



Funding Partners

EHOP® Down Payment Assistance
Eligibility Notice

Employer: Town of Eagle

IMPORTANT MORTGAGE LOAN INFORMATION, PLEASE READ CAREFULLY!

This disclosure notice is given to you in connection with your application for down payment and closing cost assistance through the employer-sponsored Employee Home Ownership Program (EHOP). The purpose of this disclosure notice is to explain how the Program for which you applied operates.

THIS DISCLOSURE NOTICE IS NOT A RESTATEMENT OF, A REPLACEMENT FOR, OR A PART OF ANY LOAN COMMITMENT, PROMISSORY NOTE, DEED OF TRUST OR OTHER DOCUMENT YOU MAY SIGN. IT IS IMPORTANT FOR YOU TO BECOME FAMILIAR WITH AND UNDERSTAND THE PROVISIONS OF ALL SUCH DOCUMENTS BEFORE SIGNING THEM.

1. Description of Program

The Program for which you have applied is intended to help you obtain money to use as a down payment for the purchase of a home. In order to purchase this home, you will be obtaining a first mortgage loan from your primary lender. EHOP is designed to assist you with a portion of any down payment and closing costs required by the primary lender in order to complete the purchase transaction.

The details of how the loan operates are described below and also in the loan documents. Your loan will mature in fifteen (15) years, and you will not have to make any payments of principal or interest until such time that your loan becomes subject to repayment. All outstanding principal, accrued interest and all applicable fees will become due and payable in full should any of the following events occur: (a) you no longer occupy the home as your primary residence, or (b) you transfer or sell any part of your interest in the home or you permit your primary lender or anyone else to start foreclosure proceedings against the home, or (c) you die, or (d) you refinance any mortgage executed in conjunction with this purchase transaction, or (e) you fail to make any payment to your primary lender or to us when due, or (f) you fail to perform any of the requirements under your primary loan documents or under our loan documents, or (g) you use the home as collateral for any other loan or indebtedness other than for your first mortgage loan or this loan, or (h) you allow the home to be used in any manner that results in a violation of any applicable ordinance, law, regulation or zoning rule.

2. Employer Eligibility Requirements

Your employer has established certain additional requirements for continued participation in EHOP, though additional requirements may be imposed prior to initial referral to the program. Upon notification from your employer that you are in violation of any such ongoing requirements, Funding Partners will notify you in writing that your loan is subject to repayment in equal monthly installments to satisfy the unpaid balance of your loan, plus interest, over the remaining term of your loan. Your employer has established that all eligible employees must: (a) maintain regular full-time employment (b) maintain at least a “Satisfactory” performance rating; and, (c) abide by all terms of this agreement.

3. Payment Date

You will not have to make any monthly or periodic payments of principal or interest until repayment occurs for any such occurrence as identified in Paragraphs 1 and 2. Upon event of repayment, you shall be notified by Funding Partners of the original principal balance less any amounts forgiven, the Note interest rate, as identified within the Promissory Note, monthly payment amount and payment due date. Interest shall be retroactively applied from the date of loan origination on the principal balance. Should your loan be subject to periodic repayment, as described above, Funding Partners will mail monthly statements that display the total amount due, current balance and due date. Due dates will typically fall on the 5th day of every month, commencing not less than sixty (60) days after you have been notified you are in default of Employer Eligibility Requirements under EHOP. Principal and accrued interest shall be payable monthly in an amount sufficient to fully amortize the loan upon maturity of the note. You may pay off the amount owing under this loan at any time without penalty.

4. Interest Rate Index

The rate at which interest accrues under this program shall be fixed for the entire term of the loan and is based upon the lowest of the most recently available interest rates available from the current Wall Street Journal Prime interest rate at the time of your loan application. Interest shall not accrue until event of repayment occurs as described in Paragraph 1. If you are not required to repay your loan due to loss of eligibility as identified in Paragraph 2, your loan will not accrue interest and you will not be charged interest at the time of full repayment.

5. Increases in the Unpaid Loan Balance

You will not be required to make any monthly or other payments of principal or interest under your loan until your loan becomes subject to repayment. Therefore, all interest due from the time of your loan closing will be automatically added to the unpaid loan balance when calculating the subsequent monthly payment or balance to satisfy the loan in full. All outstanding principal and interest will be payable in full upon maturity.

6. Loan Term

The loan will have a term of 15 years.

7. Demand Feature

As long as you keep your promises and agreements under the terms of your loan documents, we will not have the right to call your loan immediately due and payable at our option. However, Funding Partners reserves the right to exercise all remedies due, including demand of full payment should you commit an event of default under your loan documents.

IMPORTANT - PLEASE SIGN ONE COPY OF THIS DISCLOSURE AND RETURN IT TO US

I/We acknowledge receiving and reading the above disclosure notice.

«bor_first_name» «borrower_initial» «bor_last_name» Date

«cobar_first_name» «coborrower_initial» «cobar_last_name» Date



PROMISSORY NOTE

Funding Partners
Town of Eagle
Employee Home Ownership Program®

Borrower(s) «bor_first_name» «borrower_initial» «bor_last_name» Date: «est_closing_date»
 «cobor_first_name» «coborrower_initial» «cobor_last_nan
 (Referred to below as “T” , “me”, or “my”)

Property address: «subject_address» Loan Number: «filename»
 «subject_city», «subject_state» «subject_zip»

1. **BORROWER’S PROMISE TO PAY**
In return for a loan that I have received (the “Loan”), I promise to pay U.S. \$«loan_amount».00 (this amount is referred to as “Principal”), plus interest, to the order of the Lender. The Lender is Funding Partners for Housing Solutions, Inc, a Colorado not-for-profit corporation. The Lender, its’ designee, or any party that accepts this Note by transfer and who is entitled to receive payments under this Note is called the “Note Holder”.
- (A) **Loan Authority**
The loan evidenced by this Note is being made pursuant to an appropriation of funds as a benefit from my employer to facilitate the purchase of my primary residence. Eligibility for this benefit is described within documents provided by my employer.
- (B) **Use of Funds**
The Loan is being made in order to assist Borrower(s) in purchasing the real property described above (the “Property”) by financing that portion of the down payment, closing costs and pre-paid items directly related to this transaction to the extent allowable under the maximum loan amount and minimum Borrower contribution authorized under the Lender program.
2. **INTEREST**
This loan will carry an implied interest rate of «note_rate»% per annum. Interest shall not accrue until event of repayment occurs, as described below. In the event of repayment the interest shall be retroactively applied from the date of the loan origination. The interest rate shown above is the rate I will pay both before and after any default hereunder. Interest will be charged on unpaid principal until the full amount of principal has been paid.
3. **PAYMENTS**
- (A) **Time and Place of Payments**
I will not have to make any payments of principal or interest until any such occurrence as identified in Paragraph (B), below. Upon notification of any repayment event, you will advise me in writing of my outstanding principal balance, accrued interest and any fees due at that time. Any unpaid balance of principal and interest owing under this note shall be payable in full on the maturity date, which is «maturity_date».
- I will make payments at the office of Funding Partners (“Note Holder” as described in Section 1 above), whose office is located at **214 S. College Avenue, 2nd Floor, Fort Collins, CO 80524**, or at a different place if required by the Note Holder.
- (B) **Acceleration of This Note**
Lender may accelerate and declare all Note principal and accrued interest to be immediately due and payable in full upon notification of any of the following events: (a) I no longer occupy the Property as my primary residence or do not occupy the Property as my primary residence within sixty days of the execution of this Note; (b) I use the Property as collateral for any loan or indebtedness other than those Senior Lien Instruments executed at the time of this Note (defined in Section 8 below); (c) I transfer or sell any part of my interest in the Property; (d) I refinance any indebtedness due under and secured by a Senior Lien Instrument, or any portion of sums due under this Note; (e) I allow the property to be used in any manner that violates any laws, regulations or ordinances relating to zoning, building or health, or I allow the Property to be used for any purpose that may be determined to be illegal under any applicable law, regulation or ordinance; (f) If I die, my estate must settle this claim; (g) I fail to make any payment when due under this Note or otherwise fail to comply with terms of this Note; or (h) I am no longer eligible for this benefit from my employer.
- (C) **Partial Release for Catastrophic Events**
In the event of a Catastrophic Event resulting in a bona fide sale of the Property to a party not related to or affiliated with me, the Lender agrees to release and cancel the Subordinate Security Instrument (defined Section 10 below) upon payment to the Lender of the lesser of (i) all amounts owed to the Lender pursuant to the terms of the Note and the Subordinate Security Instrument, or (ii) all sale proceeds in excess of the amount owed to the Senior Lien Holder(s) (defined in Section 8 below) in accordance with the Senior Lien Security Instrument(s) (defined in Section 8 below) on the Property. The Lender shall have the right to require such verification and substantiation as the Lender shall deem necessary prior to any release of the Subordinate Security Instrument. Provided, however, the Lender’s obligation to release and cancel the Subordinate Security Instrument for a Catastrophic Event shall only remain effective during such time as the Combined Loan-to-Value Ratio exceeds 100%.
- For the purposes of this paragraph (C):
- (i) The term “Catastrophic Event” shall mean my death or divorce, or an Extended Illness, occurring during the term of the Note, which event directly results in a verifiable financial hardship requiring me to sell the Property;
- (ii) The term “Extended Illness” shall mean a serious accident or injury rendering me or my spouse, or an adult family member who is primarily dependent upon me for his or her support, unable to engage in meaningful employment for a period in excess of ninety (90) days; and
- (iii) The term “Combined Loan-to-Value Ratio” shall mean the sum of amounts owed to Senior Lien Holder(s) in accordance with the Senior Lien Security Instrument(s) on the Property combined with the amount owed pursuant to the Note and the Subordinate Security Instrument and total amounts owed under all subsequent Subordinate Security Instruments, if applicable, for the purchase of the Property executed at the time of this transaction. Such sum shall then be divided by the fair market value of the Property, as determined by a recent Residential Valuation Report completed by a duly licensed Colorado appraiser, to achieve a final Combined Loan-to-Value Ratio. Lender shall reserve the right to dispute the valuation determination contained within any such Report and may elect, at it’s sole discretion and expense, to provide an alternative Residential Valuation Report from an accredited source in determining final disposition of this Subordinate Security Instrument.
4. **BORROWER’S RIGHT TO PREPAY**
I have the right to make payment of all principal, accrued interest and other applicable fees or charges at any time before they are due without paying any prepayment charge.
5. **LOAN CHARGES**
If any law, which applies to this loan and which sets maximum loan charges, provides that the interest or other charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such interest or loan charge shall be reduced by the amount necessary to reduce the interest or rate charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a reduction of the original principal due under this Note.
6. **GIVING OF NOTICES**
Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

7.

OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.
8.

SUBORDINATION

I acknowledge that the indebtedness evidenced by this Note, and any other financial obligation which may hereafter be imposed on me by the Lender, is subordinate to the indebtedness evidenced by a note payable to a senior lender, which note is secured by a first mortgage of deed of trust on the Property (the “First Lien Security Instrument”). The holder of such First Lien Security Instrument shall be hereafter referred to as the Senior Lien Holder.

Subsequent obligations that I enter into, which require a lien position that is senior to the deed of trust securing this Note, shall be at the sole discretion of the Note Holder.
9.

WAIVERS

I and any other person who have obligations under this Note waive the rights of presentment and notice of dishonor. “Presentment” means the right to require the Note Holder to demand payment of amounts due. “Notice of dishonor” means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

The modification or waiver of any of my obligations or Lender’s rights under this Note must be contained in a writing signed by Lender. Lender may perform any of my obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion will not constitute a waiver on any other occasion. My obligations under this Note shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any co-borrower or guarantor or any of its rights against any co-borrower, guarantor, the collateral or any other property securing this Note.
10.

UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Lender under this Note, I am granting the Lender a security interest in the Property under a Deed of Trust (the “Subordinate Security Instrument”), dated the same date as this Note, to protect the Lender from possible losses which might result if I do not keep the promises which I make in this Note. The Subordinate Security Instrument is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Lien Security Instrument. The Subordinate Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

(A)

Transfer of the Property or a Beneficial Interest in Borrower

Except for a conveyance to the Senior Lien Holder or Trustee under the First Lien Security Instrument, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Note Holder’s prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property does not use the Property as a primary residence); or

(B)

Failure to Occupy Property

Except where prior written consent of the Note Holder has been provided, I fail to occupy the property as my primary residence while any portion of the principal and interest is due under this Note; or

(C)

Default or Non-Performance

If I fail to comply with all terms of this Note and the Subordinate Security Instrument or cause non-compliance with terms and conditions defined within Senior Security Instrument(s) including, but not limited to, initiation of foreclosure proceedings by any lienholder, notice of voluntary or involuntary bankruptcy, insolvency or receivership, assignment of my assets to creditors, or upon my death.

(D)

Loss of Benefit Eligibility

My employer has established criteria of eligibility for EHOP that dictate additional repayment conditions that shall cause this loan to become due and payable in regular monthly installments (conversion). Upon notice of conversion, I agree to repay all outstanding principal, accrued interest, official recording fees, and any unpaid charges in equal monthly installments which amortize that amount, plus interest, over the remaining term of this agreement. You will notify me in writing of the payment amount and due date, which shall be not less than sixty (60) days from the date of such notice.

(E)

Default Rate: If there is an Event of Default under this Note, the Lender may, in its discretion, increase the interest rate on this Note to Twelve percent (12%) or the maximum interest rate Lender is permitted to charge by law, whichever is less.
11.

APPLICABLE LAW

This Note and the Subordinate Security Instrument shall be governed by applicable Federal law and Colorado law.
12.

COLLECTION COSTS

To the extent permitted by law, I agree to pay Lender’s reasonable fees and costs, including, but not limited to, fees and costs of attorneys and other agents which are incurred by Lender in collecting any amount due or enforcing any right or remedy under this Note, whether or not suit is brought, including, but not limited to, all fees and costs incurred on appeal, in bankruptcy, and for post-judgment collection actions.

NOTICE TO BORROWER

Read this promissory note before you sign. Do not sign this promissory note if it contains blank spaces. This promissory note is secured by a subordinate lien on your real property.

«bor_first_name» «borrower_initial» «bor_last_name»

«cobar_first_name» «coborrower_initial» «cobar_last_name»

After Recordation, Please Return to:
FUNDING PARTNERS
214 S. College Avenue, 2nd Floor
Fort Collins, CO 80524

DEED OF TRUST
(Subordinate Lien)

Borrower (Grantor): «bor_first_name» «borrower_initial» «bor_last_name» «cobor_first_name» «coborrower_initial» «cobor_last_name» «subject_address» «subject_city», «subject_state» «subject_zip»		Lender (Beneficiary): Funding Partners for Housing Solutions, Inc. , a Colorado nonprofit corporation 214 S. College Avenue, 2 nd Floor Fort Collins, CO 80524	
Interest: «note_rate»%			
Principal Amount of Promissory Note \$«loan_amount».00	Date of Promissory Note «est_closing_date»	Maturity Date «maturity_date»	Loan Number «filename»

THIS DEED OF TRUST ("Security Instrument") is made on «est_closing_date», among the grantor, ("Borrower"), the Public Trustee of «subject_county» County ("Trustee"), and the beneficiary, Funding Partners for Housing Solutions, Inc, a Colorado not-for-profit corporation. ("Lender"). Lender reserves the right to assign or designate a third party as "Note Holder" to whom all rights and responsibilities of Lender are hereby extended. Borrower owes Lender the principal sum of **00/100 Dollars (U.S. \$ «loan_amount».00)**. This debt is evidenced by Borrower's Note dated the same date as this Security Instrument ("Note").

The Note provides for payment of the principal amount of the Note, together with interest (as provided in the Note) in The Note provides that the full debt, if not paid earlier, shall be due and payable on «maturity_date», the "Maturity Date" of the Note or upon any earlier payment date as described therein. Interest will be imposed upon the principal amount of the Note at a fixed rate of «note_rate»% per annum. There are no payments of principal or interest due under the Note until the maturity date, or upon notice of repayment as provided by the Note Holder.

The loan evidenced by this Note is being made pursuant to an appropriation of funds as a benefit from my employer to facilitate the purchase of my primary residence. Eligibility for this benefit is described within documents provided by my employer.

In addition to the Loan, Borrower obtained a deed of trust loan (the "First Deed of Trust Loan") from «lender_name» (the "senior Deed Holder"), which loan is secured by a first deed of trust lien on the Property (the "First Deed of Trust"). The documents evidencing or securing the First Deed of Trust Loan are collectively referred to herein as the First Deed of Trust Loan Documents.

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note with interest as provided in the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all sums, with interest as provided in the Note, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, subject to the rights of the Senior Lien Holder under the First Deed of Trust, the property located in «subject_county», **Colorado**, which has the address of «subject_address», «subject_city», **Colorado** «subject_zip» ("Property Address") and is further described as

«attachment»
County of «subject_county»,
State of Colorado.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and, except for the First Deed of Trust and other encumbrances of record acceptable to the Senior Lien Holder, the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

- Payment of Principal and Interest.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges due under the Note.
- Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraph 1 shall be applied: first, to any prepayment charges due under the Note; second, to interest due; third, to principal due; and last, to any late charges and other sums due under the Note.
- Prior Deeds of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under the First Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay all taxes, assessments, charges fines impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay them on time directly to the person or entity owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Except for the lien of the First Deed of Trust, Borrower shall promptly discharge any other lien which shall have attained higher priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent enforcement of the lien; or (c) secures from the holder of the lien agreement satisfactory to Lender subordinating the lien to this Security Instrument. Except for the lien of the First Deed of Trust, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one of more of the actions set forth above within 10 days of giving the notice.

- Subordination** Lender and Borrower acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by Borrower under the First Deed of Trust or for any other purpose expressly permitted by the first Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith.

If the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the Senior Line Holder's acquisition of title, provided that (i) Lender has been given written notice of a default under the First Deed of Trust and (ii) Lender shall not have cured the default under the First Deed of Trust, or diligently pursued curing the default as determined by the Senior Lien Holder, within the 60-day period provided in such notice sent to Lender.

5. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if Borrower complies with the insurance requirements under the First Deed of Trust. All original policies of insurance required pursuant to the First Deed of Trust shall be held by Senior Lien Holder; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. If Lender requires, Borrower shall promptly give to Lender copies of all paid receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holder and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holder or Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 1 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

Notwithstanding the above, Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the First Deed of Trust.

6. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such default and reinstate, as provided in paragraph 17, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the line created by the Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning (i) Borrower's occupancy of the Property as a principal residence and (ii) Borrower's income. If this Security Instrument is on a leasehold, Borrower shall comply with all provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

Borrower acknowledges that this Property may be subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to certain covenants and restrictions regarding occupancy and future transfer of title from Borrower to subsequent title holders that are qualified according to pre-established income thresholds or other definitions that preserve the Property as "affordable". Unless Lender provides prior written consent, if at any time sums are due under this Security Instrument, Borrower fails to maintain the Property as his or her primary residence (or at least one of the individuals executing this Security Instrument, if more than one Borrower), entitle Lender to the remedies provided in Section 21 hereof.

7. **Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the First Deed of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

Prior to taking any actions under this Section 7, however, Lender shall notify the Senior Lien Holder of such default in the manner provided in Section 21 of this Security Instrument, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Security Instrument. All amounts advanced by the Senior Lien Holder to cure a default hereunder shall be deemed advanced by the Senior Lien Holder and shall be secured by the First Deed of Trust. In addition, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days' prior written notice. Any action by Lender hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the First Deed of Trust.

Lender and Borrower further agree that a default hereunder shall constitute a default under the First Deed of Trust. In the event of a default hereunder, the Senior Lien Holder shall have the right to exercise all rights and remedies under the First Deed of Trust.

8. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.
9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of the First Deed of Trust.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

9. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original

Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

- 11. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent; provided, however, that such modification or accommodation shall not be made without the prior written consent of the Senior Lien Holder.
- 12. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.
- 13. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice required to be given to the Senior Lien Holder shall be given to the Note Holder by first class mail to the following address:

**Funding Partners for Housing Solutions, Inc.
214 S. College Avenue, 2nd Floor
Fort Collins, CO 80524**

or such other address the Senior Lien Holder designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

- 14. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.
- 15. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

- 16. Transfer of the Property or a Beneficial Interest in Borrower.** Except for a conveyance to the trustee under the First Deed of Trust, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property does not use the Property as a primary residence) Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower and the Senior Lien Holder prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Section 7 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days' prior written notice.

Borrower and Lender agree that whenever the Note or this Security Instrument gives Lender the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holder pursuant to the First Deed of Trust, the Senior Lien Holder's approval or consent or failure to approve or consent, as the case may be, shall be binding on Borrower and Lender.

- 17. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 16.
- 18. Sale of Note; Change of Loan Servicer.** Subject to Section 19 below, the Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.
- 19. No Assignment.** Until the loan secured by the First Deed of Trust has been satisfied in full, Lender and Borrower agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holder's prior written consent.
- 20. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower 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.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency 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. Prior to taking any such remedial action, however, Borrower shall notify the Senior Lien Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by 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. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

- 21. Acceleration; Remedies.** Lender shall give notice to Borrower and the Senior Lien Holder prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower (and with respect to the Senior Lien Holder, 60 days from the date the notice is given to the Senior Lien Holder), by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured by Borrower on or before the date specified in the notice, and the Senior Lien Holder has not exercised its right to cure the default, then Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding Lender's right to invoke any

remedies hereunder, as provided in Section 7 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days' prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, the Senior Lien Holder and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property 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 statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

22. **Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.
23. **Substitute Trustee.** Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
24. **Modification of First Deed of Trust Loan Documents.** Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the First Deed of Trust Loan Documents, including any provisions requiring the payment of money.
25. **Homestead Interest Waiver.** Borrower hereby relinquishes and forever releases any homestead exemptions in the Property.

By signing below, each person acknowledges that he or she has read, understands, and agrees to the terms and conditions of this deed of trust, and each person acknowledges receipt of an exact copy.

_____«est_closing_date»

«bor_first_name» «borrower_initial» «bor_last_name»

_____«est_closing_date»

«cobar_first_name» «coborrower_initial» «cobar_last_name»

STATE OF COLORADO)

) ss.

COUNTY OF _____)

Acknowledged, subscribed and sworn to before me on this ____ day of _____, 20____,

by _____.

WITNESS MY HAND AND OFFICIAL SEAL.

My commission expires:_____.

Notary Public



FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

Town of Eagle Home Ownership Program®
Subordination Mortgage Loan

Borrower(s): «bor_first_name» «borrower_initial» «bor_last_name»
«cobor_first_name» «coborrower_initial» «cobor_last_name»

Property Address: «subject_address»,
«subject_city», «subject_state» «subject_zip»

Loan Number: «filename»

☐ Initial Disclosure

Lender: Funding Partners for Housing Solutions, Inc.
214 S. College Ave., 2nd Floor
Fort Collins, CO 80524

Date: «est_closing_date»

☒ Final Disclosure

Annual Percentage Rate The cost of your credit, calculated as simple interest (non-compounding), for the duration of this agreement shall be fixed at «note_rate»%. The APR is undetermined.	Finance Charge The maximum dollar amount the credit will cost you over the 15 year term is undetermined.	Amount Financed The amount of credit provided to you or on your behalf. \$«Amount_Financed»	Total of Payments There may be one or more payments required under this loan. The total amount to fully satisfy this loan will be dependent upon the terms and conditions of repayment and/or forgiveness set forth by the employer described within the Eligibility Notice.
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INTEREST RATE AND PAYMENT SUMMARY	
	Rate & Payment
Interest Rate	«note_rate»% (<i>Implied Interest Rate</i>)
Principal + Interest Payment	There are no monthly payments associated with this loan unless there is a loss of eligibility.
Estimated Taxes + Insurance (Escrow) <input type="checkbox"/> Includes Private Mortgage Insurance <input type="checkbox"/> Includes Mortgage Insurance	\$0.00
Total Estimated Monthly Payment	There are no monthly payments associated with this loan unless there is a loss of eligibility.

☐ FINAL BALLOON PAYMENT DUE: This loan transaction has a balloon payment.
☐ DEMAND FEATURE: This loan transaction has a demand feature.
☐ REQUIRED DEPOSIT: The annual percentage rate does not take into account your required deposit.

☐ VARIABLE RATE FEATURE: Your loan contains a Variable Rate feature. Disclosures about the Variable Rate feature have been provided to you separately.
SECURITY: You are giving a security interest in:
☒ The goods or property being purchased ☐ Real property you already own.
THERE IS NO GUARANTEE THAT YOU WILL BE ABLE TO REFINANCE TO LOWER YOUR RATE AND PAYMENTS
FILING FEES: \$31.00
LATE CHARGE: If a payment is more than 15 days late, you will be charged 5%.
PREPAYMENT: If you pay off early, you
☐ may ☒ will not have to pay a penalty.
☐ may ☒ will not be entitled to a refund of part of the finance charge.

Credit Life		I want credit life insurance.	Signature:
Credit Disability		I want credit disability insurance.	Signature:
Credit Life and Disability		I want credit life and disability insurance.	Signature:

INSURANCE: The following insurance is required to obtain credit:

☐ Credit life insurance ☐ Credit disability ☒ Property insurance ☐ Flood insurance

You may obtain the insurance from anyone you want that is acceptable to the creditor.

☐ If you purchase ☐ property ☐ flood insurance you will pay \$ for a one year term.

ASSUMPTION: Someone buying your property

☐ may ☐ may, subject to conditions ☒ may not assume the remainder of your loan on the original terms.

See your loan documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date and prepayment refunds and penalties. ☒ * means an estimate ☒ all date and numerical disclosures except the late payment disclosures are estimates.

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

The undersigned hereby acknowledge(s) reading and understanding all of the information disclosed above, and receiving a completed copy of this disclosure on the date indicated below.

Read, acknowledged and accepted this day of .

Prepared By: Funding Partners

«bor_first_name» «borrower_initial» «bor_last_name»

Date

«cobor_first_name» «coborrower_initial» «cobor_last_name»

Date



LENDER CERTIFICATION

The Town of Eagle is pleased to provide this assistance loan to obtain the dream of home ownership! As a new homeowner, you are aware that there are numerous rights and responsibilities associated with this important investment, though the reward of housing stability and long-term equity accumulation will prove to be immeasurable in your financial success.

Funding Partners believes the success of this program is wholly dependent upon the process of providing you detailed and accurate information regarding all aspects of the purchase transaction and financing mechanisms used to achieve your goal. Therefore, we require your primary mortgage loan originator to review all documents used to execute this EHOP loan agreement, answer any questions you may have, and provide you with those resources you may require to fully understand the obligation you will commit to upon closing of this transaction. We invite you to contact our office directly if you feel any aspect of this agreement has not been explained to your satisfaction. You may contact us at:

Funding Partners
214 S. College Avenue, 2nd Floor
Fort Collins, CO 80524
(970) 494-2021 Phone
(970) 494-2022 Fax
info@fundingpartners.org

By signing below, you and your loan officer are acknowledging that the Promissory Note, Deed of Trust, Eligibility Notice and Federal Truth-in-Lending Disclosure documents have been fully explained to you and that you understand the amount you owe, how your interest rate will be calculated, under what circumstances your loan must be paid in full and how you can contact us for further information.

Dated: _____

«bor_first_name» «borrower_initial» «bor_last_name»
«cobar_last_name»

«cobar_first_name»«coborrower_initial»

Print Representative Name

Signature