lakes, CA 93546
(760) 934-4740

**TOWN OF MAMMOTH LAKES
MAMMOTH LAKES HOUSING, INC.
HOMEBUYER ASSISTANCE PROGRAM**

LOAN AGREEMENT

This agreement is entered into this _____ day of _____, 2006 by and between the Town of Mammoth Lakes, hereinafter referred to as "Lender" and _____, hereinafter referred to as Borrower(s) who is/are the buyer(s) of the residential dwelling located at _____, California, hereinafter referred to as Dwelling.

This agreement is made for the purpose of assisting the Borrower(s) to purchase the Dwelling with funds provided by the Lender under its Homebuyers Assistance Program.

PURPOSE OF LOAN

The loan shall be used as down payment assistance, mortgage subsidy, to reduce the monthly payment for principal, interest, taxes and insurance to an affordable level of household income, and/or to assist with closing costs and prepaid expenses.

SAMPLE

LOAN CONDITIONS

The lender agrees to loan to the Borrower the amount of \$ _____ to be used solely for the purpose of the Loan.

The total Loan amount of \$ _____ shall be a Deferred Payment loan subject to the following conditions:

- The Loan shall be free of interest
- The Loan will have an interest rate between 0% and 3%

Repayment of the Deferred Payment Loan principal shall be deferred for thirty (30) years from the date of this Agreement, beginning with the first month of the thirty-first year, the Deferred Payment Loan principal shall be repayable at the rate of \$ _____ per month for 179 months, with a final payment of \$ _____ in the 180th month.

The Deferred Payment Loan principal shall become immediately due and payable at such time as either:
(1) the Borrower or approved family member ceases to maintain continuous residence on the property
or
(2) title to the property is transferred

The Borrower may, with permission of the Lender, make payments to the Lender for the purpose of diminishing the Deferred Payment Loan principal.

Without the written consent of the Lender, this Agreement is not assignable by the Borrower either in whole or in part.

Time is the essence of this Agreement.

No alteration or variation of the terms of the Agreement shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

SECURITY

At the time of loan closing, the Borrower shall deliver to the Lender or its agent, the following documents:

- An executed and legally binding Promissory Note for the loan amount stated. Such Promissory Note shall be payable to, and in a form approved by the Lender.
- An executed, legally binding and recordable security over the property. Such security shall give the Lender the best available lien over the property to protect the Lender's interests under this Agreement, shall be in a form approved by the Lender and shall require the Borrower to maintain the property in a good state of repair to insure the property and to pay all taxes levied on the property.

LOAN CLOSING

The date of loan closing shall be the date upon which the lien is recorded.

TERMINATION FOR DEFAULT

If the Borrower fails to perform the covenants herein contained and in the manner herein provided, the Lender may terminate this Agreement by written notice to the Borrower.

If this Agreement is terminated by the Lender before the loan closing date, the Lender shall be relieved of any obligation which it may have hereunder.

If this Agreement is terminated by the Lender after the loan closing date, the Borrower shall immediately become liable for repayment to the Lender of its designee the outstanding principal at the date of termination.

TERMINATION BY EITHER PARTY FOR CONVENIENCE

Prior to incurring any expenditure, either party may terminate this Agreement by giving fifteen (15) days prior written notice to the other.

If this Agreement is terminated by either party before the loan closing date, both parties shall be relieved of all obligations hereunder.

If this Agreement is terminated by either party after the loan closing date, the Borrower shall immediately repay to the Lender, or its designee, any funds expended as of the date of termination.

DISALLOWED EXPENDITURES

Any expenditures which are not authorized by this Agreement and can not be adequately documented shall be disallowed and must be reimbursed to the Lender of its designee by the Borrower.

Absent fraud, mistake or arbitrariness, the determination by the Lender or its designee of the allowability of any expenditure shall be final.

RECONVEYANCE

When the loan is paid in full, a Reconveyance will be executed by the Lender. The Reconveyance will be recorded on behalf of the Borrower at the Lender’s expense.

INSURANCE

The applicant shall maintain fire insurance adequate to cover all encumbrances on the property for the term of the loan. The Lender shall be designated as loss payee for the amount the loan. A statement of loss payee shall be forwarded to the Lender and included in the Borrower’s file.

In areas designated by HUD as flood prone, Borrower is required to maintain flood insurance in an amount adequate to secure the loan. This policy must designate the Lender as loss payee.

MAINTENANCE AGREEMENT OWNER-OCCUPANT

Borrower must maintain this property in the condition and level in which it was purchased, or better, for a minimum of five years. Should the property not be maintained accordingly, the loan will become due and payable, and if necessary, foreclosure proceedings will be instituted.

PROOF OF OCCUPANCY

Borrower shall be required to submit proof of occupancy and statement of use to the Town of Mammoth Lakes / Mammoth Lakes Housing, Inc. each year between January 1 and 31, beginning on the date noted above. A letter will be sent to the Borrower requesting the information.

Consistent with the Beneficiary’s commitment to Fair Housing, applicants will not be discriminated against because of race, color, religion, sex, handicap, familial status, or national origin.

(Borrower)

Date

(Borrower)

Date

Town of Mammoth Lakes / Mammoth Lakes Housing, Inc.
By: _____
(Lender)