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«f80»

«f81»

«f82», «f83»

BUILDING AND LOAN AGREEMENT

BORROWER: «f5», «f6», «f7», «f8»,
«f10», «f11», «f12»

DATE: «f3»
LOAN NO.: «f2»

The undersigned, «f5» «f6» «f7», hereinafter referred to as "Borrower" in consideration of a loan from «f80» or the Investors of «f80» in the amount of \$«f20» to be used for the construction of improvements on the property in the County of «f65», State of California, briefly described as A.P.N. «f59», located at «f18» «f19», hereby agrees:

1. To execute and deliver to «f80» as Loan Servicing Agent, in form and substance satisfactory to «f80», a Note, First Deed of Trust and an ALTA Policy of Title Insurance with coverage endorsements satisfactory to «f80»; to provide «f80» at the time the loan is closed at the title company, a Fire Insurance Policy with extended coverage for an amount at least equal to the loan from «f80»' investors to Borrower.

2. To deliver to «f80» such amount, as «f80» may deem necessary, but not to exceed \$, in addition to said loan for the construction of the improvements; such additional amount to be held by «f80» in the same interest-bearing account wherein the proceeds of said loan are deposited as recited in Section Three herein, subject, however, to any and all obligations of Borrower to «f80» arising hereunder and to be disbursed as set forth in the disbursement schedule attached; any Borrower's funds deposited under this section shall be disbursed before any loan funds.

3. To deliver to «f80», Borrower's Social Security Number or Tax Identification Number for tax purposes; «f80» shall deposit the proceeds of said loan, less costs of said loan, title and escrow services, together with such amounts to be deposited under Section Two herein, into an interest-bearing Money Market account with ??; all interest accruing or to accrue during the term of said loan, subject to the provisions of the within sections, is to be held for the account of Borrower, and upon fulfillment of the terms of the within agreement and the completion and payment of said Note and Deed of Trust, such accrued interest is to be paid to Borrower.

4. No work of any kind will be started on the real property before recordation of the Deed of Trust and issuance of Title Policy; this provision includes, without limitation, the purchasing or the placing of materials upon the property and grading or clearing of the land.

5. To commence construction within days from date hereof, and to perform all work in conformity with the plans and specification submitted to and approved by «f80» and its California licensed General Contractor; construction to be in accordance with good building practice, applicable laws, ordinances, rules and regulations.

6. No change in plans, details or specifications exceeding \$500.00 in value shall be made after they have been approved by «f80» and its California licensed General Contractor without the written consent of «f80»; all contracts let by the undersigned in connection with the construction shall contain this provision; should «f80» and its California licensed General Contractor approve changes, sufficient monies will be deposited in the Money Market account by Borrower through «f80» to cover additional costs; such funds shall be disbursed to Borrower/Contractor upon completion of said change.

7. «f80» and its California licensed General Contractor shall have the right at all times to enter upon and inspect the premises during construction; the contractor, if any, or the Borrower/Builder, if no contractor, shall request funds from «f80» in accordance with the Disbursement Schedule; «f80» California licensed General Contractor shall then inspect the progress of the work and if in accordance with the Disbursement Schedule shall so approve disbursement subject to the Owner's written authorization to disburse as follows:

- _____ 1. Disburse funds to borrower.
- _____ 2. Disburse funds to Contractor.
- _____ 3. Disburse funds jointly to Borrower and Contractor.
- _____ 4. Disburse funds jointly to Borrower/Subcontractor.
- _____ 5. Other:

If during the course of construction, any given phase is complete and otherwise ready for a disbursement from the loan account except for an item or two that may not yet be in place due to material unavailability, strike, etc., «f80» and its California licensed General Contractor with the consent of Owner and Contractor, if any, may make the disbursement less the amount estimated to pay for the missing item(s); «f80» is under no obligation to supervise the construction of the improvements, and periodic inspections are not to be construed as a representation as to the Builder's competence or compliance with the plans and specifications; if, however, «f80» determines that the improvements are not in conformity with the plans and specifications, or that a claim of lien has been filed against the property, «f80» may withhold progress disbursements until the deficiencies have been replaced or corrected, or until the lien has been removed; if it is necessary for «f80»' California licensed General Contractor to make more than two inspections per month during the course of construction, Borrower will be subject to additional inspection charges.

8. In the event «f80» requires Borrower to establish a contingent reserve account, whether as a contingency against cost overruns or such other circumstances as «f80» in its sole discretion deems to warrant the establishment thereof, Borrower agrees that «f80» may disburse funds from said account in any manner «f80» and its investors' interest deems necessary and appropriate. Funds deposited to said account may be «f80» investor advances or additional funds supplied by Borrower.

9. Upon any breach by Borrower of this Agreement or the Note or Deed of Trust, «f80» on behalf of its investors may declare this loan immediately due and payable, and «f80» and its investors shall be immediately released from all obligations to Borrower under this Agreement; in addition, and at its option and the option of its investors, «f80» may upon any breach complete the construction project and apply Borrower's deposit and loan proceeds to the completion and receive any additional sums from Borrower that may be necessary to complete the project and satisfy Borrower's other obligations under this Agreement.

The undersigned, being the contractor for the construction of the improvements covered by the foregoing Building and Loan Agreement, hereby consents thereto and agrees that all money disbursed hereunder or otherwise received from Borrower in connection therewith shall be received and used as trust funds solely for the payment of materials, labor, services and other costs involved in said construction and for other purposes until all bills, claims, and demands for said materials, labor, services and other costs have been paid in full. Any conflict or inconsistency between terms of this Agreement and other contract(s) shall be resolved in favor of this Agreement.

«f5» «f6» «f7» - Borrower/Date

«f10» «f11» «f12» - Borrower/Date

«f75» - Loan Servicing Agent/Date
«f80»

- Contractor/Date