

«f80»

«f81»

«f82», «f83»

BUILDING LOAN AGREEMENT

ESCROW NUMBER:«f48»

The undersigned, «f5» «f6» «f7» «f8» «f10» «f11» «f12», (BORROWER) in consideration of a loan arranged by «f80», (COMPANY) in the amount of \$«f20», to be used for the construction of improvements on property briefly described as APN:«f59», «f18», «f19» in the county of «f63», State of California, hereby agrees:

- 1) To execute and deliver to COMPANY in form and substance satisfactory to COMPANY, a note, deed of trust, and an ALTA policy of title insurance with coverage endorsements satisfactory to COMPANY. To provide COMPANY a course of construction insurance policy with extended coverage for an amount at least equal to \$«f20»_____.
- 2) To deliver to COMPANY such amount, if any, as COMPANY may deem necessary in addition to said loan for the construction of improvements; such additional amount to be held in a non-interest bearing trust fund account; subject however, to any and all obligations of the BORROWER to COMPANY arising hereunder and to be disbursed as set forth in the disbursement schedule attached hereto. Any BORROWER'S funds deposited under this agreement shall be disbursed before any loan funds.
- 3) Interest upon the total principal loan amount shall accrue from the close of escrow. Payments shall be in accordance with the terms of the promissory note executed in connection with this loan.
- 4) No work of any kind will be started on the real property before recordation of the Deed of Trust and issuance of the title policy. This provision includes without limitation the purchasing, or placing of materials upon the property, or grading or clearing of land.
- 5) To commence construction within 30 days from the close of escrow, and to perform all work in conformity with the plans and specifications and materials submitted to the COMPANY. Construction to be in accordance with good building practice, applicable laws, ordinances, rules, and regulations, and all improvements to be completed within 108 days from the date of commencement of construction.
- 6) No change in plans, details, or specifications exceeding \$500.00 in value shall be made without written consent of COMPANY. All contracts let by the undersigned in connection with the construction shall contain this provision. Should COMPANY approve changes, sufficient monies will be deposited in the BORROWER'S construction fund account by BORROWER to cover additional costs. Such funds shall be disbursed upon completion of said change.
- 7) COMPANY shall have the right at all times to enter upon and inspect the premises during construction. BORROWER shall request funds from COMPANY per "Building Loan Disbursal Plan".
- 8) If during the course of construction, any given phase is complete and otherwise ready for a disbursement from the construction account except for an item or two that may not yet be in place due to material unavailability, strike, etc., COMPANY, with the consent of the owner, may make the disbursement less the amount estimated to pay for the missing item(s). COMPANY is under no obligation to supervise the construction of 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, COMPANY 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, COMPANY may withhold progress disbursements until the deficiencies have been replaced or corrected, or until the lien has been removed.
- 9) In the event COMPANY requires BORROWER to establish a contingent reserve account, whether as a contingency against cost overruns or such other circumstances as COMPANY in its sole discretion deems to warrant the establishment thereof, BORROWER agrees that COMPANY may disburse funds from said account in any manner COMPANY deems appropriate to facilitate completion of the project or protect investor's interest therein, regardless of the source of such funds.
- 10) Upon any breach by BORROWER of this agreement or the Note or Deed of Trust, COMPANY may declare this loan immediately due and payable, and COMPANY shall be immediately released from all obligations to BORROWER under this agreement. In addition, and at its option, COMPANY may upon any breach use the existing construction funds to pay lienholder, pay fire insurance premiums, taxes, foreclosure costs or any necessary expense. COMPANY may further elect to use funds to complete the construction project and apply BORROWER'S deposit and loan proceeds to the completion and receive additional sums from BORROWER that may be necessary to complete the project and satisfy BORROWER'S obligations under this agreement. If impounded funds are used for any of the above purposes; the account must be reimbursed by BORROWER prior to reinstatement of the loan.

BORROWER'S INITIALS: X_____ X_____

BUILDING LOAN AGREEMENT

11) BORROWER'S loan payments will not be deducted from the construction fund account unless an impound account has been established specifically for that purpose and is shown below.

12) **All construction funds are held in a non-interest bearing trust fund account.**

SOURCE AND USE OF FUNDS

SOURCE OF FUNDS:

| | |
|---------------------|-----------------|
| Loan Proceeds: | \$ _____ |
| Borrower's Deposit: | _____ |
| Other:«??» _____ | _____ |
| TOTAL FUNDS: | \$ _____ |

USE OF FUNDS:

| | |
|--|--------------|
| Land Draw: | \$ _____ |
| Loan Fees (commission): | _____ |
| Escrow Fees and Title Fees: | _____ |
| Payment Impound Account: | _____ |
| 10% Retention (held for completion and receipt of ALTA rewrite policy of title insurance): | _____ |
| Construction Fund: | _____ |
| Other: _____ | _____ |
| Other: _____ | _____ |
| Other: _____ | _____ |
| TOTAL FUNDS: | _____ |

THE FOREGOING TERMS, CONDITIONS, AND INSTRUCTIONS HAVE BEEN READ AND ARE UNDERSTOOD AND AGREED TO BY ALL OF THE UNDERSIGNED. I/WE DO HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THE FOREGOING.

DATE: «f3»

«f5» «f6» «f7»

«f10» «f11» «f12»

ACCEPTED BY:

«f80»

Broker or authorized representative