

LENDER'S CLOSING INSTRUCTIONS

THIS LOAN MUST CLOSE WHEN SCHEDULED (AS DATED) OR CONTACT JAMES B. NUTTER & CO. FOR FURTHER INSTRUCTIONS.

PLEASE FORWARD CLOSED LOAN PACKAGE TO:

JAMES B NUTTER & CO.
Attn: FUNDING DEPT.
4153 BROADWAY
KANSAS CITY, MO 64111

***If not closed, please overnight the entire package and return the wire promptly,
or else incur a penalty fee***

Loan No:	<u>COMPLETE SAMPLE PACKAGE</u>	FHA Case No: (HECM ONLY):	<u>291-3475358-952</u>
To:	<u>Your Title Company</u>	Closing Date:	<u>December 1, 2006</u>
	<u>553366 Smith Ranch Road</u>	Disbursement Date:	<u>December 6, 2006</u>
	<u>Marinwood, CA 94112</u>	Payment Plan Type:	<u>HECM Monthly</u>
Phone:	<u>(800) 555-1212</u>	1st Change Date:	<u>FEBRUARY 1, 2007</u>
Re:	<u>JOSEPH K. BORROWER AND JANE C. BORROWER</u>	Interest Rate:	<u>6.510</u>

Title Co: Your Title Company

BORROWERS MUST EXECUTE ALL DOCUMENTS AS THEIR NAME APPEARS. THE FINAL HUD-SETTLEMENT STATEMENT WILL REQUIRE FINAL APPROVAL PRIOR TO CLOSING. PLEASE CONTACT YOUR CLOSER AT JAMES B. NUTTER & COMPANY AT 800-798-3946.

Title Company MUST true and certify the Mortgages/Deeds and Notes with a "live" signature – no stamps please.

JAMES B. NUTTER & COMPANY TITLE INSTRUCTIONS

A. As disbursement agent for **JAMES B. NUTTER & COMPANY**, you are authorized to disburse the net proceeds delivered to you only when you are in a position to comply with the following:

TITLE POLICY COVERAGE AMOUNT ON HECM LOANS IS THE MAXIMUM CLAIM AMOUNT OF: \$200,160.00. TITLE POLICY MORTGAGE AMOUNT SHOWN ON THE FACE OF THE POLICY AND IN THE RECORDING INFORMATION OF SCHEDULE A OR B, TO BE THE AMOUNT AS SHOWN ON THE NOTES AND SECURITY INSTRUMENTS. THIS AMOUNT IS CALCULATED AT 150% OF THE MAXIMUM CLAIM AMOUNT (hecm only)

TITLE POLICY COVERAGE ON HOME KEEPER LOANS IS THE PRINCIPAL LIMIT X 150% WHICH IS THE MAXIMUM PRINCIPAL LIMIT. IF THIS LOAN IS A HOME KEEPER LOAN THE MAXIMUM PRINCIPAL LIMIT IS: \$181,500.00
PRELIMINARY TITLE COMMITMENT IS AN ESTIMATE UNTIL FINAL FIGURES ARE DETERMINED AT CLOSING.

B. TAXES: must indicate all taxes for the current year and subsequent years are not yet due and payable.

C. PROVIDE ENDORSEMENTS BELOW (IF APPLICABLE):

- 1) 6.2 NEGATIVE AMORTIZATION
- 2) 8.1 ENVIRONMENTAL PROTECTION LIEN
- 3) ALTA 9 SURVEY EXCEPTION ENDORSEMENT-NOT APPLICABLE ON SHORT FORM
- 4) EQUITY OR REVOLVING LINE OF CREDIT/REVERSE MORTGAGE ENDORSEMENT
- 5) 5.1 PUD (IF APPLICABLE)
- 6) 4.1 CONDO (IF APPLICABLE)
- 7) ANY OTHER STATE SPECIFIC REQUIREMENT OR ENDORSEMENT REQUIRED TO CLEAR TITLE: MINERAL RIGHTS, ETC. (IF APPLICABLE)

D. All conditions, restrictive covenants, building lines, and violated easements must be reflected along with affirmative coverage against monetary loss of forfeiture of Property.

E. INSURE OUR SECURITY INSTRUMENTS AS A VALID FIRST LIEN FOR THE AMOUNT OF THE PROPERTY DESCRIBED THEREIN, NAMING THE INSURED/MORTGAGEE AS FOLLOWS:

(HECM, HOMEKEEPER) **"JAMES B. NUTTER & COMPANY, AND OR ITS SUCCESSORS AND OR ASSIGNS AS THEIR INTEREST MAY APPEAR"**.

F. Schedule "A", Item #4 must reflect the mortgagor and mortgagee information for the first security instrument and Assignment (if applicable), the second security instrument may appear on schedule "B" paragraph two of the final policy.

THE FOLLOWING CONDITIONS MUST BE SATISFIED OR LOAN CANNOT CLOSE:

1. Clear Title: Pay All Liens attached to the subject property.
2. Tax liens for town, county and school as well as water and sewer rents are to be paid.
3. Delinquent taxes are to be paid.
4. **James B. Nutter & Company** and the Title Company Underwriter must approve any POA or Trust Agreement. The POA or Trust Agreement must be recorded prior to our first and second mortgage.
5. If property is a Homestead or Community Property state, the **non-borrowing spouse must sign the security instrument(s), Truth-in-Lending disclosure, riders, and right of rescission form.**
6. Other documentation as stated below may be attached to the closing package email as a separate email for borrower execution at closing. These will be forms required to be signed not typically part of the standard closing package. Please make sure you print both attachments to insure no delay in funding for these documents.
7. Please make sure that each borrower is given two original right of rescission notices at the time of loan closing/signing
8. Please make sure that the loss payee clause on the evidence of hazard insurance reflects as: **James B. Nutter & Company its successors and/or assigns, P.O. Box 10346, Kansas City, MO 64111**
9. OTHER:
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LOAN DISBURSEMENT REQUIREMENTS

You are authorized to disburse proceeds to the appropriate parties only when the three-day right of rescission has expired. It is your responsibility as closing agent to confirm with the borrower that they have not rescinded the transaction either by verbal conversation or by signed acknowledgement. No funds should be disbursed prior to this confirmation. The closing agent is authorized to disburse proceeds to the appropriate parties only when the three-day right of rescission has expired. The closing agent will notify JAMES B. NUTTER & COMPANY CLOSING DEPARTMENT if the customer rescinds the transaction. By signing on the last page of this closing instruction document, the closing agent is certifying that he or she will be responsible for verifying that the borrower has not rescinded.

A loan disbursement calculation sheet has been included in the closing package for verification of the funds that will be wired to you for disbursement. The funding amount should be disbursed to the appropriate parties as indicated on the HUD-1 Settlement Statement. **James B. Nutter & Company** should not receive any checks to reimburse vendors as all fees are deducted from the loan proceeds sent to you. If you do not receive all invoices needed to pay the required vendors, you should contact the Closing Department at 800-798-3946. All correspondent fees should be disbursed to the correspondent lender.

It is your responsibility to make the required lender copies for our closing package and a full copy package of the signed documents for the borrower.

If a loan does not close, please call **800-798-3946**. Please find listed below wiring instructions to return the loan proceeds. To avoid a penalty fee (as discussed below), funds should be returned immediately .

PENALTY FEE: If James B. Nutter & Company notifies you of a cancelled loan and requests the return of funds, you must wire back and return unused funds within one (1) business day, or else incur a penalty fee. If James B. Nutter & Company has not notified you to return funds, you must wire back and return unused funds within two (2) business days, or else incur a penalty fee.

The unused funds will incur interest for the total number of business days you have had the funds. The rate used to calculate the daily interest due is equal to the 1-month LIBOR index in effect at the time the funds are dispersed + 1%.

The penalty fee should reference the loan number, and be paid separately from the actual loan proceeds to the Investor.

Closed loan packages **MUST** be returned to **JAMES B. NUTTER & COMPANY** within 24 hours of loan closing/signing to **4153 BROADWAY, KANSAS CITY, MO 64111**. A funding review will be performed prior to loan disbursement. Any delay in receiving the closed loan package will delay funding. Questions relating to loan funding should be addressed to the appropriate Funding Administrator at **800-798-3943 x6257**. **Funding department fax # 816-751-6954**.

THE FOLLOWING EXECUTED ITEMS AND COPIES ARE TO BE RETURNED WITHIN 24 HOURS OF CLOSING VIA EXPRESS MAIL OR COURIER.

Original and two certified true copies of the Note, Security Instrument, and HUD-1 Settlement Statement must be submitted.

1. Adjustable Rate Note
2. Adjustable Rate Mortgage/Deed of Trust
3. Adjustable Rate Second Note (
4. Adjustable Rate Second Mortgage/Deed of Trust
5. HUD-1 Settlement Statement
6. Home Equity Conversion Loan Agreements
7. Repair Rider to HECM Loan Agreement (if applicable)
8. HECM Federal Truth-in-Lending Loan Closing Disclosure Statement
9. Flood Insurance Certificate Notice
10. Hold Harmless Agreement

1. Name Affidavit/Signature Affidavit
2. Mailing Address Affidavit
3. Compliance Agreement
4. Disclosure and Borrower's Certification Regarding Third Party Fees (HECM ONLY)
5. Notice of Right to Cancel (Three originals for each borrower included in docs, one original to Lender and two originals to be given to borrower. The closing agent may keep a photocopy for their file.)
6. Home Equity Conversion Mortgage Payment Plan (HECM ONLY)
7. Home Keeper Exhibit 1 – Payment Plan (HK ONLY)
8. Schedule of Closing Costs/Schedule of Liens
9. Authorization Agreement for Direct Deposit
10. Non-Borrower Spouse Ownership Interest Certification (if applicable)
11. Short Form Final Title Policy if State permits
12. Firm Commitment or Direct Endorsement Approval (HECM ONLY)
13. Uniform Residential Loan Application (FMNA 1003), or Residential Loan Application for Reverse Mortgages (FNMA 1009)
14. HECM Printouts (a) Demonstration/Description (b) Total Annual Loan Cost Rate (c) Amortization (HECM ONLY)
15. Home Keeper Printouts (a) Description (b) Total Annual Loan Cost (HK ONLY)

The following are lender documents *not* required to be executed by the borrower:

1. Choice of Insurance Option
2. Notice to the Borrower

DELIVERY INSTRUCTIONS:

Package must be returned by Express Mail or Overnight Courier. Shipping charges incurred are the responsibility of the Closing Agent. Your closing fee should include this charge. Please return to:

JAMES B. NUTTER & CO.
 Attn: FUNDING DEPARTMENT
 4153 BROADWAY
 KANSAS CITY, MO 64111

Recorded First and Second Mortgages/Deeds of Trust and Final Title Policies are to be forwarded to:

JAMES B. NUTTER & CO.
 Attn: FINAL DOCS
 4153 BROADWAY
 KANSAS CITY, MO 64111

****** These must be received in our office within 120 days of loan disbursement******

SETTLE AGENT AGREES TO CLOSE THIS LOAN IN ACCORDANCE WITH ALL OF THE INSTRUCTIONS ON THIS DOCUMENT.

BY: _____
 Signature of Closing Agent/Attorney

_____ Date

HUD/VA Addendum to Uniform Residential Loan Application

OMB Approval Numbers VA:2900-0144
HUD:2502-0059 (EXP. 9/30/2007)

Part I – Identifying Information (mark the type of application) 1. <input type="checkbox"/> VA Application for Home Loan Guaranty <input checked="" type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act		2. Agency Case No. (include any suffix) 291-3475358-952	3. Lender's Case No. COMPLETE SAMPLE PACKAGE	4. Section of the Act (for HUD cases) 255
5. Borrower's Name and Present Address (include zip code) JOSEPH K. BORROWER AND JANE C. BORROWER 5067 STATE HWY 13 NOVATO, CALIFORNIA, MARIN 94111		7. Loan Amount (include the UFMIP if for HUD or Funding Fee if for VA) 79,618.00	8. Interest Rate 6.080 %	9. Proposed Maturity yrs. mos.
6. Property Address (including name of subdivision, lot, block no. zip code) 5067 STATE HWY 13 NOVATO, CALIFORNIA, MARIN 94111		10. Discount Amount (only if borrower is permitted to pay) N/A	11. Amount of Up Front Premium 2,420.00	12a. Amount of Monthly Premium \$ /mo
		13. Lender's I.D. Code	14. Sponsor/Agent I.D. Code 2467100004	
15. Lender's Name & Address (include zip code) <div style="border: 1px solid black; padding: 5px;">Sample Lender Docs 123 Main Street Your City, California 94111</div>		16. Name & Address of Sponsor / Agent James B Nutter & Company 4153 Broadway Kansas City, Missouri 64111		
Type or Print all entries clearly		17. Lender's Telephone Number 0		

VA: The veteran and the lender hereby apply to the Secretary of Veterans Affairs for Guaranty of the loan described here under Section 3710, Chapter 37, Title 38, United States Code, to the full extent permitted by the veteran s entitlement and severally agree that the Regulations promulgated pursuant to Chapter 37, and in effect on the date of the loan shall govern the rights, duties, and liabilities of the parties.

18. First Time Homebuyer? <input type="checkbox"/> Yes <input type="checkbox"/> No	19. VA Only Title will be vested in: <input type="checkbox"/> Veteran <input type="checkbox"/> Veteran & Spouse <input type="checkbox"/> Other (specify)	20. Purpose of Loan (blocks 9-12 are for VA loans only) 1) <input type="checkbox"/> Purchase Existing Home Previously Occupied 2) <input type="checkbox"/> Finance Improvements to Existing Property 3) <input type="checkbox"/> Refinance (Refi.) 4) <input type="checkbox"/> Purchase New condo. Unit 5) <input type="checkbox"/> Purchase Existing condo. Unit 6) <input type="checkbox"/> Purchase Existing Home Not Previously Occupied	7) <input type="checkbox"/> Construct Home (proceeds to be paid out during construction) 8) <input type="checkbox"/> Finance Co-op Purchase 9) <input type="checkbox"/> Purchase Permanently Sited Manufactured Home 10) <input type="checkbox"/> Purchase Permanently Sited Manufactured Home & Lot 11) <input type="checkbox"/> Refi. Permanently Sited Manufactured Home to Buy Lot 12) <input type="checkbox"/> Refi. Permanently Sited Manufactured Home/Lot Loan
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Part II – Lender's Certification

21. The undersigned lender makes the following certifications to induce the Department of Veterans Affairs to issue a certificate of commitment to guarantee the subject loan or a Loan Guaranty Certificate under Title 38, U.S. Code, or to induce the Department of Housing and Urban Development Federal Housing commissioner to issue a firm commitment for mortgage insurance or a Mortgage Insurance Certificate under the National Housing Act.

A. The Loan terms furnished in the Uniform Residential Loan Application and this Addendum are true, accurate and complete.

B. The information contained in the Uniform Residential Loan Application and this Addendum was obtained directly from the borrower by a full-time employee of the undersigned lender or its duly authorized agent and is true to the best of the lender s knowledge and belief.

C. The credit report submitted on the subject borrower (and co-borrower, if any) was ordered by the undersigned lender or its duly authorized agent directly from the credit bureau which prepared the report and was received directly from said credit bureau.

D. The verification of employment and verification of deposits were requested and received by the lender or its duly authorized agent without passing through the hands of any third persons and are true to the best of the lender s knowledge and belief.

Items "H" through "J" are to be completed as applicable for VA loans only.

H. The names and functions of any duly authorized agents who developed on behalf of the lender any of the information or supporting credit data submitted are as follows:

Name & Address	Function (e.g., obtained information on the Uniform Residential Loan Application, ordered credit report, verifications of employment, deposits, (etc.)
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E. The Uniform Residential Loan Application and this Addendum were signed by the borrower after all sections were completed.

F. This proposed loan to the named borrower meets the income and credit requirements of the governing law in the judgment of the undersigned.

G. To the best of my knowledge and belief, I and my firm and its principals: (1) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency; (2) have not, within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for (a) commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; (b) violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property; (3) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph G(2) of this certification; and (4) have not, within a three-year period preceding this application/proposal, had one or more public transactions (Federal, State or local) terminated for cause or default.

If no agent is shown above, the undersigned lender affirmatively certifies that all information and supporting credit data were obtained directly by the lender.		
I. The undersigned lender understands and agrees that it is responsible for the omissions, errors, or acts of agents identified in item H as to the functions with which they are identified.		
J. The proposed loan conforms otherwise with the applicable provisions of Title 38, U.S.code, and of the regulations concerning guaranty or insurance of loans to Veterans.		
Signature of Officer of Lender	Title of Officer of Lender	Date: (mm/dd/yyyy)

Part III - Notices to Borrowers. Public reporting burden for this collection of information is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Privacy Act Information. The information requested on the Uniform Residential Loan Application and this Addendum is authorized by 38 U.S.C. 3710 (if for DVA) and 12 U.S.C. 1701 et seq. (if for HUD/FHA). The Debt Collection Act of 1982, Pub. Law 97-365, and HUD's Housing and Community Development Act of 1987, 42 U.S.C. 3543, require persons applying for a federally insured or guaranteed loan to furnish his/her social security number (SSN). You must provide all the requested information, including your SSN. HUD and/or VA may conduct a computer match to verify the information you provide. HUD and/or VA may disclose certain information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not otherwise be disclosed or released outside of HUD or VA, except as required and permitted by law.

The information will be used to determine whether you qualify as a mortgagor. Any disclosure of information outside VA or HUD/FHA will be made only as permitted by law. Failure to provide any of the requested information, including SSN, may VA Form 26-1802a (3/98) page 1 form HUD-92900-A (06/2005) result in disapproval of your loan application. This is notice to you as required by the Right to Financial Privacy Act of 1978 that VA or HUD/FHA has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to VA and HUD/FHA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law.

Caution. Delinquencies, defaults, foreclosures and abuses of mortgage loans involving programs of the Federal Government can be costly and detrimental to your credit, now and in the future. The lender in this transaction, its agents and assigns as well as the Federal Government, its agencies, agents and assigns, are authorized to take any and all of the following actions in the event loan payments become delinquent on the mortgage loan described in the attached application: (1) Report your name and account information to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service your account; (4) Offset amounts owed to you under other Federal programs; (5) Refer your account to a private attorney, collection agency or mortgage servicing agency to collect the amount due, foreclose the mortgage, sell the property and seek judgment against you for any deficiency; (6) Refer your account to the Department of Justice for litigation in the courts; (7) If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits; (8) Refer your debt to the Internal Revenue Service for offset against any amount owed to you as an income tax refund; and (9) Report any resulting written-off debt of yours to the Internal Revenue Service as your taxable income. All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the lender and/or the Federal Government to do so.

Part IV – Borrower Consent for Social Security Administration to Verify Social Security Number

I authorize the Social Security Administration to verify my Social Security number to the Lender identified in this document and HUD/FHA, through a computer match conducted by HUD/FHA.

I understand that my consent allows no additional information from my Social Security records to be provided to the lender, and HUD/FHA and that verification of my Social Security number does not constitute confirmation of my identity. I also understand that my Social Security number may not be used for any other purposes to ensure that HUD/FHA complies with SSA's consent requirements.

I am the individual to whom the Social Security number was issued or that person's legal guardian. I declare and affirm under the penalty of perjury that the information contained herein is true and correct. I know that if I make any representation that I know is false to obtain information from Social Security records, I could be punished by a fine or imprisonment or both.

This consent is valid for 190 days from the date signed, unless indicated otherwise by the individual(s) named in this loan application.

Signature(s) of Borrower(s) – Read consent carefully. Review accuracy of Social Security number(s) and birth dates provided on this application.

X **X** **Date Signed**

Part V – Borrower Certification

22. Complete the following for a HUD/FHA Mortgage

22.a Do you own or have you sold other real estate within the past 60 months on which there was a HUD/FHA mortgage?
22.d. Address

Yes or No

Is it to be sold?

YES NO

22b. Sales price

N/A

22c. Original Mortgage Amount

N/A

22e. If the dwelling to be covered by this mortgage is to be rented, is it a part of, adjacent or contiguous to any project subdivision or group of concentrated rental properties involving eight or more dwelling units in which you have any financial interest? YES NO If "Yes" give details.

22f. Do you own more than four dwellings? YES NO

If "Yes" submit form HUD-92561.

23. Complete for VA-Guaranteed Mortgage.

Have you ever had a VA Home Loan? YES NO

24. Applicable for Both VA & HUD. As a home loan borrower, you will be legally obligated to make the mortgage payments called for by your mortgage loan contract. The fact that you dispose of your property after the loan has been made **will not relieve you of liability for making these payments. Payment of the loan in full is ordinarily the way liability on a mortgage note is ended.** Some home buyers have the mistaken impression that if they sell their homes when they move to another locality, or dispose of it for any other reasons, they are no longer liable for the mortgage payments and that liability for these payments is solely that of the new owners. Even though the new owners may agree in writing to assume liability for your mortgage payments, this assumption agreement will not relieve you from liability to the holder of the note which you signed when you obtained the loan to buy the property. Unless you are able to sell the property to a buyer who is acceptable to VA or to HUD/FHA and who will assume the payment of your obligation to the lender, you will not be relieved from liability to repay any claim which VA or HUD/FHA may be required to pay your lender on account of default in your loan payments.

The amount of any such claim payment will be a debt owed by you to the Federal Government. This debt will be the object of established collection procedures.

25. I, the Undersigned Borrower(s) Certify that:

(1) I have read and understand the foregoing concerning my Liability on the loan and Part III Notices to Borrowers.

(2) Occupancy: (for VA only – mark the applicable box)

(a) I now actually occupy the above-described property as my home or intend to move into and occupy said property as my home within a reasonable period of time or intend to reoccupy it after the completion of major alterations, repairs or improvements.

(b) My spouse is on active military duty and in his or her absence, I occupy or intend to occupy the property securing this loan as my home.

(c) I previously occupied the property securing this loan as my home. (for interest rate reductions)

While my spouse was on active military duty and unable to occupy the property securing this loan, I previously occupied the property that is securing this loan as my home. (for interest rate reduction loans)
Note: If box 2b or 2d is checked, the veteran s spouse must also sign below.

(3) Mark the applicable box (not applicable for Home Improvement or Refinancing Loan) I have been informed that (\$) is:

The reasonable value of the property as determined by VA or:

the statement of appraised value as determined by the HUD/FHA.

Note: If the contract price or cost exceeds the VA Reasonable Value or HUD/FHA Statement of Appraised Value , mark either item (a) or item (b), whichever is applicable

(a).I was aware of this valuation when I signed my contract and I have paid or will pay in cash from my own resources at or prior to loan closing a sum equal to the difference between the contract purchase price or cost and the VA or

HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment;

(b) I was not aware of this valuation when I signed my contract but have elected to complete the transaction at the contract purchase price or cost. I have paid or will pay in cash from my own resources at or prior to loan closing a sum equal to the difference between contract purchase price or cost and the VA or HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment.

(4) Neither, I, nor anyone authorized to act for me, will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the dwelling or property covered by his/her loan to any person because of race, color religion, sex, handicap, familial status or national origin. I recognize that any restrictive covenant on the property relating to race, color, religion, sex, handicap, familial status or national origin is illegal and void and civil action for preventive relief may be brought by the Attorney General of the United States in any appropriate U.S. District court against any person responsible for the violation of the applicable law.

(5) All information in this application is given for the purpose of obtaining a loan to be insured under the national Housing Act or guaranteed by the Department of Veterans Affairs and the information in the Uniform Residential Loan Application and this Addendum is true and complete to the best of my knowledge and belief. Verification may be obtained from any source named herein.

(6) FOR HUD ONLY (for properties constructed prior to 1978) I have received information on lead paint poisoning. YES N/A

(7) **I am aware that neither HUD/FHA nor VA warrants the condition or value of the property**

Signature(s) of Borrower(s) – **Do not sign** unless this application is fully completed. Read the certifications carefully & review accuracy of this application

Date

X **X**

Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary or the HUD/FHA Commissioner.

Direct Endorsement Approval for a HUD/FHA-Insured Mortgage

U.S. Department of Housing and Urban Development

Part I – Identifying Information (mark the type of application) 1. <input checked="" type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act	2. Agency Case No. (include any suffix) 291-3475358-952	3. Lender's Case No. COMPLETE SAMPLE PACKAGE	4. Section of the Act (for HUD cases) 255
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5. Borrower's Name and Present Address (include zip code) JOSEPH K. BORROWER AND JANE C. BORROWER 5067 STATE HWY 13 NOVATO, CALIFORNIA, MARIN 94111	7. Loan Amount (include the UFMIP) \$79,618.00	8. Interest Rate 6.080 %	9. Proposed Maturity yrs. mos.
	10. Discount Amount (only if borrower is permitted to pay) N/A	11. Amount of Up Front Premium 2,420.00	12a. Amount of Monthly Premium \$/mo
6. Property Address (including name of subdivision, lot, block no. zip code) 5067 STATE HWY 13 NOVATO, CALIFORNIA, MARIN 94111	12b. Term of Monthly Premium months		13. Lender's I.D. Code
	14. Sponsor/Agent I.D. Code 2467100004		

15. Lender's Name & Address (include zip code) <div style="border: 1px solid black; padding: 5px;">Sample Lender Docs 123 Main Street Your City, California 94111</div> <p style="text-align: center;">Type or Print all entries clearly</p>	16. Name & Address of Sponsor / Agent James B Nutter & Company 4153 Broadway Kansas City, Missouri 64111
	17. Lender's Telephone Number 0

Approved: Approved subject to the additional conditions stated below, if any.

Date Mortgage Approved _____

Date Approval Expires _____

<input type="checkbox"/> Modified & Approved as Follows:	Loan Amount (include UFMIP):	Interest Rate %	Proposed Maturity	Monthly Payment:	Amount of Up Front Premium	Amount of Annual Premium	Term of Annual Premium
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Additional Conditions

- If this is proposed construction, the builder has certified compliance with HUD requirements on form HUD-92541.
- If this is new construction, the lender certifies that the property is 100% complete (both on site and off site improvements) and the Property meets HUD's minimum property standards.
- Form HUD-92544, Builder's Warranty is required.
- The property has a 10-year warranty.
- Owner-Occupancy Not required (item (b) of the Borrower's Certificate does not apply).
- The mortgage is a high loan-to-value ratio for non-occupant mortgagor in military.
- If this is a simplified process for condominiums, where FHA does not approve the condominium project, the lender certifies that the property meets the requirements in accordance with Section 234© of the National Housing Act and HUD's regulation at 24 CFR 234.26(3) and the unit is located in a condominium project that is one hundred (100) percent complete, including common areas and facilities.
- Other: (specify)

This mortgage was rated as an accept or "approve" by FHA's Total Mortgage Scorecard. As such, the undersigned representative of the mortgagee certifies to the integrity of the data supplied by the lender used to determine the quality of the loan, that a Direct Endorsement Underwriter reviewed the appraisal (if applicable) and further certifies that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program. I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4.

Mortgagee Representative: _____

This mortgage was rated as a refer by FHA's Total Mortgage Scorecard, and/or was manually underwritten by a Direct Endorsement underwriter. As such, the undersigned Direct Endorsement underwriter certifies that I have personally reviewed the appraisal report (if applicable), credit application, and all associated documents and have used due diligence in underwriting this mortgage. I find that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program and I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4.

Direct Endorsement Underwriter: _____ DE's CHUMS ID Number: _____

The Mortgagee, its owners, officers, employees, or directors do do not have a financial interest in or a relationship, by affiliation or ownership, with the builder or seller involved in this transaction.

Borrower's Certificate

The undersigned certifies that:

- (a) I will not have outstanding any other unpaid obligations contracted in connection with the mortgage transaction or the purchase of the said property except obligations which are secured by property or collateral owned by me independently of the said mortgaged property, or obligations approved by the Commissioner;
- (b) One of the undersigned intends to occupy the subject property, (note: this item does not apply if owner-occupancy is not required by the commitment);
- (c) All charges and fees collected from me as shown in the settlement statement have been paid by my own funds, and no other charges have been or will be paid by me in respect to this transaction;
- (d) Neither I, nor anyone authorized to act for me, will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of or otherwise make unavailable or deny the dwelling or property covered by this loan to any person because of race, color, religion, sex, handicap, familial status or national origin. I recognize that any restrictive covenant on this property relating to race, color, religion, sex, handicap, familial status or national origin is illegal and void and any such covenant is hereby specifically disclaimed. I understand that civil action for preventative relief may be brought by the Attorney General of the United States in any appropriate U.S. District Court against any person responsible for a violation of this certificate.

Borrower(s) Signature(s) and Date

Lender's Certificate:

The undersigned certifies that to the best of its knowledge:

- (a) The statements made in its application for insurance and in this Certificate are true and correct;
- (b) The conditions listed above or appearing in any outstanding commitment issued under the above case number have been fulfilled;
- (c) Complete disbursement of the loan has been made to the borrower, or to his/her creditors for his/her account and with his/her consent;
- (d) The security instrument has been recorded and is a good and valid first lien on the property described;
- (e) No charge has been made to or paid by the borrower except as permitted under HUD regulations;
- (f) The copies of the credit and security instruments which are submitted herewith are true and exact copies as executed and filed for record;
- (g) It has not paid any kickbacks, fee or consideration of any type, directly or indirectly, to any party in connection with this transaction except as permitted under HUD regulations and administrative instructions.

I, the undersigned, as authorized representative of **Sample Lender Docs**, mortgagee at this time of closing of this mortgage loan, certify that I have personally reviewed the mortgage loan documents, closing statements, application for insurance endorsement, and all accompanying documents. I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4.

Lenders Name Sample Lender Docs		NOTE: If the approval is executed by an agent in the name of Lender, the agent must enter the lender's code number and Type.	
Title of Lender's Officer			
Signature of Lender's Officer		Code Number (5 digits)	Type
Date			

Tax and Insurance Disclosure

I/we understand that the payment of taxes and hazard insurance premiums (“Property Charges”) on a timely basis is a condition of maintaining the reverse mortgage. I also understand that I can have my lender pay the Property Charges out of loan proceeds upon request. Depending upon the payment plan that I/we select, these Property Charges will be paid: (1) out of a set-aside established at closing, (2) with Loan Advances, or (3) by withholding part of my Tenure Payment each month.

Should I/we fail to make timely payments of Property Charges, the lender may use any available line of credit to pay these charges if no loan funds are available. If I/we refuse to pay the Property Charges, I/we understand that I/we will be in default and the lender may use any available remedies to cure the deficiency(s)

I/we authorize my/our lender to pay the Property Charges from my/our loan proceeds:

Taxes *Insurance* *Both* _____ *of Years Set-Aside*

I/we decline authorization for my/our lender to pay the Property Charges and agree to pay these charges from my/our own funds.

Signature(s):

JOSEPH K. BORROWER

Date

JANE C. BORROWER (Borrower)

Date

Lender Signature

Date

HECM – FNMA SUBMISSION – INPUT SCREEN

(NOTE: USING THE RETURN KEY INSTEAD OF ARROW OR TAB KEY WILL FOLLOW THIS LAYOUT)

PAGE 1	
Servicer Number	0
Contact Name	
Phone Number	
Fax Number	
ABA Number	
HUD ID	Borrower, Joseph K. & Jane C.
Case Number	291-3475358-952
Contract Number	
Commitment Period	1
Address	5067 STATE HWY 13
City	NOVATO
State	CALIFORNIA
Zip	94111

PAGE 2	
Number of Units	1
Dwelling Type	Single <input checked="" type="checkbox"/> Condo <input type="checkbox"/> PUD <input type="checkbox"/>
Property Appraised Value	121,000.00
Maximum Claim Amount	200,160.00
Close Date	December 1, 2006
Fund Date	December 6, 2006
Borrower's Birth Date	JANUARY 28, 1934
ARM Plan	Yearly <input type="checkbox"/> Monthly <input checked="" type="checkbox"/>
Rounding YES/NO	NO
Initial INDEX (no margin)	5.01 %
Mortgage Margin	1.50 %
First Adjust Date	FEBRUARY 1, 2007
Expected Avg Rate INDEX (no margin)	4.580 %
Servicing Fee	35.00
Mo. Tax and Insurance	Blank
Origination Fee	605.00
Other Closing Costs	4,160.98
Lien Advances	69,457.10
Other Draws	68.23
Repair Set Aside	0.00
1 st Year Property Tax Charge	0.00
Schedule Pay Suspended	No
Suspension Start	Blank
Suspension End	Blank
HECM Loan Type	HECM Monthly
Maturity Date (total months)	N/A

PAGE 3	
Number of Borrowers	2
First Disbursement Date	February 1, 2007
Gender of Borrower	2
Race of Borrower	White
Gender of Co-Borrower	
Race of Co-Borrower	0
Age of Co-Borrower	FEBRUARY 9, 1925 81
Monthly Income	\$
Year Property Built	1962
Number of Bedrooms	3

SUBMISSION SIGN-OFF	
Principal Limit	79,618.00
Net Principal Limit	0.00
Servicing Fee Set Aside	5,326.69
UPB	74,291.31
Monthly Payment	0.00
Starting Line of Credit	0.00
Remaining Line of Credit	0.00

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SETTLEMENT STATEMENT	B. TYPE OF LOAN 1. <input checked="" type="checkbox"/> FHA 2. <input type="checkbox"/> FmHA 3. <input type="checkbox"/> CONV. UNINS. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> CONV. INS. 6. FILE NUMBER: _____ 7. LOAN NUMBER: _____ COMPLETE SAMPLE PACKAGE 8. MORTGAGE INSURANCE CASE NUMBER: 291-3475358-952
--	--

C: *NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by settlement agent are shown. Items marked "(p.o.c)" were paid outside the closing; they are shown here for informational purposes and are not included in the Totals.*

D. NAME OF BORROWER: JOSEPH K. BORROWER AND JANE C. BORROWER	
E. NAME AND ADDRESS OF SELLER:	
F. NAME AND ADDRESS OF LENDER: Sample Lender Docs 123 Main Street Your City, California 94111	
G. PROPERTY LOCATION: 5067 STATE HWY 13 NOVATO, CALIFORNIA 94111	
H. SETTLEMENT AGENT: Your Title Company	
I. SETTLEMENT DATE: Closing Date: December 1, 2006 Disbursement Date: December 6, 2006	PLACE OF SETTLEMENT: 553366 Smith Ranch Road Marinwood, CA 94112

J. SUMMARY OF BORROWER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract sales price	
102. Personal property	
103. Settlement charges to borrower (line 1400)	4,765.98
104. Payoff to: THE MORTGAGE	69,457.10
105. Payoff to:	
106. Payoff to:	
107. Disbursement to:	
108. Disbursement to:	
109. Disbursement to:	
<i>Adjustments for items paid by seller in advance</i>	
110. County to:	
111. Assessments to:	
112. Deposit	0.00
120. GROSS AMOUNT DUE FROM BORROWER	74,223.08
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	
202. Principal amount of new loan(s)	
203. Existing loan(s) taken subject to	
204. Closing Costs	4,765.98
205. Cash Portion of Initial Draw	68.23
206. Payoff to: THE MORTGAGE	69,457.10
207. Payoff to:	
208. Payoff to:	
209. Disbursement to:	
210. Disbursement to:	
211. Disbursement to:	
<i>Adjustments for items paid by seller in advance</i>	
212. City/County Taxes to	
213. County to	
214. Assessments to	
215.	
216. Refund of Deposit:	0.00
217. Cash due for Payoff(s):	
218. Cash due for Closing Cost(s):	
219.	
220. TOTAL PAID BY / FOR BORROWER	74,291.31
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross amount due from borrower (line 120)	74,223.08
302. Less amounts paid by / for borrower (line 220)	74,291.31
303. CASH (n.a.) FROM (X) TO BORROWER	68.23

K. SUMMARY OF SELLER'S TRANSACTION	
400. GROSS AMOUNT DUE TO SELLER:	
401. Contract sales price	
402. Personal property	
403.	
404.	
405.	
406.	
407.	
408.	
<i>Adjustments for items paid by seller in advance</i>	
409. City/town taxes to	
410. County to	
411. Assessments to	
412.	
420. GROSS AMOUNT DUE TO SELLER	
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
510.	
<i>Adjustments for items paid by seller in advance</i>	
512. City/town taxes to	
513. County	
514. Assessments	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	
600. CASH AT SETTLEMENT TO / FROM SELLER	
601. Gross amount due to seller (line 420)	
602. Less reduction in amount due seller (line 520)	
603. CASH (_____) FROM (_____) TO BORROWER	

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD- 1 Settlement Statement (pg 1 and 2)

Borrower JOSEPH K. BORROWER Date _____

Borrower JANE C. BORROWER Date _____

L. SETTLEMENT CHARGES

700. TOTAL SALES/BROKER'S COMMISSION:			PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
based on price	\$	@ % =		
Division of Commission (line 700) as follows:				
701.	\$	to		
702.	\$	to		
703.	Commission paid at Settlement			
704.				
800. ITEMS PAYABLE IN CONNECTION WITH LOAN				
801.	Loan Origination Fee	to Lender	605.00	
803.	Appraisal Fee	to Your Appraisal	375.00	
804.	Credit Report	to Jacks Credit	50.00	
805.	Lender's Inspection Fee	to		
806.	Mortgage Insurance Application Fee	to		
807.	Tax Service Fee	to		
808.	Repair Administration Fee	to	\$0.00	
809.	Flood Certificate Fee	to		
810.	Compliance Certificate	to		
811.	Broker Fee	to	0.00	
812.	Correspondent Fee (\$250 POC)	to Lender		
813.	Fee to Servicing Company	to		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE				
901.	Interest From	to @ \$/day		
902.	Mortgage Insurance Premium for	to HUD	2,420.00	
903.	Hazard Insurance Premium for	years to		
904.		to		
905.				
1000. RESERVES DEPOSITED WITH LENDER				
1001.	Hazard Insurance	months @ \$		
1002.	Mortgage Insurance	months @ \$		
1003.	City Property Taxes	months @ \$		
1004.	County Property taxes	months @ \$		
1005.	Annual Assessments	months @ \$		
1100. TITLE CHARGES				
1101.	Settlement or closing fee	to Your Title	225.00	
1102.	Abstract or title search	to		
1103.	Title examination	to		
1104.	Title Insurance Binder	to		
1105.	Document Preparation	to Bay Docs, Inc.	125.00	
1106.	Notary fees	to	0.00	
1107.	Attorney's fees	to		
	<i>(includes above items numbers:)</i>			
1108.	Title insurance	to Your Title	466.00	
	<i>(includes above items numbers: 0)</i>			
1109.	Lender's coverage	\$ 121,000.00		
1110.	Owner's coverage			
1111.	Title Endorsements	to	0.00	
1112.	2006 Property Taxes	to Marin County Tax Collector	314.98	
1113.		to		
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES				
1201.	Recording fees: Deed \$120.00;	Mortgage \$;	Releases \$	120.00
1202.	City/county tax/stamps Deed \$;		Mortgage \$	
1203.	State tax/stamps Deed \$;		Mortgage \$	
1204.		to		
1205.	Flood Cert	to	15.00	
1300. ADDITIONAL SETTLEMENT CHARGES				
1301.	Survey	to		
1302.	Pest Inspection	to		
1303.	Courier Charge (Lender)	to		
1304.	Courier Fee (Title)	to Your Title	50.00	
1305.		to		
1400. TOTAL SETTLEMENT CHARGES <i>(enter on lines 103, Section J and 502, Section K)</i>			4,765.98	

I have prepared the HUD-1 Settlement Statement

HUD-1-04/87

Sample Lender Docs
Company

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received, and have been or will be disbursed, by the undersigned as part of the settlement of this transaction.

By: _____ Date _____
Settlement Agent

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

ADDENDUM TO HUD-1 SETTLEMENT STATEMENT

CERTIFICATION OF BORROWER IN AN FHA-INSURED HECM (HOME EQUITY CONVERSION MORTGAGE) LOAN TRANSACTION

I have carefully reviewed the HUD-1 Settlement Statement, and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

JOSEPH K. BORROWER

Date

JANE C. BORROWER (Borrower)

Date

CERTIFICATION OF SETTLEMENT AGENT IN AN FHA-INSURED HECM (HOME EQUITY CONVERSION MORTGAGE) LOAN TRANSACTION

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received, and have been or will be disbursed, by the undersigned as part of the settlement of this transaction.

Settlement Agent

Date

(The certifications contained herein may be obtained from the respective parties at different times or may be contained on separate addenda.)

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see Title 18 U.S. Code Section 1001 and Section 101

DOCUMENT CHECK LIST

HECM - CLOSING December 1, 2006

Originator: Sample Lender Docs
FHA Case Number: 291-3475358-952 COMPLETE SAMPLE PACKAGE
Borrower(s): JOSEPH K. BORROWER AND JANE C. BORROWER
5067 STATE HWY 13
NOVATO, CALIFORNIA 94111 - COUNTY OF MARIN

The initial interest rate for this loan is: 6.510%
The maximum rate is: Sixteen and 51/100
The expected rate: 6.080%
The margin is: 1.50%
The Maximum Claim Amount is: \$200,160.00
The Net Principal Limit is: \$0.00 (money remaining for monthly payments)

Enclosed please find the loan documents indicated below and our invoice for the above referenced borrower.

- 1st Mortgage/Deed with Adjustable Rate Paragraph
- Condominium rider (if applicable)
- PUD rider (if applicable)
- Compliance Agreement
- 2nd Mortgage/Deed with Adjustable Rate Paragraph
- 2nd Condominium rider (if applicable)
- 2nd PUD rider (if applicable)
- 1st Note
- 2nd Note
- Loan Agreement (1 original)
- Exhibit 1 - Payment Plan (1 original)
- Exhibit 2 - Schedule of Liens (1 original)
- Exhibit 3 - Repair riders (1 original - if applicable)
- Truth in Lending
- Right to Cancel (3 originals - 1 to be given to borrower(s) to take)
- Confirmation
- Electronic Transfer Request
- Notice to the Borrower re late payments
- Flood Certification
- Choice of Insurance Option
- Third Party Fees Disclosure
- Hold Harmless
- Mailing Address Affidavit
- FANNIE MAE Assignment

Invoice Package

- Bay Docs, Inc. Invoice

Title Company / Settlement Agent Documentation

- Recording Certification
- Certification of Execution of Documents
- Disbursement Confirmation

Documents Included if requested from Lender

- Name Affidavit
- Notice of Assignment of Servicing (if applicable)
- Hotel and Transient

Forms to be found at the end of the package

- Form 928 - Fannie Mae Submission
- HUD-1 (pages 1 and 2)
- Closing Instructions
- End of Document Notice

**DEED OF TRUST
(HOME EQUITY CONVERSION)**

Requested by and returned to:

Sample Lender Docs
123 Main Street
Novato, CA 94111

**FHA Case Number: 291-3475358-952
COMPLETE SAMPLE PACKAGE**

State of California

DEED OF TRUST

THIS DEED OF TRUST SECURES A REVERSE MORTGAGE

THIS DEED OF TRUST ("Security Instrument") is made on **December 1, 2006**. The trustor is **Joseph K. Borrower and Jane C. Borrower, as Trustees of the Borrower Family trust dated 1/1/2002** whose address is **5067 STATE HWY 13, NOVATO, CALIFORNIA 94111** ("Borrower"). The trustee is **YOUR TITLE COMPANY, 553366 SMITH RANCH ROAD, MARINWOOD, CA 94112** ("Trustee"). The beneficiary is **Sample Lender Docs**, which is organized and existing under the laws of **0**, and whose address is **123 Main Street, Your City, California 94111** ("Lender"). Borrower has agreed to repay to Lender amounts which Lender is obligated to advance, including future advances, under the terms of a Home Equity Conversion Loan Agreement dated the same date as this Security Instrument ("Loan Agreement"). The agreement to repay is evidenced by Borrower's Note dated the same date as this Security Instrument ("Note"). This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note, up to a maximum principal amount of **One Hundred Eighty-One Thousand Five Hundred and 00/100 Dollars (\$181,500.00)**; (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument or otherwise due under the terms of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. The full debt, including amounts described in (a), (b), and (c) above, if not paid earlier, is due and payable on **JANUARY 28, 2084**. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in **MARIN** County, California:

The real property located at the address **5067 STATE HWY 13, NOVATO, CALIFORNIA 94111**, in the county of **MARIN**, state of **CALIFORNIA**, described more fully on Exhibit A attached to this Deed of Trust.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, 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 mortgage, grant and convey the Property and that the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any 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:

1. Payment of Principal and Interest. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note.

2. Payment of Property Charges. Borrower shall pay all property charges consisting of taxes, ground rents, flood and hazard insurance premiums, and special assessments in a timely manner, and shall provide evidence of payment to Lender, unless Lender pays property charges by withholding funds from monthly payments due to the Borrower or by charging such payments to a line of credit as provided for in the Loan Agreement.

3. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire. This insurance shall be maintained in the amounts, to the extent and for the periods required by Lender or the Secretary of Housing and Urban Development ("Secretary"). Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss Lender, instead of to Borrower and Lender jointly. Insurance proceeds shall be applied to restoration or repair of the damaged Property, 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 first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary on the Property and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

4. 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 after the execution of this Security Instrument and Borrower (or at least one Borrower, if initially more than one person are Borrowers) and shall continue to occupy the Property as Borrower's principal residence for the term of the Security Instrument. "Principal residence" shall have the same meaning as in the Loan Agreement.

Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. 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 Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to merger in writing.

5. Charges to Borrower and Protection of Lender's Rights in the Property. Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument in the manner provided in Paragraph 12(c).

If Borrower fails to make these payments or the property charges required by Paragraph 2, or fails to perform any other 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, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

To protect Lender's security in the Property, Lender shall advance and charge to Borrower all amounts due to the Secretary for the Mortgage Insurance Premium ("MIP") as defined in the Loan Agreement as well as all sums due to the loan servicer for servicing activities ("Servicing Fee") as defined in the Loan Agreement. Any amounts disbursed by Lender under this Paragraph are obligatory and shall become an additional debt of Borrower as provided for in the Loan Agreement and shall be secured by this Security Instrument.

6. Inspection. Lender or its agent may enter on, inspect or make appraisals of the Property in a reasonable manner and at reasonable times provided that Lender shall give the Borrower notice prior to any inspection or appraisal specifying a purpose for the inspection or appraisal which must be related to Lender's interest in the Property. If the Property is vacant or abandoned or the loan is in default, Lender may take reasonable action to protect and preserve such vacant or abandoned Property without notice to the Borrower.

7. 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 place of condemnation shall be paid to Lender. The proceeds shall be applied first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary on the Property, and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

8. Fees. Lender may collect fees and charges authorized by the Secretary.

9. Grounds for Acceleration of Debt.

(a) Due and Payable. Lender may require immediate payment in full of all sums secured by this Security Instrument if:

- (i) A Borrower dies and the Property is not the principal residence of at least one surviving Borrower; or
- (ii) All of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains (a) title to the Property in fee simple, (b) a leasehold under a lease for less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower (or a beneficial interest in a trust with such an interest in the Property), or (c) a life estate in the Property.

(b) Due and Payable with Secretary Approval. Lender may require immediate payment in full of all sums secured by this Security Instrument, upon approval by an authorized representative of the Secretary, if:

- (i) The Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of at least one other Borrower; or
- (ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to physically occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower; or
- (iii) An obligation of the Borrower under this Security Instrument is not performed.

(c) Notice to Lender. Borrower shall notify Lender whenever any of the events listed in subparagraphs (a) and (b) of this Paragraph 9(a)(ii) or (b) occur.

(d) Notice to Secretary and Borrower. Lender shall notify the Secretary and Borrower whenever the loan becomes due and payable under this Paragraph 9(a)(ii) and (b). Lender shall not have the right to commence foreclosure until Borrower has had thirty (30) days after notice to either:

- (i) Correct the matter which resulted in the Security Instrument coming due and payable; or
- (ii) Pay the balance in full; or
- (iii) Sell the Property for the lesser of the balance or 95% of the appraised value and apply the net proceeds of the sale toward the balance; or
- (iv) Provide the Lender with a deed in lieu of foreclosure.

(e) **Trusts.** Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Secretary, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph 9.

(f) **Mortgage Not Insured.** Borrower agrees that should this Security Instrument and the Note not be eligible for insurance under the National Housing Act within eight (8) months from the date hereof, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to eight (8) months from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

10. No Deficiency Judgments. Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed. If this Security Instrument is assigned to the Secretary upon demand by the Secretary, Borrower shall not be liable for any difference between the mortgage insurance benefits paid to Lender and the outstanding indebtedness, including accrued interest, owed by Borrower at the time of the assignment.

11. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full. This right applies even after foreclosure proceedings are instituted. To reinstate this Security Instrument, Borrower shall correct the condition which resulted in the requirement for immediate payment in full. Foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with a foreclosure proceeding shall be added to the principal balance. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two (2) years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the Security Instrument.

12. First Lien Status

(a) **Modification.** Borrower agrees to extend this Security Instrument in accordance with this Paragraph 12(a). If Lender determines that the original lien status of the Security Instrument is jeopardized under state law (including but not limited to situations where the amount secured by the Security Instrument equals or exceeds the maximum principal amount stated or the maximum period under which loan advances retain the same lien priority initially granted to loan advances has expired) and state law permits the original lien status to be maintained for future loan advances through the execution and recordation of one or more documents, then Lender shall obtain title evidence at Borrower's expense. If the title evidence indicates that the Property is not encumbered by any liens (except this Security Instrument, the Second Security Instrument described in Paragraph 13(a) and any subordinate liens that the Lender determines will also be subordinate to any future loan advances), Lender shall request the Borrower to execute such documents. If state law does not permit the original lien status to be extended to future loan advances, Borrower will be deemed to have failed to have performed an obligation under this Security Instrument.

(b) **Tax Deferral Programs.** Borrower shall not participate in a real estate tax deferral program, if any liens created by the tax deferral are not subordinate to this Security Instrument.

(c) **Prior Liens.** Borrower shall promptly discharge any lien which has 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 the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to all amounts secured by this Security Instrument. 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 the lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

13. Relationship to Second Security Instrument.

(a) **Second Security Instrument.** In order to secure payments which the Secretary may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, unless otherwise

provided by the Secretary, the Secretary has required Borrower to execute a Second Note and Second Security Instrument on the Property.

(b) Relationship of First and Second Security Instruments. Payments made by the Secretary shall not be included in the debt under the Note unless:

- (i) This Security Instrument is assigned to the Secretary; or
- (ii) The Secretary accepts reimbursement by the Lender for all payments made by the Secretary.

If the circumstances described in (i) or (ii) occur, then all payments by the Secretary, including interest on the payments but excluding late charges paid by the Secretary, shall be included in the debt under the Note.

(c) Effect on Borrower. Where there is no assignment or reimbursement as described in (b)(i) or (ii) and the Secretary makes payments to Borrower, then Borrower shall not:

- (i) Be required to pay amounts owed under the Note, or pay any rents and revenues of the Property under Paragraph 19 to Lender or a receiver of the Property, until the Secretary has required payment in full of all outstanding principal and accrued interest under the Second Note; or
- (ii) Be obligated to pay interest or shared appreciation under the Note at any time, whether accrued before or after the payments by the Secretary, and whether or not accrued interest has been included in the principal balance under the Note.

(d) No Duty of the Secretary. The Secretary has no duty to Lender to enforce covenants of the Second Security Instrument or to take actions to preserve the value of the Property, even though Lender may be unable to collect amounts owed under the Note because of restrictions in this Paragraph 13.

14. Forbearance by Lender Not a Waiver. 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.

15. Successors and Assigns Bound; Joint and Several Liability. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender. Borrower may not assign any rights or obligations under this Security Instrument or under the Note, except to a trust that meets the requirements of the Secretary. Borrower's covenants and agreements shall be joint and several.

16. 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 all Borrowers jointly designate. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender 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 16.

17. 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.

18. Borrower's Copy. Borrower shall be given one conformed copy of the Note and this Security Instrument.
NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

19. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's Notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by this Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 19.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by this Security Instrument is paid in full.

20. Foreclosure Procedure. For any event under Paragraph 9, Lender may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 20, including, but not limited to, reasonable attorney's fees and costs of the evidence. If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder 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 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.

21. Lien Priority. The full amount secured by this Security Instrument shall have the same priority over any other liens on the Property as if the full amount had been disbursed on the date the initial disbursement was made, regardless of the actual date of any disbursement. The amount secured by this Security Instrument shall include all direct payments by Lender to Borrower and all other loan advances permitted by this Security Instrument for any purpose. This lien priority shall apply notwithstanding any State constitution, law or regulation, except that this lien priority shall not affect the priority of any liens for unpaid State or local governmental unit special assessments or taxes.

22. Adjustable Rate Feature. Under the Note, the initial stated interest rate of **Six and 51/100 percent (6.510%)** which accrues on the unpaid principal balance ("Initial Interest Rate") is subject to change, as described below. When the interest rate changes, the new adjusted interest rate will be applied to the total outstanding principal balance. Each adjustment to the interest rate will be based upon the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, ("Index") plus a margin. The Index is published in the Federal Reserve Bulletin and made available by the United States Treasury Department in Statistical Release H.15 (519). If the Index is no longer available, Lender will be required to use any index prescribed by the Department of Housing and Urban Development. The new index will have a historical movement substantially similar to the original index, and the new index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original index becomes unavailable.

Lender will perform the calculations described below to determine the new adjusted interest rate. The interest rate may

change on **FEBRUARY 1, 2007**, and on the first day of ___ and on that day of each succeeding year, or X the first day of each succeeding month (Change Date) until the loan is repaid in full.

The value of the Index will be determined, using the most recent Index figure available thirty (30) days before the Change Date ("Current Index"). Before each Change Date, the new interest rate will be calculated by adding a margin to the Current Index. The sum of the margin plus the Current Index will be called the "Calculated Interest Rate" for each Change Date. The Calculated Interest Rate will be compared to the interest rate in effect immediately prior to the current Change Date (the "Existing Interest Rate").

___ **Annually Adjusting Variable Rate Feature** - The interest rate will never increase or decrease by more than two percentage points (2.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of this Note.

X **Monthly Adjusting Variable Rate Feature** - The Calculated Interest Rate will never increase above **16.510%**.

The Calculated Interest Rate will be adjusted if necessary to comply with the rate limitation(s) described above and will be in effect until the next Change Date. At any change date, if the Calculated Interest Rate equals the Existing Interest Rate, the interest rate will not change.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Lender may charge such person or persons a reasonable fee for reconveying the Property, but only if the fee is paid to a third-party (such as the Trustee) for services rendered and the charging of the fee is permitted under applicable law. If the fee charged does not exceed the fee set by applicable law, the fee is conclusively presumed to be reasonable.

24. Substitute Trustee. Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

25. Request for Notices. Borrower requests that copies of the notices of default and sale be sent to Borrower's address which is the Property Address.

26. Statement of Obligation Fee. Lender may collect a fee not to exceed the maximum amount permitted by law for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

27. Obligatory Loan Advances. Lender's responsibility to make Loan Advances under the terms of the Loan Agreement, including Loan Advances of principal to Borrower as well as Loan Advances for interest, MIP, Servicing Fees, and other charges shall be obligatory.

28. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check all riders that are applicable].

	Condominium Rider		PUD Rider
	Shared Appreciation Rider		Other

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Signature _____
JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

JOSEPH K. BORROWER, AS TRUSTEE

JANE C. BORROWER, AS TRUSTEE

Notary Acknowledgement

State of California

County of

On _____ before me, _____, a Notary Public in and for said State, personally appeared **Joseph K. Borrower and Jane C. Borrower**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ [SEAL]
 (This area for official notary seal)

NOTARY MUST PRINT OR TYPE

This must be printed or typed in a manner that is photographically reproducible (GC27201.5)

Name of the Notary: _____

County of notary's principal Place of business: _____

Notary's phone number: _____

Notary's registration number: _____

Commission expiration date: _____

Title of Document:
Date of Document: _____ No. of Pages
Other Signatures not acknowledged:

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by your under this Deed of Trust to the person or persons legally entitled thereto.

Signature _____

EXHIBIT A

Exhibit A to the Deed of Trust made on **December 1, 2006**, by **Joseph K. Borrower and Jane C. Borrower, as Trustees of the Borrower Family trust dated 1/1/2002** ("Borrower") to **YOUR TITLE COMPANY** ("Trustee") for the benefit of **Sample Lender Docs** ("Lender"). The Property is located in the county of **MARIN**, state of **CALIFORNIA**, described as follows:

Description of Property

Legal description attached hereto as Exhibit A and by this reference made a part hereof

**SECOND DEED OF TRUST
(HOME EQUITY CONVERSION)**

Requested by and returned to:

Sample Lender Docs
123 Main Street
Novato, CA 94111

**FHA Case Number: 291-3475358-952
COMPLETE SAMPLE PACKAGE**

State of California

**SECOND DEED OF TRUST
THIS DEED OF TRUST SECURES A REVERSE MORTGAGE**

THIS DEED OF TRUST ("Security Instrument" or "Second Security Instrument") is made on **December 1, 2006**. The trustor is **Joseph K. Borrower and Jane C. Borrower, as Trustees of the Borrower Family trust dated 1/1/2002**, whose address is **5067 STATE HWY 13, NOVATO, CALIFORNIA 94111** ("Borrower"). The trustee is the SENIOR OFFICIAL WITH RESPONSIBILITY FOR SINGLE FAMILY MORTGAGE INSURANCE PROGRAMS IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FIELD OFFICE WITH JURISDICTION OVER THE PROPERTY DESCRIBED BELOW, OR A DESIGNEE OF THAT OFFICIAL ("Trustee"). The beneficiary is the Secretary of Housing and Urban Development, and whose address is 451 Seventh Street, S.W., Washington, DC 20410, ("Lender" or "Secretary"). Borrower has agreed to repay to Lender amounts which Lender is obligated to advance, including future advances, under the terms of a Home Equity Conversion Loan Agreement dated the same date as this Security Instrument ("Loan Agreement"). The agreement to repay is evidenced by Borrower's Note dated the same date as this Security Instrument ("Second Note"). This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Second Note, with interest, at a rate subject to adjustment, and all renewals, extensions and modifications of the Note, up to a maximum principal amount of **One Hundred Eighty-One Thousand Five Hundred and 00/100 Dollars (\$181,500.00)**; (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument or otherwise due under the terms of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Second Note. The full debt, including amounts described in (a), (b), and (c) above, if not paid earlier, is due and payable on **JANUARY 28, 2084**. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in **MARIN** County, California:

The real property located at the address **5067 STATE HWY 13, NOVATO, CALIFORNIA 94111**, in the county of **MARIN**, state of **CALIFORNIA**, described more fully on Exhibit A attached to this Deed of Trust.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, 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 that the Property is only encumbered by a First Security Instrument given by Borrower and dated the same date as this Security Instrument ("First Security Instrument"). Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any 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:

1. Payment of Principal and Interest. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Second Note.

2. Payment of Property Charges. Borrower shall pay all property charges consisting of taxes, ground rents, flood and hazard insurance premiums, and special assessments in a timely manner, and shall provide evidence of payment to Lender, unless Lender pays property charges by withholding funds from monthly payments due to the Borrower or by charging such payments to a line of credit as provided for in the Loan Agreement. Lender may require Borrower to pay specified property charges directly to the party owed payment even though Lender pays other property charges as provided in this Paragraph.

3. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire. This insurance shall be maintained in the amounts, to the extent and for the periods required by Lender. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss to Lender, instead of to Borrower and Lender jointly. Insurance proceeds shall be applied to restoration or repair of the damaged Property, 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 first to the reduction of any indebtedness under the Second Note and this Security Instrument. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Second Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

4. 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 after the execution of this Security Instrument and Borrower (or at least one Borrower, if initially more than one person are Borrowers) and shall continue to occupy the Property as Borrower's principal residence for the term of the Security Instrument. "Principal residence" shall have the same meaning as in the Loan Agreement.

Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. 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 Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to merger in writing.

5. Charges to Borrower and Protection of Lender's Rights in the Property. Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument in the manner provided in Paragraph 12(c).

If Borrower fails to make these payments or the property charges required by Paragraph 2, or fails to perform any other 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, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

To protect Lender's security in the Property, Lender shall advance and charge to Borrower all amounts due to the Secretary for the Mortgage Insurance Premium ("MIP") as defined in the Loan Agreement as well as all sums due to the loan servicer for servicing activities ("Servicing Fee") as defined in the Loan Agreement. Any amounts disbursed by Lender under this Paragraph are obligatory and shall become an additional debt of Borrower as provided for in the Loan Agreement and shall be secured by this Security Instrument.

6. Inspection. Lender or its agent may enter on, inspect or make appraisals of the Property in a reasonable manner and at reasonable times provided that Lender shall give the Borrower notice prior to any inspection or appraisal specifying a purpose for the inspection or appraisal which must be related to Lender's interest in the Property. If the Property is vacant or abandoned or the loan is in default, Lender may take reasonable action to protect and preserve such vacant or abandoned Property without notice to the Borrower.

7. 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 place of condemnation, shall be paid to Lender. The proceeds shall be applied first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary to the Property, and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

8. Fees. Lender may collect fees and charges authorized by the Secretary.

9. Grounds for Acceleration of Debt.

(a)Due and Payable. Lender may require payment in full of all sums secured by this Security Instrument if:

- (i) A Borrower dies and the Property is not the Principal residence of at least one surviving Borrower; or
- (ii) All of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains (a) title to the Property in fee simple (b) a leasehold under a lease for less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower (or retaining a beneficial interest in a trust with such an interest in the Property), or (c) a life estate in the Property ; or
- (iii) The Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of at least one other Borrower; or
- (iv) For a period of longer than twelve (12) consecutive months, a Borrower fails to physically occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower; or
- (v) An obligation of the Borrower under this Security Instrument is not performed.

(b)Notice to Lender. Borrower shall notify the Lender whenever any of the events listed in Paragraph 9(a)(ii)-(v) occur.

(c)Notice to Borrower. Lender shall notify Borrower whenever the loan becomes due and payable under Paragraph 9(a)(ii)-(v). Lender shall not have the right to commence foreclose until Borrower has had thirty (30) days after notice to either:

- (i) Correct the matter which resulted in the Security Instrument coming due and payable; or
- (ii) Pay the balance in full; or
- (iii) Sell the Property for the lesser of the balance or 95% of the appraised value and apply the net proceeds of the sale toward the balance; or
- (iv) Provide the Lender with a deed in lieu of foreclosure.

(d) Trusts. Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Secretary, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph 9. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph 9.

10. No Deficiency Judgments. Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed.

11. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full. This right applies even after foreclosure proceedings are instituted. To reinstate this Security Instrument, Borrower shall correct the condition which resulted in the requirement for immediate payment in full. Foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with a foreclosure proceeding shall be added to the principal balance. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two (2) years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the Security Instrument.

12. Second Lien Status

(a) Modification. Borrower agrees to extend this Security Instrument in accordance with this Paragraph 12(a). If Lender determines that the original lien status of the Security Instrument is jeopardized under state law (including but not limited to situations where the amount secured by the Security Instrument equals or exceeds the maximum principal amount stated or the maximum period under which loan advances retain the same lien priority initially granted to loan advances has expired) and state law permits the original lien status to be maintained for future loan advances through the execution and recordation of one or more documents, then Lender shall obtain title evidence at Borrower's expense. If the title evidence indicates that the Property is not encumbered by any liens (except the First Security Instrument described in Paragraph 13(a), this Second Security Instrument and any subordinate liens that the Lender determines will also be subordinate to any future loan advances), Lender shall request the Borrower to execute such documents. If state law does not permit the original lien status to be extended to future loan advances, Borrower will be deemed to have failed to have performed an obligation under this Security Instrument.

(b) Tax Deferral Programs. Borrower shall not participate in a real estate tax deferral program, if any liens created by the tax deferral are not subordinate to this Security Instrument.

(c) Prior Liens. Borrower shall promptly discharge any lien which has 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 the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to all amounts secured by this Security Instrument. 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 the lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

13. Relationship to First Security Instrument.

(a) Second Security Instrument. In order to secure payments which the Secretary may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, unless otherwise provided by the Secretary, the Secretary has required Borrower to execute a Second Note and this Second Security Instrument. Borrower has also executed a First Note and First Security Instrument.

(b) Relationship of First and Second Security Instruments. Payments made by the Secretary shall not be included in the debt under the First Note unless:

- (i) The First Security Instrument is assigned to the Secretary; or
- (ii) The Secretary accepts reimbursement by the holder of the First Note for all payments made by the Secretary.

If the circumstances described in (i) or (ii) occur, then all payments by the Secretary, including interest on the payments, but excluding late charges paid by the Secretary, shall be included in the debt under the First Note.

(c) Effect on Borrower. Where there is no assignment or reimbursement as described in (b)(i) or (ii) and the Secretary makes payments to Borrower, then Borrower shall not:

- (i) Be required to pay amounts owed under the First Note, or pay any rents and revenues of the Property under Paragraph 19 to the holder of the First Note or a receiver of the Property, until the Secretary has required payment in full of all outstanding principal and accrued interest under the Second Note; or
- (ii) Be obligated to pay interest or shared appreciation under the First Note at any time, whether accrued before or after the payments by the Secretary, and whether or not accrued interest has been included in the principal balance under the First Note.

(d) No Duty of the Secretary. The Secretary has no duty to the holder of the of the First Note to enforce covenants of the Second Security Instrument or to take actions to preserve the value of the Property, even though the holder of the First Note may be unable to collect amounts owed under the First Note because of restrictions in this Paragraph 13.

(e) Restrictions on Enforcement. Notwithstanding anything else in this Security Instrument, the Borrower shall not be obligated to comply with the covenants hereof, and Paragraph 19 shall have no force and effect, whenever there is no outstanding balance under the Second Note.

14. Forbearance by Lender Not a Waiver. 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.

15. Successors and Assigns Bound; Joint and Several Liability. Borrower may not assign any rights or obligations under this Security Instrument or under the Second Note, except to a trust that meets the requirements of the Secretary. Borrower's covenants and agreements shall be joint and several.

16. 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 all Borrowers jointly designate. Any notice to the Secretary shall be given by first class mail to the HUD Field Office with jurisdiction over the Property or any other address designated by the Secretary. 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 16.

17. 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 Second Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Second Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Second Note are declared to be severable.

18. Borrower's Copy. Borrower shall be given one conformed copy of the Second Note and this Security Instrument.

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

19. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's Notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by this Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 19, except as provided in the First Security Instrument.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by this Security Instrument is paid in full.

20. Foreclosure Procedure. For any event under Paragraph 9, Lender may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 20, including, but not limited to, reasonable attorney's fees and costs of the evidence. If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder 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 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.

21. Lien Priority. The full amount secured by this Security Instrument shall have a lien priority subordinate only to the full amount secured by the First Security Instrument.

22. Adjustable Rate Feature. Under the Note, the initial stated interest rate of **Six and 51/100 percent (6.510%)** which accrues on the unpaid principal balance ("Initial Interest Rate") is subject to change, as described below. When the interest rate changes, the new adjusted interest rate will be applied to the total outstanding principal balance. Each adjustment to the interest rate will be based upon the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, ("Index") plus a margin. The Index is published in the Federal Reserve Bulletin and made available by the United States Treasury Department in Statistical Release H.15 (519). If the Index is no longer available, Lender will be required to use any index prescribed by the Department of Housing and Urban Development. The new index will have a historical movement substantially similar to the original index, and the new index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original index becomes unavailable.

Lender will perform the calculations described below to determine the new adjusted interest rate. The interest rate may change on **FEBRUARY 1, 2007**, and on the first day of ___ and on that day of each succeeding year, or X the first day of each succeeding month (Change Date) until the loan is repaid in full.

The value of the Index will be determined, using the most recent Index figure available thirty (30) days before the Change Date ("Current Index"). Before each Change Date, the new interest rate will be calculated by adding a margin to the Current Index. The sum of the margin plus the Current Index will be called the "Calculated Interest Rate" for each Change Date. The Calculated Interest Rate will be compared to the interest rate in effect immediately prior to the current Change Date (the "Existing Interest Rate").

___ **Annually Adjusting Variable Rate Feature** - The interest rate will never increase or decrease by more than two percentage points (2.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of this Note.

X **Monthly Adjusting Variable Rate Feature** - The Calculated Interest Rate will never increase above **16.510%**.

The Calculated Interest Rate will be adjusted if necessary to comply with the rate limitation(s) described above and will be in effect until the next Change Date. At any change date, if the Calculated Interest Rate equals the Existing Interest Rate, the interest rate will not change.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

24. Substitute Trustee. Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

25. Request for Notices. Borrower requests that copies of the notices of default and sale be sent to Borrower's address which is the Property Address.

26. Statement of Obligation Fee. Lender may collect a fee not to exceed the maximum amount permitted by law for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

27. Obligatory Loan Advances. Lender's responsibility to make Loan Advances under the terms of the Loan Agreement, including Loan Advances of principal to Borrower as well as Loan Advances of interest, MIP, Servicing Fees, and other charges shall be obligatory.

28. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)].

	Condominium Rider		PUD Rider
	Shared Appreciation Rider		Other

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Signature _____
JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

JOSEPH K. BORROWER, AS TRUSTEE

JANE C. BORROWER, AS TRUSTEE

Notary Acknowledgement

State of California
County of

On _____ before me, _____, a Notary Public in and for said State, personally appeared **Joseph K. Borrower and Jane C. Borrower**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ [SEAL]
 (This area for official notary seal)

NOTARY MUST PRINT OR TYPE
This must be printed or typed in a manner that is photographically reproducible (GC27201.5)

Name of the Notary: _____

County of notary's principal Place of business: _____

Notary's phone number: _____

Notary's registration number: _____

Commission expiration date: _____

Title of Document:
Date of Document: _____ No. of Pages
Other Signatures not acknowledged:

REQUEST OF RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Signature _____

EXHIBIT A

Exhibit A to the Deed of Trust made on **December 1, 2006**, by **Joseph K. Borrower and Jane C. Borrower, as Trustees of the Borrower Family trust dated 1/1/2002** ("Borrower") to the HUD field office or his designee ("Trustee") for the benefit of the Secretary of Housing and Urban Development, and whose address is 451 Seventh Street, S.W., Washington, D.C. 20410, ("Lender" or "Secretary"). The Property is located in the county of **MARIN**, state of **CALIFORNIA**, described as follows:

Description of Property

Legal description attached hereto as Exhibit A and by this reference made a part hereof

**ADJUSTABLE RATE NOTE
(HOME EQUITY CONVERSION)**

STATE OF CALIFORNIA

December 1, 2006

PROPERTY ADDRESS

5067 STATE HWY 13
NOVATO, CALIFORNIA 94111
MARIN COUNTY

FHA Case Number: 291-3475358-952
COMPLETE SAMPLE PACKAGE

1. DEFINITIONS

"Borrower" means each person signing at the end of this Note. "Lender" means **Sample Lender Docs** and its successors and assigns. "Secretary" means the Secretary of Housing and Urban Development or his or her authorized representatives.

2. BORROWER'S PROMISE TO PAY; INTEREST

In return for amounts to be advanced by Lender up to a maximum principal amount of **One Hundred Eighty-One Thousand Five Hundred and 00/100 Dollars (\$181,500.00)**, to or for the benefit of Borrower under the terms of a Home Equity Conversion Loan Agreement dated **December 1, 2006** ("Loan Agreement"), Borrower promises to pay to the order of Lender a principal amount equal to the sum of all Loan Advances made under the Loan Agreement with interest. All amounts advanced by Lender, plus interest, if not paid earlier, are due and payable on **JANUARY 28, 2084**. Interest will be charged on unpaid principal at the rate of **Six and 51/100 percent (6.510%)** per year until the full amount of principal has been paid. The interest rate may change in accordance with Paragraph 5 of this Note. At the end of each month, accrued interest shall be added to and made part of the principal balance as a Loan Advance and shall likewise thereafter bear interest.

3. PROMISE TO PAY SECURED

Borrower's promise to pay is secured by a mortgage, deed of trust or similar security instrument that is dated the same date as this Note and called the "Security Instrument." The Security Instrument protects the Lender from losses which might result if Borrower defaults under this Note.

4. MANNER OF PAYMENT

(A) Time

Borrower shall pay all outstanding principal and accrued interest to Lender upon receipt of a notice by Lender requiring immediate payment in full, as provided in Paragraph 7 of this Note.

(B) Place

Payment shall be made at **123 Main Street, Your City, California 94111** or any such other place as Lender may designate in writing by notice to Borrower.

(C) Limitation of Liability

Borrower shall have no personal liability for payment of the debt. Lender shall enforce the debt only through sale of the Property covered by the Security Instrument ("Property"). If this Note is assigned to the Secretary, the Borrower shall not be liable for any difference between the mortgage insurance benefits paid to Lender and the outstanding indebtedness, including accrued interest, owed by Borrower at the time of assignment.

5. INTEREST RATE CHANGES

(A) Change Date

The interest rate may change on **FEBRUARY 1, 2007** and on ___ that day of each succeeding year, or X the first day of each succeeding month. Change Date means each date on which the interest rate could change.

(B) The Index

Beginning with the first Change Date, the interest rate will be based on an Index. "Index" means the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. "Current Index" means the most recent Index figure available 30 days before the Change Date. If the Index (as defined above) is no longer available, Lender will use as a new Index any index prescribed by the Secretary. Lender will give Borrower notice of the new Index.

(C) Calculation of Interest Rate Changes

Before each Change Date, Lender will calculate a new interest rate by adding a margin of **1.50** percentage points to the Current Index. Subject to the limits stated in Paragraph 5(D) of this Note, this amount will be the new interest rate until the next Change Date

(D) Limits on Interest Rate Changes

— **Annual:** The interest rate will never increase or decrease by more than two percentage points (2.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of this Note.

X **Monthly:** The interest rate will never increase above **16.510%**.

(E) Notice of Changes

Lender will give notice to Borrower of any change in the interest rate. The notice must be given at least 25 days before the new interest rate takes effect, and must set forth (i) the date of the notice, (ii) the Change Date, (iii) the old interest rate, (iv) the new interest rate, (v) the Current Index and the date it was published, (vi) the method of calculating the adjusted interest rate, and (vii) any other information which may be required by law from time to time.

(F) Effective Date of Changes

A new interest rate calculated in accordance with Paragraphs 5(C) and 5(D) of this Note will become effective on the Change Date, unless the Change Date occurs less than 25 days after Lender has given the required notice. If the interest rate calculated in accordance with Paragraphs 5(C) and 5(D) of this Note decreased, but Lender failed to give timely notice of the decrease and applied a higher rate than the rate which should have been stated in a timely notice, then Lender shall recalculate the principal balance owed under this Note so it does not reflect any excessive interest.

6. BORROWER'S RIGHT TO PREPAY

A Borrower receiving monthly payments under the Loan Agreement has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty. Any amount of debt prepaid will first be applied to reduce the principal balance of the Second Note described in Paragraph 11 of this Note and then to reduce the principal balance of this Note.

All prepayments of the principal balance shall be applied by Lender as follows:

First, to that portion of the principal balance representing aggregate payments for mortgage insurance premiums;

Second, to that portion of the principal balance representing aggregate payments for servicing fees;

Third, to that portion of the principal balance representing accrued interest due under the Note; and

Fourth, to the remaining portion of the principal balance. A Borrower may specify whether a prepayment is to be created to that portion of the principal balance representing monthly payments or the line of credit. If Borrower does not designate which portion of the principal balance is to be prepaid, Lender shall apply any partial prepayments to an existing line of credit or create a new line of credit.

7. IMMEDIATE PAYMENT IN FULL

(A) Death or Sale

Lender may require immediate payment in full of all outstanding principal and accrued interest if:

- (i) A Borrower dies and the Property is not the principal residence of at least one surviving Borrower; or
- (ii) All of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains (a) title to the Property in fee simple (b) a leasehold under a lease for less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower (or retaining a beneficial interest in a trust with such an interest in the Property), or (c) a life estate in the Property.

(B) Other Grounds

Lender may require immediate payment in full of all outstanding principal and accrued interest, upon approval by an authorized representative of the Secretary, if:

- (i) The Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of a least one other Borrower;
- (ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to physically occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower; or
- (iii) An obligation of the Borrower under the Security Instrument is not performed.

(C) Payment of Costs and Expenses

If Lender has required immediate payment in full, as described above, the debt enforced through sale of the Property may include costs and expenses, including reasonable and customary attorneys' fees, associated with enforcement of this Note to the extent not prohibited by applicable law. Such fees and costs shall bear interest from the date of disbursement at the same rate as the principal of this Note.

(D) Trusts

Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Secretary, or conveyance of a trust's interest in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph.

8. WAIVERS

Borrower waives the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

9. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the property address above or at a different address if Borrower has given Lender a notice of Borrower's different address.

Any notice that must be given to Lender under this Note will be given by first class mail to Lender at the address stated in Paragraph 4(B) or at a different address if Borrower is given a notice of that different address.

10. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note only through sale of the Property.

11. RELATIONSHIP TO SECOND NOTE

(A) Second Note

Because Borrower will be required to repay amounts which the Secretary may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, the Secretary has required Borrower to grant a Second Note to the Secretary.

(B) Relationship of Secretary Payments to this Note

Payments made by the Secretary shall not be included in the debt due under this Note unless:

- (i) This Note is assigned to the Secretary; or
- (ii) The Secretary accepts reimbursements by the Lender for all payments made by the Secretary.

If the circumstances described in (i) or (ii) occur, then all payments made by the Secretary, including interest on the payments, shall be included in the debt.

(C) Effect on Borrower

Where there is no assignment or reimbursement as described in (B)(i) or (ii), and the Secretary makes payments to Borrower, then Borrower shall not:

- (i) Be required to pay amounts owed under this Note until the Secretary has required payment in full of all outstanding principal and accrued interest under the Second Note held by the Secretary, notwithstanding anything to the contrary in Paragraph 7 of this Note; or
- (ii) Be obligated to pay interest or shared appreciation under this Note at any time, whether accrued before or after the payments by the Secretary, and whether or not accrued interest has been included in the principal balance of this Note, notwithstanding anything to the contrary in Paragraphs 2 or 5 of this Note or any Allonge to this Note.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

Dated: **December 1, 2006**

JOSEPH K. BORROWER

JANE C. BORROWER (Borrower)

JOSEPH K. BORROWER, AS TRUSTEE

JANE C. BORROWER, AS TRUSTEE

ALLONGE

LOAN NUMBER: **COMPLETE SAMPLE PACKAGE**

FHA CASE NUMBER: **291-3475358-952**

BORROWER(S): **JOSEPH K. BORROWER
AND JANE C. BORROWER**

PROPERTY ADDRESS: **5067 STATE HWY 13
NOVATO, CALIFORNIA 94111**

NOTE/LOAN AMOUNT: **\$181,500.00**

NOTE/LOAN DATE: **December 1, 2006**

PAY TO THE ORDER OF:
JAMES B. NUTTER & COMPANY

WITHOUT RECOURSE

COMPANY NAME: **Sample Lender Docs**

SIGNATURE: _____

NAME:

TITLE:

**ADJUSTABLE RATE SECOND NOTE
(HOME EQUITY CONVERSION)**

STATE OF CALIFORNIA

December 1, 2006

FHA Case Number: 291-3475358-952
COMPLETE SAMPLE PACKAGE

PROPERTY ADDRESS

5067 STATE HWY 13
NOVATO, CALIFORNIA 94111
MARIN COUNTY

1. DEFINITIONS

"Borrower" means each person signing at the end of this Note. "Secretary" or "Lender" means the Secretary of Housing and Urban Development or his or her authorized representatives.

2. BORROWER'S PROMISE TO PAY; INTEREST

In return for amounts to be advanced by Lender up to a maximum principal amount of **One Hundred Eighty-One Thousand Five Hundred and 00/100 Dollars (\$181,500.00)**, to or for the benefit of Borrower under the terms of a Home Equity Conversion Loan Agreement dated **December 1, 2006** ("Loan Agreement"), Borrower promises to pay to the order of Lender a principal amount equal to the sum of all Loan Advances made under the Loan Agreement with interest. All amounts advanced by Lender, plus interest, if not paid earlier, are due and payable on **JANUARY 28, 2084**. Interest will be charged on unpaid principal at the rate of **Six and 51/100 percent (6.510%)** per year until the full amount of principal has been paid. The interest rate may change in accordance with Paragraph 5 of this Note. At the end of each month, accrued interest shall be added to and made part of the principal balance as a Loan Advance and shall likewise thereafter bear interest.

3. PROMISE TO PAY SECURED

Borrower's promise to pay is secured by a mortgage, deed of trust or similar security instrument that is dated the same date as this Note and called the "Security Instrument" or the "Second Security Instrument". The Security Instrument protects the Lender from losses which might result if Borrower defaults under this Note. Borrower also executed a First Security Instrument and First Note when the Second Security Instrument and this Note were executed.

4. MANNER OF PAYMENT

(A) Time

Borrower shall pay all outstanding principal and accrued interest to Lender upon receipt of a notice by Lender requiring immediate payment in full, as provided in Paragraph 7 of this Note.

(B) Place

Payment shall be made at the Office of the Housing-FHA Comptroller, Director of Mortgage Insurance Accounting and Servicing, 451 7th Street, S.W., Washington, DC 20410, or any such other place as Lender may designate in writing by notice to Borrower.

(C) Limitation of Liability

Borrower shall have no personal liability for payment of the debt. Lender shall enforce the debt only through sale of the Property covered by the Security Instrument ("Property").

5. INTEREST RATE CHANGES

(A) Change Date

The interest rate may change on **FEBRUARY 1, 2007** and on ___ that day of each succeeding year, or X the first day of each succeeding month. Change Date means each date on which the interest rate could change.

(B) The Index

Beginning with the first Change Date, the interest rate will be based on an Index. "Index" means the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. "Current Index" means the most recent Index figure available 30 days before the Change Date. If the Index (as defined above) is no longer available, Lender will use as a new Index any index prescribed by the Secretary. Lender will give Borrower notice of the new Index.

(C) Calculation of Interest Rate Changes

Before each Change Date, Lender will calculate a new interest rate by adding a margin of **1.50** percentage points to the Current Index. Subject to the limits stated in Paragraph 5(D) of this Note, this amount will be the new interest rate until the next Change Date

(D) Limits on Interest Rate Changes

- _____ **Annual:** The interest rate will never increase or decrease by more than two percentage points (2.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of this Note
- X **Monthly:** The interest rate will never increase above **16.510%**.

(E) Notice of Changes

Lender will give notice to Borrower of any change in the interest rate. The notice must be given at least 25 days before the new interest rate takes effect, and must set forth (i) the date of the notice, (ii) the Change Date, (iii) the old interest rate, (iv) the new interest rate, (v) the Current Index and the date it was published, (vi) the method of calculating the adjusted interest rate, and (vii) any other information which may be required by law from time to time.

(F) Effective Date of Changes

A new interest rate calculated in accordance with Paragraphs 5(C) and 5(D) of this Note will become effective on the Change Date, unless the Change Date occurs less than 25 days after Lender has given the required notice. If the interest rate calculated in accordance with Paragraphs 5(C) and 5(D) of this Note decreased, but Lender failed to give timely notice of the decrease and applied a higher rate than the rate which should have been stated in a timely notice, then Lender shall recalculate the principal balance owed under this Note so it does not reflect any excessive interest.

6. BORROWER'S RIGHT TO PREPAY

A Borrower receiving monthly payments under the Loan Agreement has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty. Any amount of debt prepaid will first be applied to reduce the principal balance of this Note and then to reduce the principal balance of the First Note.

All prepayments of the principal balance shall be applied by Lender as follows:

First, to that portion of the principal balance representing aggregate payments for mortgage insurance premiums;

Second, to that portion of the principal balance representing aggregate payments for servicing fees;

Third, to that portion of the principal balance representing accrued interest due under the Note; and

Fourth, to the remaining portion of the principal balance. A Borrower may specify whether a prepayment is to be created to that portion of the principal balance representing monthly payments or the line of credit. If Borrower does not designate which portion of the principal balance is to be prepaid, Lender shall apply any partial prepayments to an existing line of credit or create a new line of credit.

7. IMMEDIATE PAYMENT IN FULL

(A) Death or Sale

Lender may require immediate payment in full of all outstanding principal and accrued interest if:

- (i) A Borrower dies and the Property is not the principal residence of at least one surviving Borrower; or
- (ii) All of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains (a) title to the Property in fee simple (b) a leasehold under a lease for less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower (or retaining a beneficial interest in a trust with such an interest in the Property), or (c) a life estate in the Property.

(B) Other Grounds

Lender may require immediate payment in full of all outstanding principal and accrued interest, upon approval by an authorized representative of the Secretary, if:

- (i) The Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of at least one other Borrower;
- (ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to physically occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower; or
- (iii) An obligation of the Borrower under the Security Instrument is not performed.

(C) Payment of Costs and Expenses

If Lender has required immediate payment in full, as described above, the debt enforced through sale of the Property may include costs and expenses, including reasonable and customary attorneys' fees, associated with enforcement of this Note. Such fees and costs shall bear interest from the date of disbursement at the same rate as the principal of this Note.

(D) Trusts.

Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Secretary, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph.

8. WAIVERS

Borrower waives the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

9. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the property address above or at a different address if Borrower has given the Secretary a notice of Borrower's different address.

Any notice that must be given to the Secretary under this Note will be given by first class mail to the HUD Field Office with jurisdiction over the Property or any other address designated by the Secretary.

10. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note only through sale of the Property.

11. RELATIONSHIP TO FIRST NOTE

(A) Second Note

Because Borrower will be required to repay amounts which the Secretary may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, the Secretary has required Borrower to grant this Note to the Secretary.

(B) Relationship of Secretary Payments to First Note

Payments made by the Secretary shall be included in the debt due under this Note unless:

- (i) The First Note is assigned to the Secretary; or
- (ii) The Secretary accepts reimbursements by the Lender for all payments made by the Secretary.

If the circumstances described in (i) or (ii) occur, then all payments made by the Secretary, including interest on the payments, shall be included in the debt under the First Note.

(C) Notice of Interest Rate Adjustments

Borrower agrees that as long as the holder of the First Note continues to make Loan Advances, any notice of interest rate adjustment given to Borrower under Paragraph 5(E) of the First Note shall also be considered to be notice to Borrower under Paragraph 5(E) of this Note, so that the same interest rate shall apply for the First Note and this Note.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

Dated: December 1, 2006

JOSEPH K. BORROWER

JANE C. BORROWER (Borrower)

JOSEPH K. BORROWER, AS TRUSTEE

JANE C. BORROWER, AS TRUSTEE

HOME EQUITY CONVERSION LOAN AGREEMENT

FHA Case Number: 291-3475358-952

COMPLETE SAMPLE PACKAGE

This agreement is made on **December 1, 2006** among **JOSEPH K. BORROWER AND JANE C. BORROWER** ("Borrower") and **Sample Lender Docs** ("Lender") and the Secretary of Housing and Urban Development ("Secretary").

Article 1- Definitions

1.1. "Expected Average Mortgage Interest Rate" means the amount indicated on the attached payment plan (Exhibit 1). It is a constant interest rate used to calculate monthly payments to the Borrower throughout the life of the loan.

1.2. "Loan Advances" means all funds advanced from or charged to Borrower's account under conditions set forth in this Loan Agreement, whether or not actually paid to Borrower.

1.3. "Loan Documents" means the Note, Second Note, Security Instrument and Second Security Instrument.

1.4. "Maximum Claim Amount" means the lesser of the appraised value of the Property or the maximum dollar amount for an area established by the Secretary for a one-family residence under Section 203(b)(2) of the National Housing Act (as adjusted where applicable under Section 214 of the National Housing Act). Both the appraised value and the maximum dollar amount for the area shall be as of the date the conditional commitment is issued. Closing costs shall not be taken into account in determining appraised value.

1.5. "Note" means the promissory note signed by Borrower together with this Loan Agreement and given to Lender to evidence Borrower's promise to repay, with interest, Loan Advances by Lender or Lender's assignees.

1.6. "Principal" or "Principal Balance" means the sum of all Loan Advances made as of a particular date, including interest and mortgage insurance premiums.

1.7. "Principal Limit" means the amount indicated on the attached payment plan (Exhibit 1) when this Loan Agreement is executed, and increases each month for the life of the loan at a rate equal to one-twelfth of the Mortgage Interest Rate in effect at that time, plus one-twelfth of one-half percent per annum. The Principal Limit is calculated using factors provided by the Secretary, which take into account the age of the youngest Borrower, the Mortgage Interest Rate, and the Maximum Claim Amount.

1.8. "Principal Residence" means the dwelling where the Borrower maintains his or her permanent place of abode, and typically spends the majority of the calendar year. A person may have only one principal residence at any one time. The Property shall be considered to be the Principal Residence of any Borrower who is temporarily or permanently in a health care institution as long as the Property is the Principal Residence of at least one other Borrower who is not in a health care institution.

1.9. "Property" means Borrower's property identified in the Security Instrument.

1.10. "Second Note" means the promissory note signed by Borrower together with this Loan Agreement and given to the Secretary to evidence Borrower's promise to repay, with interest, Loan Advances by the Secretary secured by the Second Security Instrument.

1.11. "Second Security Instrument" means the mortgage, deed of trust, security deed or other security instrument which is signed by Borrower together with this Loan Agreement and which secures the Second Note.

1.12. "Security Instrument" means the mortgage, deed of trust, security deed or other security instrument which is signed by Borrower together with this Loan Agreement and which secures the Note.

Article 2 - Loan Advances

2.1. General. Lender agrees to make Loan Advances under the conditions set forth in this Loan Agreement in consideration of the Note and Security Instrument given by Borrower on the same date as this Loan Agreement.

2.2. Initial Advances.

2.2.1. Loan Advances shall be used by Lender to pay, or reimburse Borrower for, closing costs listed in the Schedule of Closing Costs (Exhibit 2) attached to and made a part of this Loan Agreement, provided that Loan Advances will only be used to pay origination fees in an amount not exceeding the greater of \$2,000 or 2 percent of the maximum claim amount, nor shall the Lender charge the Borrower an origination fee in excess of this amount.

2.2.2. Loan Advances shall be used by Lender to discharge the liens on the Property listed in the Schedule of Liens (Exhibit 2) attached to and made a part of this Loan Agreement.

2.2.3. Lender shall pay an initial Loan Advance to Borrower in the amount indicated on the attached payment plan (Exhibit 1).

2.2.4. Initial advances required by this Section 2.2. shall be made as soon as such advances are permitted by the applicable provisions of 12 CFR Part 226 (Truth in Lending) governing Borrower's right of rescission, but not before that time.

2.3. Set Asides.

2.3.1. Amounts set aside from the Principal Limit shall be considered Loan Advances to the extent actually disbursed or earned by Lender.

2.3.2. Lender shall initially set aside from the Principal Limit the amount indicated on the attached payment plan (Exhibit 1) for repairs to be made in accordance with a Repair Rider attached to and made a part of this Loan Agreement (Exhibit 3).

2.3.3. Lender shall initially set aside from the Principal Limit the amount indicated on the attached payment plan (Exhibit 1) to be applied to payments due for first year property charges consisting of taxes, hazard insurance, ground rents and assessments.

2.3.4. Lender shall initially set aside from the Principal Limit the amount indicated on the attached payment plan (Exhibit 1) to be applied to payment due for a fixed monthly charge for servicing activities of Lender or its servicer. Such servicing activities are necessary to protect Lender's interest in the Property. A servicing fee set aside, if any, is not available to the Borrower for any purpose, except to pay for loan servicing.

2.4. Charges and Fees. Borrower shall pay to Lender reasonable and customary charges and fees as permitted under 24 CFR 206.207(a). Such amounts shall be considered Loan Advances when actually disbursed by Lender.

2.5. Monthly Payments.

2.5.1. Loan Advances paid directly to the Borrower shall be made in equal monthly payments if requested by Borrower.

2.5.2. Monthly payments shall be calculated for either the term payment plan or the tenure payment plan, as requested by Borrower.

2.5.3. Monthly payments under the term payment plan are made only during a term chosen by the Borrower and shall be calculated so that the sum of (i) or (ii) added to (iii), (iv), (v) and (vi) shall be equal to or less than the Principal Limit at the end of the term:

- (i) Initial Advances under Section 2.2., plus any initial servicing fee set aside under Subsection 2.3.4., or
- (ii) The Principal Balance at the time of a change in payments under Sections 2.8. and 2.9. plus any remaining servicing fee set aside under Subsection 2.3.4., and
- (iii) The portion of the Principal Limit set aside as a line of credit under Section 2.7., including any set asides for repairs (Subsection 2.3.2.) and first year property charges (Subsection 2.3.3.), and
- (iv) All monthly payments due through the payment term, including funds withheld for payment of property charges under Section 2.10., and
- (v) All mortgage insurance premiums, or monthly charges due to the Secretary in lieu of mortgage insurance premiums, which are due through the payment term (Subsection 2.13.), and
- (vi) All interest through the payment term. The Expected Average Mortgage Interest Rate shall be used for this purpose.

2.5.4. Monthly payments under the tenure payment plan shall be calculated as in Subsection 2.5.3. as if there were a payment term with the number of months in the term equal to the sum of 100 minus the age of the youngest Borrower multiplied by 12, but payments shall continue until the loan becomes due and payable as provided in the Loan Documents.

2.5.5. Monthly payments shall be paid to Borrower on the first business day of a month.

2.5.6. If Borrower has requested monthly payments, payments shall be indicated on the attached payment plan (Exhibit 1). The payment plan may be changed by Borrower as provided in Sections 2.8. and 2.9.

2.6. Line of Credit Without Monthly Payments.

2.6.1. Borrower can request Loan Advances under a line of credit payment plan in amounts and at times determined by the Borrower, if the Principal Balance of the loan after the Loan Advance is made is less than or equal to the applicable Principal Limit, excluding any portion of the Principal Limit set aside under Sections 2.3.2. or 2.3.4. The line of credit amount increases at the same rate as the total Principal Limit increases under Section 1.7.

2.6.2. Line of credit payments shall be paid to Borrower within five (5) business days after the Lender has received a written request for payment by Borrower.

2.6.3. Lender may specify a form for line of credit payment requests.

2.6.4. Lender shall provide Borrower with a statement of the account every time a line of credit payment is made. The statement shall include the current interest rate, the previous Principal Balance, the amount of the current Loan Advance, the current Principal Balance after the Loan Advance, and the current Principal Limit.

2.7. Line of Credit with Monthly Payments.

2.7.1. A Borrower may receive monthly payments under either a term or tenure payment plan combined with a line of credit, as indicated on the attached payment plan (Exhibit 1).

2.7.2. Subsections 2.6.2, 2.6.3 and 2.6.4 apply to a line of credit combined with term or tenure payments.

2.7.3. If Borrower combines a line of credit with a term or tenure payment plan, the Principal Limit is divided into: (a) an amount for the line of credit payments, including repair and property charge set asides, (b) an amount for monthly payments which shall be calculated under Subsection 2.5.3. or 2.5.4. and (c) an amount for a servicing fee set aside, if required by Lender under Subsection 2.3.4. Amounts designated for line of credit payments and monthly payments increase independently at the same rate as the total Principal Limit increases under Section 1.7. Borrower can request Loan Advances in amounts and at times determined by Borrower, if the requested amount is less than or equal to the difference between (a) the Principal Limit applicable to the line of credit set aside and (b) the portion of the outstanding Principal Balance attributable to draws on the line of credit, including accrued interest and mortgage insurance premium or monthly charge due to the Secretary, but excluding any portion of the Principal Limit set aside under Subsections 2.3.2. and 2.3.4.

2.7.4. A Borrower receiving monthly payments in combination with a line of credit may prepay the outstanding mortgage balance in accordance with the terms of the Note.

2.8. Change in Payments Generally.

2.8.1. Whenever the Principal Balance of the loan is less than the Principal Limit, Borrower may change from any payment plan allowable under this Loan Agreement to another.

2.8.2. If Borrower requests that monthly payments be made after a change in payment plan, Lender shall recalculate future monthly payments in accordance with Subsections 2.5.3. or 2.5.4.

2.8.3. Lender may charge a fee not to exceed the amount determined by the Secretary, whenever payments are recalculated and in any other circumstances in which Borrower is required to sign a form acknowledging a change in payment plan as provided in Subsection 2.8.5.

2.8.4. Loan Advances under a new payment plan shall be paid to Borrower in the same manner and within the time period required under Sections 2.5., 2.6. or 2.7.

2.8.5. Changes in the payment plan must be acknowledged by Borrower by signing a form containing the same information as the attached payment plan (Exhibit 1). Lender shall provide a copy of the completed form to Borrower.

2.9. Change in Payments Due to Initial Repairs.

2.9.1. If initial repairs after closing, made in accordance with the Repair Rider, are completed without using all of the repair set aside, Lender shall inform Borrower of the completion and the amount then available to the Borrower to be drawn under a line of credit.

2.9.2. If initial repairs after closing, made in accordance with the Repair Rider, cannot be fully funded from the repair set aside, any additional Loan Advances needed to complete repairs shall be made in the manner provided under Section 2.16.

2.9.3. If initial repairs are not completed when required by the Repair Rider, Borrower shall not request and Lender shall not make any further payments, except as needed to pay for repairs required by the Repair Rider and mandatory Loan Advances under Section 4.5. In order to complete the required repairs, Loan Advances shall be made first from the repair set aside, and then in the manner provided under Section 2.16.

2.10. Payment of Property Charges.

2.10.1. Borrower has elected to require Lender to use Loan Advances to pay property charges consisting of taxes, hazard insurance premiums, ground rents and special assessments if indicated on the attached payment plan (Exhibit 1). Borrower may change this election by notifying Lender and at that time Lender shall pay to Borrower any amounts withheld from the Loan Advances to pay property charges.

2.10.2. If Borrower has made the election under Subsection 2.10.1. and Borrower is receiving monthly payments, Lender shall withhold amounts from each monthly payment and use the amounts withheld to make timely payments of property charges. The amounts withheld shall be calculated as provided in Subsection 2.10.3. Amounts withheld from monthly payments shall not be treated as Loan Advances and shall not bear interest except to the extent actually disbursed by Lender.

2.10.3. Lender shall withhold from each monthly payment an amount to pay (a) taxes and special assessments levied or to be levied against the Property, (b) leasehold payments or ground rents on the Property, and (c) premiums for fire, flood and other hazard insurance required by the Security Instrument. Each monthly withholding for items (a), (b) and (c) shall equal one-twelfth of the annual amounts, as reasonably estimated by Lender. The full annual amount for each item shall be paid by Lender before an item would become delinquent. Lender shall add the amounts for items (a), (b) and (c) to the Principal Balance when paid. If at any time the withholding for item (a), (b), or (c) exceeds the amount of actual property charges, Lender shall pay the excess withholding to Borrower and add it to the Principal Balance. If the total of the withholding for item (a), (b), or (c) is insufficient to pay the item when due, the amount necessary to make up the deficiency on or before the date the item becomes due shall be paid as a Loan Advance in the manner provided under Section 2.16.

2.10.4. If Borrower has made the election under Subsection 2.10.1. and Borrower is not receiving monthly payments, Lender shall make Loan Advances under the line of credit payment plan as needed to make timely payments of property charges, provided that no such Loan Advance shall exceed the amount permitted by Section 2.6.1.

2.10.5. If Borrower fails to pay the property charges in a timely manner, and has not elected to have Lender make the payments, Lender shall pay the property charges as a Loan Advance as required under Section 2.16. If a pattern of missed payments occurs, Lender may establish procedures to pay the property charges from Borrower's funds as if Borrower elected to have Lender pay the property charges.

2.10.6. Lender shall immediately notify any Borrower who has made the election under Subsection 2.10.1 whenever Lender determines that amounts available from monthly payments or line of credit payments will be insufficient to pay property charges.

2.11. Insurance and Condemnation Proceeds. If insurance or condemnation proceeds are paid to Lender, the Principal Balance shall be reduced by the amount of the proceeds not applied to restoration or repair of the damaged Property and the available loan funds shall be recalculated. At the same time, the Principal Limit also shall be reduced by the amount of the proceeds applied to reduce the Principal Balance.

2.12. Interest.

2.12.1. Interest shall be calculated as provided in the Loan Documents.

2.12.2. Interest shall accrue daily and be added to the Principal Balance as a Loan Advance at the end of each month.

2.13. Mortgage Insurance Premium (MIP); Monthly Charge.

2.13.1. Monthly MIP shall be calculated as provided in 24 CFR Part 206. If the Security Instrument is held by the Secretary or if the Secretary makes Loan Advances secured by the Second Security Instrument, a monthly charge shall be due to the Secretary and shall be calculated in the same manner as MIP.

2.13.2. The full amount of monthly MIP or monthly charge, including any portion of the MIP retained by a Lender under 24 CFR 206.109, shall be considered to be a Loan Advance to Borrower on the later of the first day of the month or the day Lender pays the MIP to the Secretary, if any MIP is due to the Secretary. In the event that the Note becomes due and payable or the Note is prepaid in full after the first day of the month, Lender may add the accrued MIP to the Principal Balance or the Secretary may add the accrued monthly charge to the Principal Balance.

2.14. Manner of Payment. For purposes of this Section "Borrower" shall not include any person who signed this Loan Agreement but who has a Principal Residence different from the Property. Only a Borrower has a right to receive Loan Advances. Borrowers shall choose to receive Loan Advances by either electronic funds transfer to a bank account designated by all Borrowers or by check mailed to an address designated by all Borrowers, except where all Borrowers agree that payment should be made directly to a third party for the benefit of the Borrowers. Borrowers may change the manner of payment by notifying Lender.

2.15. Protection of Property.

2.15.1. If Borrower vacates or abandons the Property, or if Borrower is in default under the Security Instrument, then Lender may make reasonable expenditures to protect and preserve the Property and these expenditures will be considered Loan Advances as required under Section 2.16.

2.15.2. If Borrower fails to pay governmental or municipal charges, fines or impositions that are not included in Section 2.10. or if there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property. These expenditures will be considered Loan Advances as required under Section 2.16.

2.16. Unscheduled Payments. Loan Advances made pursuant to Sections 2.4., 2.9.2., 2.9.3., 2.10.3., 2.10.5. and 2.15. shall be made from a line of credit under Section 2.6. or 2.7. to the extent possible. If no line of credit sufficient to make the Loan Advances exists, any future monthly payments must be recalculated in accordance with Subsection 2.5.3. or 2.5.4. to create a line of credit sufficient to make the Loan Advances.

Article 3 - Late Charge

3.1. Amount Due. Lender shall pay a late charge to the Borrower for any late payment. If Lender does not mail or electronically transfer a scheduled monthly payment to Borrower on the first business day of the month or mail or electronically transfer a line of credit payment to Borrower within five (5) business days of the date Lender received the request, the late charge shall be ten percent (10%) of the entire amount that should have been paid to the Borrower for that month or as a result of that request. For each additional day that Lender fails to make payment, Lender shall pay interest on the late payment at the interest rate stated in the Loan Documents. If the Loan Documents provide for an adjustable interest rate, the rate in effect when the late charge first accrues shall be used. In no event shall the total late charge and interest exceed five hundred dollars (\$500.00). Any late charge shall be paid from Lender's funds and shall not be added to the unpaid Principal Balance.

3.2. Waiver. The Secretary may waive a late charge where the Secretary determines that the late payment resulted from circumstances beyond Lender's control and that no act or omission of Lender contributed to the late payment. At the time Lender requests a waiver, Lender shall inform Borrower that a waiver of late charge has been requested from the Secretary and that the late charge will be sent to Borrower if the waiver is denied. If the Secretary denies the waiver, Lender shall pay to Borrower the late charge and interest that accrued from the date the payment was late until the date the waiver was requested.

Article 4 - Termination of Lender's Obligation to Make Loan Advances

4.1. Loan Due and Payable. Lender shall have no obligation to make Loan Advances if Lender has notified Borrower that immediate payment in full to Lender is required under one or more of the Loan Documents unless and until the notice is rescinded by Lender.

4.2. Loan Advances by Secretary. If the Security Instrument has been assigned to the Secretary or the Secretary notifies Lender and Borrower that Loan Advances are secured by the Second Security Instrument, Lender shall have no further obligation to make Loan Advances under this Loan Agreement, unless the Secretary accepts later reimbursement by the Lender for all Loan Advances made, earned or disbursed by the Secretary. The Secretary may establish procedures for handling requests for payments and changes in payment plans during the interval between Lender's notification of intent to assign the Security Instrument to the Secretary and completion of the assignment. Borrower shall be informed of such procedures by Lender and/or the Secretary, and Borrower shall comply with such procedures.

4.3. Lien Status Jeopardized. Lender shall have no obligation to make further Loan Advances if the Lender or the Secretary determines that the lien status of the Security Instrument or the Second Security Instrument is jeopardized under State laws as described in Paragraph 12(a) of the Security Instrument or Second Security Instrument and the lien status is not extended in accordance with Paragraph 12(a).

4.4. Bankruptcy. Lender shall have no obligation to make further Loan Advances on or following the date that a petition for bankruptcy of Borrower is filed.

4.5. Mandatory Loan Advances. Notwithstanding anything in Sections 4.1. through 4.4., all Loan Advances under Sections 2.10. (property charges), 2.12. (interest), 2.13. (MIP or monthly charge), 2.15 (protection of Property) or 2.3.4. (servicing fee) shall be considered mandatory Loan Advances by Lender.

4.6. Prepayment in Full. Lender shall not make Loan Advances if Borrower has paid the Note in full (or the Second Note, if the Secretary has assumed the Lender's rights and obligations under Article 5).

Article 5 - HUD Obligation

If the Lender has no further obligation to make payments to Borrower because of Section 4.2., the Secretary shall assume the rights and obligations of Lender under this Loan Agreement, except the Secretary shall not assume any obligation of paying flood, fire and other hazard insurance from Loan Advances. If the Secretary makes Loan Advances to Borrower under the Second Security Instrument, the portion of the Principal Limit available for Loan Advances shall be the difference between the current Principal Limit and the combined Principal Balances on the Security Instrument less accrued interest and the Second Security Instrument.

Article 6 - Miscellaneous

6.1. Forbearance Not a Waiver. 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.

6.2. Successors and Assigns Bound; Joint and Several Liability; Co-Signers. The covenants and agreements of this Loan Agreement shall bind and benefit the successors and assigns of Lender. An assignment made in accordance with the regulations of the Secretary shall fully relieve the Lender of its obligations under this Loan Agreement. Borrower may not assign any rights or obligations under this Loan Agreement. Borrower's covenants and agreements shall be joint and several.

6.3. Notices. Any notice to Borrower provided for in this Loan Agreement 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 shown in the Security Instrument or any other address all Borrowers jointly designate. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice to the Secretary shall be given by first class mail to the HUD Field Office with jurisdiction over the Property or any other place designated by the Secretary. Any notice provided for in this Loan Agreement shall be deemed to have been given to Borrower, Lender or the Secretary when given as provided in this Section.

6.4. Governing Law; Severability. This Loan Agreement 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 Loan Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Loan Agreement which can be given effect without the conflicting provision. To this end the provisions of this Loan Agreement are declared to be severable.

6.5. Copies. Lender, Borrower and the Secretary shall each receive one original executed copy of this Loan Agreement when signed by the Secretary.

6.6. When Agreement Becomes Binding. This Loan Agreement shall bind Lender and Borrower when both Lender and Borrower have signed, whether or not the Secretary signs this Loan Agreement. This Loan Agreement shall bind the Secretary only when and if the Secretary has signed and a Mortgage Insurance Certificate is issued for the Security Instrument.

BY SIGNING BELOW the parties accept and agree to the terms contained in this Loan Agreement and the exhibits.

JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

Sample Lender Docs

By:
Title:

Secretary of Housing and Urban Development

By:_____
Title:

**EXHIBIT 1
PAYMENT PLAN**

Date of Payment Plan: **December 1, 2006**
 FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

Name of Lender: **Sample Lender Docs**

Name of Borrower(s)	Birth Date
JOSEPH K. BORROWER	January 28, 1934
JANE C. BORROWER	February 9, 1925

Expected Average Mortgage Interest Rate **6.080%**

1.	Principal Limit	\$79,618.00
	Initial Payments (if completed at closing):	
2.	Closing Costs	\$4,765.98
3.	Discharge of Liens	\$69,457.10
4.	Outstanding Balance (If completed after closing)	\$0.00
5.	Loan Advance	\$68.23
6.	Servicing Fee Set Aside	\$5,326.69
7.	Total Deductions from Principal Limit (Lines 2 + 3 + 4 + 5 + 6)	\$79,618.00
<hr/>		
8.	Principal Limit for Line of Credit	\$0.00
	Funds in Line of Credit Designated For:	
9.	Repairs	\$0.00
10.	Property Charges	\$0.00
11.	Outstanding Balance on Line of Credit from previous payments	\$0.00
12.	Total Deductions from Principal Limit for Line of Credit (Lines 9 + 10 + 11)	\$0.00
13.	Funds Available to Borrower in Line of Credit (Lines 8 - 12)	\$0.00
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14.	Net Principal Limit (Lines 1 - 7 - 9 - 10)	\$0.00
<hr/>		
15.	Net Principal Limit Available for Monthly Payments (Lines 14 - 13)	\$0.00
	Scheduled Payments:	
16.	<input type="checkbox"/> Term (Remaining) N/A Years and N/A Months.	
	or	
17.	<input checked="" type="checkbox"/> Tenure (Check only one plan)	
18.	Monthly Payment (Total)	\$0.00
19.	Monthly Withholding (T & I)	\$0.00
20.	Net Monthly Payment (Lines 18 - 19)	\$0.00

BY SIGNING BELOW, the borrower(s) agree(s) that this document accurately describes the principal features of the current payment plan chosen by the borrower(s).

JOSEPH K. BORROWER (Borrower)	Date
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JANE C. BORROWER (Borrower)	Date
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**EXHIBIT 2
SCHEDULE OF LIENS**

THE MORTGAGE 69,457.10

Note: Borrower bringing in funds to cover total payoffs in the amount of \$ (if applicable)

SCHEDULE OF CLOSING COSTS

Origination Fee	605.00
Broker Fee	0.00
Mortgage Insurance Premium	2,420.00
Repair Administration Fee	\$0.00
Title Insurance Premium	466.00
Recording Taxes and/or Fees or Stamp Charges	120.00
Appraisal Fee	375.00
Credit Report Fee	50.00
Escrow Closing Fee	225.00
Document Preparation	125.00
Notary Fees	0.00
Pest Inspection Fee	
Courier Fee (Lender)	
Flood Certificate	
Endorsement Fee	0.00
Lenders Inspection Fee	
Compliance Inspection Fee	
Hazard Insurance Fee	
Abstract or Title Search	
Title Examination	
Title Insurance Binder	
Attorney Fee	
City / County Tax / Stamps	
State Tax / Stamps	
Survey Fee	
Survey Fee	
2006 Property Taxes	314.98
Flood Cert	15.00
Courier Fee (Title)	50.00

Note: Borrower bringing in funds to cover closing costs in the amount of \$ (if applicable)

JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

**HOME EQUITY CONVERSION MORTGAGE
FEDERAL LOAN CLOSING TRUTH-IN-LENDING
DISCLOSURE STATEMENT**

FHA Case Number: **291-3475358-952**

COMPLETE SAMPLE PACKAGE

In this Disclosure, the words you, your, and yours mean the Borrower(s), and the words we, us and our mean **Sample Lender Docs**, a 0 Corporation.

The Home Equity Conversion Mortgage ("HECM" or "Account") will be governed by two Notes, a Loan Agreement, and two Mortgages or Deeds of Trust (the "First Security Instrument" and the "Second Security Instrument", collectively, the "Security Instruments"). You will be able to obtain loan advances under a set schedule and/or by requesting advances up to the available Principal Limit.

SECURITY INTEREST: You are giving us and the Department of Housing and Urban Development ("HUD") a security interest in the residential Property located at **5067 STATE HWY 13, NOVATO, CALIFORNIA 94111** (the "Property").

You could lose this Property if you do not meet the obligations in the Note(s) and Loan Agreement with us.

POSSIBLE ACTIONS: Under certain conditions discussed below, we may take certain actions including terminating your Account and accelerating your outstanding balance, suspending your credit privileges, and implementing certain changes to the Notes, Security Instruments and Loan Agreement.

We can terminate your Account and require immediate payment of the entire outstanding balance in one payment if:

- * All of the Borrowers have died.
- * All of the Borrowers have sold or conveyed title to the Property.
- * The Property is no longer the principal residence of at least one Borrower.
- * No Borrower maintains the Property as a principal residence for a period exceeding 12 consecutive months because of physical or mental illness.
- * The Borrower violates any other covenants of the Security Instruments and has refused or is unable to comply with the violated conditions of the Security Instruments.

We can refuse to make additional extensions of credit during any period in which the following are in effect:

- * The outstanding balance equals the credit limit ("Principal Limit").
- * We have notified you that we will require immediate payment of the entire outstanding balance due to the occurrence of one of the events of termination listed above.
- * The initial repairs required to bring the Property up to the property standards required by HUD are not completed by the time required in the Repair Rider to the Loan Agreement.
- * We determine on the basis of title evidence that the Property securing the Account is encumbered by any liens that jeopardize the first lien status of the First Security Instrument or the second lien status of the Second Security Instrument, or if you refuse to execute any document necessary to extend the first and second lien status to an additional maximum principal balance or for an additional number of years.
- * A petition for bankruptcy by or against you is filed.
- You have paid the Notes in full.

We are permitted to make certain changes to the terms of the Account. We may make changes to the Account if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of the Account, if the change is insignificant (such as changes relating to our data processing system), or if the change involves the substitution of the index and margin if the current index becomes unavailable (as described below).

MINIMUM PAYMENT REQUIREMENTS: You can obtain advances of credit under one of several "payment plans" available under the HECM program. The length of time during which you can obtain advances depends upon the payment plan that you select. As long as the Account is not due and payable under the conditions set forth above, you may obtain advances under the following payment plans:

- (a) **Tenure plan:** Under this plan, you will receive equal monthly payments from us for as long as you occupy the property as a principal residence.

- (b) **Term plan:** Under this plan, you will receive equal monthly payments from us for a fixed period that you select.
- (c) **Line of Credit plan:** Under this plan, you will receive advances in unscheduled payments or in installments, at times and in amounts that you choose until the line of credit is exhausted.
- (d) **Modified Term or Tenure plan:** Under these plans, you may combine a line of credit with monthly payments. In exchange for reduced monthly payments, you will set aside a specified amount of money at closing for a line of credit, on which you can draw until the line of credit is exhausted.

The period during which you can obtain advances (the "Draw Period") is, therefore, indefinite under the Tenure and Line of Credit or Modified Term or Tenure plans. You can choose the length of the Draw Period under the Term or Tenure plan. [If you have chosen a Term plan, you have elected a Draw Period of N/A years and N/A months.] You can switch from one plan to another at any time during the life of your Account. If you elect to change your payment plan, the length of your Draw Period may also change.

Repayment of all amounts outstanding under your HECM will be due in one single payment; therefore, there will be no repayment period. Your payment will be due when: (a) a Borrower dies and the Property is not the principal residence of at least one surviving Borrower, (b) a Borrower conveys all of his or her title to the Property (other than a transfer of the Borrower's title into a trust that satisfies HUD's requirements or a transfer of title to the Property from such a trust to the Borrower) and no other Borrower retains title to the Property in fee simple or on a leasehold interest, or (c) upon approval by the Secretary of Housing and Urban Development, if: (i) the Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of at least one other Borrower, (ii) for a period longer than 12 consecutive months a Borrower fails to physically occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower, or (iii) an obligation of the Borrower under the Security Instruments is not performed.

Your minimum payment will be equal to the amount of (1) all advances you have obtained, (2) all advances that we have made pay for repairs, escrows, monthly mortgage insurance premiums, servicing fees and other charges that you authorize us to pay or for which we are permitted to advance funds under the Notes, Security Instruments and Loan Agreement, (3) all interest that has accrued on the amount outstanding from time to time and (4) any other fees or charges that are due under your Notes, Security Instruments and Loan Agreement.

MINIMUM DRAW AND BALANCE REQUIREMENTS: The amount of your advances and any limitations on those advances will depend upon the payment plan that you select. If you have selected a Tenure or Term plan or a Modified Term or Tenure plan, then the amount of your advances (payments to you) will be set at **\$0.00** and will be paid to you on a monthly basis. If you have selected a Line of Credit plan or a Modified Term or Tenure plan (payment plans with monthly payments combined with a line of credit), there are no limitations on the amount of an advance or the number of advances you may obtain under the line of credit (as long as you remain within your Principal Limit). You may change the type of payment plan throughout the life of the Account (including switching to a Line of Credit plan). There are no minimum outstanding balance requirements under the Account.

FINANCE CHARGES:

Interest Portion of the Finance Charge

Each advance made to you or on your behalf under your HECM will be subject to a Finance Charge beginning on the day after each advance is made. A Finance Charge will continue to be assessed on the outstanding balance under your HECM until the entire outstanding balance and all interest and fees due under the Notes, Security Instruments and Loan Agreement are paid.

The interest portion of the Finance Charge on your Account is computed by (i) calculating the Finance Charge on the balance existing at the beginning of each month, taking into consideration any payments or credits to your account, (ii) calculating the Finance Charge on each advance made to you or on your behalf during the month and (iii) adding all of these sums together. We start with the outstanding principal balance on your Account at the beginning of each month, which includes Finance Charges from the prior month (the "Outstanding Principal Balance"). At the end of each month, we multiply the Outstanding Principal Balance by the then-current Annual Percentage Rate and then divide the result of this calculation by 12 (the "Monthly Periodic Rate"). At the end of each month in which any advances or payments have been made to you or on your behalf, we multiply the amount of the advance or payment by the number of days remaining in the month after that advance or payment was made (not including the day it was made) and then multiply this amount by the then-current Annual Percentage Rate and divide the result of this calculation by 365 (the "Daily Periodic Rate"). This calculation is repeated for each advance or payment made to you or on your behalf during the month. The sum of the final result of these calculations equals the interest portion of your Finance Charge for the month. Advances made to pay fees for Finance Charges due under the Account will also accrue Finance Charges as described above.

Mortgage Insurance Premiums

In addition, mortgage insurance premiums ("MIP"), which are a Finance Charge, are computed by calculating the MIP on the Outstanding Principal Balance, calculating the MIP on each advance made to you or on your behalf during the month, and then adding all of these sums together. At the end of each month, we multiply the Outstanding Principal Balance by 0.5% and then divide the result of this calculation by 12 (the "MIP Monthly Periodic Rate"). At the end of each month in which any advances have been made to you or on your behalf, we multiply the amount of the advance by the number of days remaining in the month after that advance was made, (not including the day the advance was made) and then multiply this amount by the 0.5% and divide the result of this calculation by 365 (the "MIP Daily Periodic Rate"). This calculation is repeated for each advance made to you or on your behalf during the month. The sum of the final result of these calculations equals the mortgage insurance portion of your Finance Charge for the month. The MIP Monthly Periodic Rate applicable to your Account to calculate the mortgage insurance premium on the Outstanding Principal Balance is 0.041667%. The MIP Daily Periodic Rate applicable to your Account to calculate the mortgage insurance premium on each advance made to you or on your behalf during the month is 0.001370%. The Corresponding **Annual Percentage Rate** to these MIP Periodic Rates is 0.5%.

Additional Finance Charges

A Finance Charge of **\$35.00** for the servicing of your Account will be imposed each month until your HECM is repaid. Another **Finance Charge** in an amount not to exceed that determined by the Secretary will be imposed each time you elect to change your payment plan. You must also pay at settlement an Origination Fee and an Initial Mortgage Insurance Premium, which are **Finance Charges**. These fees must be paid in the amounts disclosed in the "Fees and Charges" section below.

(The following paragraph is applicable only if the box at left is checked).

Because repairs that are necessary to bring the Property up to HUD's Minimum Property Standards will be completed after closing and because advances from the Account will be used to pay for these repairs, a Repair Administration Fee of **\$0.00**, which is a **Financed Charge**, will be imposed at settlement.

RATE CHANGES: The Calculation of rate changes will depend on whether you select an annually adjustable or monthly adjustable variable rate account. The paragraph next to the checked box applies to your Account. The Annual Percentage Rate for the interest portion of your Finance Charge may increase or decrease annually based upon changes in the Weekly Average Yield on United States Treasury Securities Adjusted to a Constant Maturity of One Year ("Treasury Securities Index"). However, your first rate change can occur between twelve and eighteen months after the date of closing. Rate changes can occur every twelve months thereafter. To determine the Annual Percentage Rate that will apply to your Account, we add a margin to the value of the Treasury Securities Index. However, the Annual Percentage Rate cannot change by more than 2.0 percentage points at each rate change or by more than 5.0 percentage points over the life of the Account. Increases in the Annual Percentage Rate will result in larger advances made to pay the increased accrued interest portion of the Finance Charge and a larger Outstanding Principal Balance.

The Annual Percentage Rate for the interest portion of your Finance Charge may increase or decrease monthly based upon changes in the Weekly Average Yield on United States Treasury Securities Adjusted to a Constant Maturity of One Year ("Treasury Securities Index"). However your first rate change can occur on the first day of the second month after closing. Rate changes can occur every month thereafter. To determine the Annual Percentage Rate that will apply to your Account, we add a margin to the value of the Treasury Securities Index. There are no limits on the amount of the rate change each month, however, the Annual Percentage Rate cannot increase by more than 10.0% over the life of the Account. Increases in the Annual Percentage Rate will result in larger advances made to pay the increased accrued interest portion of the Finance Charge and a larger Outstanding Principal Balance.

In the event the Index is no longer available, we will choose a new index and margin. The new index will have an historical movement substantially similar to the original index and the new index and margin will result in an Annual Percentage Rate that is substantially similar to the rate in effect at the time the original index becomes unavailable.

The initial Monthly Periodic Rate applicable to your Account to calculate the interest portion of the Finance Charge on the Outstanding Principal Balance is **0.54250%**. The initial Daily Periodic Rate applicable to your Account to calculate the interest portion of the Finance Charge on each advance or payment made to you or on your behalf during the month is **0.017835616%**. The Corresponding **Annual Percentage Rate** to these periodic rates (relating to the interest portion of the Finance Charge) is 6.51%. The Margin, which is added to the value of the Index, will be **1.50%**. The Annual Percentage Rate includes only interest and not other costs.

MAXIMUM RATE: The maximum Annual Percentage Rate (relating to the interest portion of the Finance Charge) that can apply to your Account is **16.510%**.

NEGATIVE AMORTIZATION: Under the HECM, you do not make any payments until one of the conditions of termination described above occurs. Therefore, principal, along with the Finance Charges and

other charges that accrue during the life of your HECM, are not paid as they are advanced or accrue, and "negative amortization" will occur. Negative amortization, under which the advances of credit and accrued Finance Charges and other charges are added to your outstanding loan balance, will increase the amount you owe us and reduce your equity in your home.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the Account.

FEES AND CHARGES: You must pay certain charges in connection with this Account as follows:

(a) **Finance Charges:** You must pay the following **Finance Charges** in connection with the opening of your Account at settlement:

(1) Origination Fee	605.00
(2) Mortgage Insurance Premium	2,420.00
(3) Repair Administration Fee	\$0.00
(4) Courier Fee	

(b) **Settlement Costs:** You must pay the following charges in connection with the opening of your Account:

(1) Title Insurance Premium	466.00
(2) Recording Fees	120.00
(3) Appraisal Fees	375.00
(4) Credit Report Fee	50.00
(5) Escrow Closing Fee	225.00
(6) Document Preparation	125.00
(7) Notary Fee	0.00
(8) Termite Inspection/Pest Control Fee	
(9) Endorsement Fee	0.00
(10) Flood Certificate	
(11) Broker Fee	0.00
(12) Lenders Inspection Fee	
(13) Compliance Inspection	
(14) Hazard Insurance	
(15) Abstract or Title Search	
(16) Title Examination	
(17) Title Insurance Binder	
(18) Attorney Fee	
(19) City/County Tax/Stamps	
(20) State Tax/Stamps	
(21) Survey Fee	
(22) 2006 Property Taxes	314.98
(23)	
(24)	
(25) Flood Cert	15.00
(26) Courier Fee (Title)	50.00
(27)	
(28)	

PROPERTY INSURANCE: Property hazard insurance is required. You may obtain such insurance from any source you want that is acceptable to us.

**YOUR BILLING RIGHTS
KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

Notify us in Case of Errors or Questions About Your Statement

If you think your statement is wrong, or if you need more information about a transaction on your Statement, write us [on a separate sheet] at:

**Sample Lender Docs
123 Main Street
Your City, California 94111**

Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first statement on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- * Your name and Account number.
- * The dollar amount of the suspected error.
- * Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the statement was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including Finance Charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your statement that are not in question.

If we find that we made a mistake on your statement, you will not have to pay any Finance Charges related to any questioned amount. If we didn't make a mistake, you may have to pay Finance Charges, and you will have to make any missed payments in the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your statement. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we do not follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

Although all of your billing error rights apply, because of the way the Account is structured, some of the requirements discussed above (e.g. regarding payments to us) may not be relevant to the HECM.

I/We hereby acknowledge receipt of the Home Equity Conversion Mortgage Federal Truth-in-Lending Disclosure Statement and agree to its terms.

JOSEPH K. BORROWER (Borrower)

Date

JANE C. BORROWER (Borrower)

Date

FLOOD INSURANCE CERTIFICATION

FHA Case Number: 291-3475358-952

COMPLETE SAMPLE PACKAGE

Date: **December 1, 2006**

Borrower(s): **JOSEPH K. BORROWER AND JANE C. BORROWER**

Address: **5067 STATE HWY 13
NOVATO, CALIFORNIA 94111**

In accordance with the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, this is to advise you that if the property securing your loan is damaged by flooding in a federally declared disaster, federal assistance, usually in the form of a loan with a favorable interest rate, may be available. To be eligible for assistance, your community must be participating in the National Flood Insurance Program (NFIP).

X **FLOOD INSURANCE IS NOT REQUIRED:** The property described above is either not located in a special flood hazard area, is located in an area of moderate or minimal flooding, or an area of undetermined but possible flood hazard. Although flood insurance may be available, the undersigned borrower(s) are not required to purchase it. However, if the undersigned choose not to purchase flood insurance, they will bear full financial responsibility for any damages that may occur as a result of a flood. The undersigned further acknowledge that LENDER will not be liable in the event there is any property loss or damage due to flooding.

If at any time during the term of the mortgage, the Director of the Federal Emergency Management Agency should determine the property to be located in an area of special flood hazards, LENDER, its successors and assigns, is authorized to obtain special flood insurance covering the mortgage executed by the undersigned to pay the premiums due by reason thereof, and require repayment by the undersigned of such amounts as are advanced.

 FLOOD INSURANCE IS REQUIRED: Notice is given to the undersigned borrower(s) that the above-captioned property is or will be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area. This area has a 1% chance of being flooded within a given year. The risk of exceeding the 1% chance increases with time periods longer than one year. For example, during the life of a 30-year mortgage, a structure located in a special flood hazard area has a 26% chance of being flooded.

For this reason, LENDER requires, and the undersigned agree to provide a flood insurance policy on the subject property with the first year's premium to be prepaid prior to loan settlement. **THE FLOOD INSURANCE POLICY MUST BE IN AN AMOUNT EQUAL TO THE LOAN AMOUNT OR THE MAXIMUM AMOUNT AVAILABLE UNDER NFIP, WHICHEVER IS LESS. THE DEDUCTIBLE MAY NOT EXCEED \$1,000.** Flood Insurance is available through the National Flood Insurance Program or through private insurers.

The undersigned borrower(s) further agree that LENDER, its successors or assigns, is authorized at any time during the mortgage term to apply for annual renewal of flood insurance coverage. If borrower's flood insurance escrow funds should be insufficient or unavailable, LENDER is hereby authorized to pay the premium due and to require repayment by the undersigned of such amounts as are advanced.

EXCEPTIONS TO COVERAGE Even though the subject property may be located in a flood-prone area, your insurance company cannot provide the required flood insurance policy if:

- (a) The community in which the property is located is not participating in the National Flood Insurance Program; or
- (b) The property is located in an undeveloped coastal barrier built after September 30, 1983.

Since flood insurance is not obtainable for properties in the above locations, LENDER cannot make loans on these properties. Your insurance agent will advise you whether or not the subject property is eligible for flood insurance.

The undersigned acknowledge receipt of this Notice

JOSEPH K. BORROWER (Borrower)

Date

JANE C. BORROWER (Borrower)

Date

HOLD HARMLESS AGREEMENT

FHA CASE Number: **291-3475358-952**

COMPLETE SAMPLE PACKAGE

BORROWER: JOSEPH K. BORROWER AND JANE C. BORROWER

**PROPERTY ADDRESS: 5067 STATE HWY 13
NOVATO, CALIFORNIA 94111**

You are advised that I/we, the Borrower(s) in the above referenced loan, have read and received a copy of the termite report on the above property and that I/we agree to hold **Sample Lender Docs** and the Secretary of Housing and Urban Development harmless from any damages as a result of such previous infestation or damages shown.

Date: **December 1, 2006**

JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

NAME AFFIDAVIT

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

This form is to be completed if there appear any discrepancies pertaining to the name(s) listed on the Security Instruments and/or any of the following documents: Firm Commitment, Title Insurance Policy, Property Insurance Policy.

This is to certify that
JOSEPH K. BORROWER
JOEY THE BORROWER, JK BORROWER

are one and the same person, and that I sign my name and am known by all above names.

This is to certify that
JANE C. BORROWER
JANE CAROLE BORROWER

are one and the same person, and that I sign my name and am known by all above names.

Witness

JOSEPH K. BORROWER (Borrower)

Witness

JANE C. BORROWER (Borrower)

SWORN AND SUBSCRIBED BEFORE ME, this _____ of

_____, 20_____.

Notary Public My commission expires: _____

MAILING ADDRESS AFFIDAVIT

**Property Address: 5067 STATE HWY 13
NOVATO, CALIFORNIA 94111**

Please complete below if your mailing address is different than the property address listed above:

Mailing Address: _____

COMPLIANCE AGREEMENT

STATE OF CALIFORNIA
COUNTY OF MARIN

Borrower(s): **JOSEPH K. BORROWER AND JANE C. BORROWER**
Lender: **Sample Lender Docs**
Property: **5067 STATE HWY 13**

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

In consideration of Lender disbursing loan funds to Borrower(s) in connection with a reverse mortgage loan secured by a deed of trust or mortgage on the property referenced above, the undersigned Borrower(s) agrees, if requested by Lender or someone acting on Lender's behalf, to fully cooperate in correcting any inaccurate term of, mistake in, or omission from any document associated with the loan, or making any other changes necessary to ensure that the loan is enforceable and in a form acceptable to potential insurers or investors.

Borrower(s) understands that such cooperation may entail the correction, amendment and/or re-execution of documents previously signed, the execution of additional documentation, and/or the delivery of additional information or documentation.

Borrower(s) also understand that in the event Lender determines in its sole discretion that an inaccurate term, mistake, or omission in any document associated with the loan requires correction, amendment and/or re-execution of any document previously signed, Lender **may delay funding of the loan** until the inaccurate term, mistake, or omission has been corrected to Lender's satisfaction.

Dated effective as of **December 1, 2006**

JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

Notary Public

My Commission Expires:

**HOME EQUITY CONVERSION MORTGAGE
DISCLOSURE AND BORROWER CERTIFICATION
REGARDING THIRD PARTY FEES**

Lender: Sample Lender Docs

**FHA Case No: 291-3475358-952
COMPLETE SAMPLE PACKAGE**

To ensure that Borrowers do not pay unnecessary or excessive costs for obtaining a Home Equity Conversion Mortgage ("HECM") loan, Federal law restricts the use of HECM loan proceeds, including prohibiting the use of such for payments to or on behalf of an "estate planning service firm" (as defined in Paragraph 3 below). Further, HECM Borrowers must establish to the Lender that HECM loan proceeds will be used in accordance with law.

The Borrower(s) certifies to the Lender, and its successors and assigns:

1. The initial disbursement of loan proceeds by the Lender shall be used only for the following purposes:
 - a. the initial FHA mortgage insurance premium;
 - b. allowable fees and charges listed on the HUD-1 (or HUD-1A) Settlement Statement;
 - c. disbursements to Borrower(s), a relative or legal representative of the Borrower(s), or a trustee for the benefit of the Borrower(s);
 - d. amounts required to discharge any existing lien on the Property;
 - e. an annuity premium disclosed on the Federal Truth in Lending Disclosures; and
 - f. payment to contractors who performed repairs to the Property required as a condition of closing.
2. After the initial disbursement of loan proceeds for the purposes listed in Paragraph 1 above, all as disclosed on the HUD-1 (or HUD-1A) Settlement Statement. Borrower(s) will have no outstanding or unpaid obligations incurred in connection with the HECM loan, except for required repairs to the Property to be completed after loan closing and for monthly mortgage servicing fees to the Lender or servicer.
3. No portion of the initial disbursement of loan proceeds shall be used for any payment to or on behalf of an "estate planning service firm." [An "estate planning service firm" is an entity, other than the Lender or the housing counseling agency, which charges a fee not authorized by the Department of Housing and Urban Development, which is 1) contingent on the homeowner obtaining a mortgage loan; 2) for initial information that the homeowner must, by regulation, receive from the housing counseling agency or Lender, except for information from an individual or company engaged in the bona fide business of providing tax or other legal or financial advice; or 3) for services for the purpose of improving an elderly homeowners' access to HECM loans.]
4. Borrower(s) has received full disclosure of all costs of obtaining the HECM loan, including disclosure of which charges are required to obtain the HECM loan and which are not required to obtain the HECM loan.

JOSEPH K. BORROWER (Borrower)

Date

JANE C. BORROWER (Borrower)

Date

LUMP SUM DISBURSEMENT CERTIFICATION

(For Borrower(s) requesting at least 25% of the Net
Principal Limit as an initial lump sum disbursement)

The Borrower(s) certifies to the Lender, and its successors and assigns, that the Borrower(s) ___ will or XX will not use any portion of the lump sum disbursement of HECM loan proceeds for payments to or on behalf of an "estate planning service firm", as that term is defined in Paragraph 3 above.

Note: If you have checked the "will" box above, you are advised that Federal law prohibits any such payments to an "estate planning service firm."

JOSEPH K. BORROWER (Borrower)

Date

JANE C. BORROWER (Borrower)

Date

ELECTRONIC FUND TRANSFER REQUEST

FHA Case Number: 291-3475358-952

COMPLETE SAMPLE PACKAGE

WOULD YOU LIKE TO RECEIVE YOUR FUNDS THROUGH A DIRECT DEPOSIT?

NO

YES - IF YES COMPLETE BELOW

I would like to request that my reverse mortgage payment be credited directly to my bank account by electronic funds transfer.

I understand that if I have set up a "TERM" or "TENURE" Monthly Payment Plan that the payment will be transferred on the first business day of each month and should be available for withdrawal by the second business day.

- OR -

I understand that if I have set up a Personal Reserve Account (Line of Credit) for my reverse mortgage, the funds will be transferred within five (5) business days from the date my written request is received by **Sample Lender Docs**, either by regular mail, express mail, or facsimile.

NOTE:If there are persons named on your bank account that are not named on your mortgage, we need you to sign the consent form below.

Name (please print): _____

Loan #: _____

Depository Name: _____

ABA Number: _____

Bank Account Number: _____

Is this a checking account or savings account? _____

Signature: _____ Date: _____

Signature: _____ Date: _____

Please sign the signature line below if your bank account names persons other than those on your mortgage, giving your consent for deposit into that account. In addition, please list the name of the person(s) other than those on the mortgage, below. All persons on the mortgage must sign giving this consent.

Names: _____

Signature: _____ Date: _____

Signature: _____ Date: _____

ATTACH VOIDED CHECK HERE
(Or deposit slip if your account is a savings account)

****Please note: unless form is completely filled out, it will be returned to you for completion.****

**HOME EQUITY CONVERSION MORTGAGE
NOTICE OF RIGHT TO CANCEL**

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

Date Notice Given: **December 1, 2006**

Borrower: **JOSEPH K. BORROWER**

1. YOUR RIGHT TO CANCEL

We have agreed to establish an open-end credit account for you, and you have agreed to give us a mortgage on your home as security for the account. You have a legal right under federal law to cancel the account, without cost, within three business days after the latest of the following events:

- (1) the opening date of your account which is **December 1, 2006**; or
- (2) the date you received your Truth-in-Lending disclosures; or
- (3) the date you received this notice of your right to cancel the account.

If you cancel the account, the mortgage on your home is also cancelled. Within 20 days of receiving your notice, we must take the necessary steps to reflect the fact that the mortgage on your home has been cancelled. We must return to you any money or property you have given us or to anyone else in connection with the account.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address shown below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

2. HOW TO CANCEL

If you decide to cancel the account, you may do so by notifying us, in writing, at
Sample Lender Docs
123 Main Street
Your City, California 94111

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice no matter how you notify us because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of **December 5, 2006** (or midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Borrower's Signature	Date
Borrower's Signature	Date

ACKNOWLEDGEMENT OF RECEIPT

I hereby acknowledge receipt of two completed copies of the Home Equity Conversion Mortgage Notice of Right to Cancel and a copy of the Home Equity Conversion Mortgage Federal Truth-in-Lending Disclosure Statement.

JOSEPH K. BORROWER Signature	Date
-------------------------------------	------

**HOME EQUITY CONVERSION MORTGAGE
NOTICE OF RIGHT TO CANCEL**

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

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JOSEPH K. BORROWER Signature _____ Date

**HOME EQUITY CONVERSION MORTGAGE
NOTICE OF RIGHT TO CANCEL**

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

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I WISH TO CANCEL

<hr style="border: none; border-top: 1px solid black;"/>	<hr style="border: none; border-top: 1px solid black;"/>
Borrower's Signature	Date
<hr style="border: none; border-top: 1px solid black;"/>	<hr style="border: none; border-top: 1px solid black;"/>
Borrower's Signature	Date

ACKNOWLEDGEMENT OF RECEIPT

I hereby acknowledge receipt of two completed copies of the Home Equity Conversion Mortgage Notice of Right to Cancel and a copy of the Home Equity Conversion Mortgage Federal Truth-in-Lending Disclosure Statement.

<hr style="border: none; border-top: 1px solid black;"/>	<hr style="border: none; border-top: 1px solid black;"/>
JOSEPH K. BORROWER Signature	Date

**HOME EQUITY CONVERSION MORTGAGE
NOTICE OF RIGHT TO CANCEL**

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

Date Notice Given: **December 1, 2006**

Borrower: **JANE C. BORROWER**

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I WISH TO CANCEL

Borrower's Signature _____
Date

Borrower's Signature _____
Date

ACKNOWLEDGEMENT OF RECEIPT

I hereby acknowledge receipt of two completed copies of the Home Equity Conversion Mortgage Notice of Right to Cancel and a copy of the Home Equity Conversion Mortgage Federal Truth-in-Lending Disclosure Statement.

JANE C. BORROWER (Borrower) Signature _____
Date

**HOME EQUITY CONVERSION MORTGAGE
NOTICE OF RIGHT TO CANCEL**

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

Date Notice Given: **December 1, 2006**

Borrower: **JANE C. BORROWER**

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JANE C. BORROWER (Borrower) Signature _____ Date

**HOME EQUITY CONVERSION MORTGAGE
NOTICE OF RIGHT TO CANCEL**

FHA Case Number: **291-3475358-952**
COMPLETE SAMPLE PACKAGE

Date Notice Given: **December 1, 2006**

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JANE C. BORROWER (Borrower) Signature _____ Date

EQUAL CREDIT OPPORTUNITY ACT NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (providing that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with the law concerning this creditor is the FEDERAL TRADE COMMISSION, 450 Golden Gate Avenue, Box 36005, San Francisco, CA 94104, (415) 556-1270.

Civil Code Section 1830 requires notice that "The applicant, if married, may apply for a separate account."

Alimony, child support, or separate maintenance income need not be revealed if the Borrower or Co-Borrower does not choose to have it considered as a basis for repaying this loan.

VOLUNTARY INFORMATION FOR GOVERNMENT MONITORING PURPOSES

If this loan is for purchase or construction of a home, any information regarding race, national origin, sex, marital status, or age is requested by the Federal Government to monitor this lender's compliance with Equal Credit Opportunity and Federal Anti-Discrimination statutes. The law provides that a lender may neither discriminate on the basis of this information nor on whether or not it is furnished. Furnishing this information is optional.

THIS NOTICE TO YOU, AS REQUIRED BY THE RIGHT TO FINANCIAL PRIVACY ACT OF 1978 THAT THE DEPARTMENT OF HOUSING & URBAN DEVELOPMENT OR THE VETERAN'S ADMINISTRATION HAS A RIGHT OF ACCESS TO FINANCIAL RECORDS HELD IN A FINANCIAL INSTITUTION IN CONNECTION WITH THE CONSIDERATION OR ADMINISTRATION OF ASSISTANCE TO YOU. FINANCIAL RECORDS INVOLVING YOUR TRANSACTION WILL BE AVAILABLE TO THE DEPARTMENT OF HOUSING & URBAN DEVELOPMENT WITHOUT FURTHER NOTICE OR AUTHORIZATION, BUT WILL NOT BE DISCLOSED OR RELEASED TO ANOTHER GOVERNMENT AGENCY OR DEPARTMENT WITHOUT YOUR CONSENT EXCEPT AS REQUIRED OR PERMITTED BY LAW.

STATE OF CALIFORNIA FAIR LENDING NOTICE

TO: All applicants for a loan for the purchase, construction, rehabilitation, improvements or refinancing of a one-to-four family residence. Under the Housing Financial Discrimination Act of 1977, it is unlawful for a financial institution to refuse to make a loan or to offer less favorable terms than normal (such as a higher interest rate, larger down payment or shorter maturity) based on any of the following considerations:

- 1. Neighborhood characteristics (such as the average age of the homes or the income level in the neighborhood, except to a limited extent necessary to avoid an unsafe and unsound business practice.
- 2. Race, sex, color, religion, marital status, national origin or ancestry.

It is also unlawful to consider, in appraising a residence, the racial, ethnic, or religious composition of a particular neighborhood, whether or not such composition is undergoing change or is expected to undergo change.

If you wish to file a complaint, or have any questions about your rights, contact:

DEPARTMENT OF CORPORATIONS
1390 Market Street, Suite 810
San Francisco, CA 94102

OR

DEPARTMENT OF CORPORATIONS
320 W. Fourth Street, Suite 750
Los Angeles, CA 90013-1105

If you file a complaint, the law requires that you receive a decision within thirty (30) days.

I (WE) RECEIVED A COPY OF THIS NOTICE.

JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

_____ Date

CHOICE OF INSURANCE OPTION

FHA Case Number: 291-3475358-952
SAMPLE PACKAGE

COMPLETE

Borrower(s): JOSEPH K. BORROWER AND JANE C. BORROWER

Property: 5067 STATE HWY 13
NOVATO, CALIFORNIA 94111

With regard to the Home Equity Conversion Mortgage on the above referenced loan, Sample Lender Docs (Lender) chooses the Assignment Insurance option.

Sample Lender Docs

By:
Title:

Date _____

NOTICE TO THE BORROWER

What to do in case of late payments or nonpayment
by your lender

FHA Case Number: 291-3475358-952
COMPLETE SAMPLE PACKAGE

Date of Mortgage: **December 1, 2006**

Borrower Name(s): **JOSEPH K. BORROWER AND JANE C. BORROWER**

Property Address: **5067 STATE HWY 13**
NOVATO, CALIFORNIA 94111

Mortgagee (Lender) Name: **Sample Lender Docs**

The U.S. Department of Housing and Urban Development (HUD) can help you if your lender fails to make payments to you on time. However, HUD can only help you if you follow these instructions.

1. INTRODUCTION

Your Home Equity Conversion Mortgage was insured on _____ [date] under a special law, Section 255 of the National Housing Act, which makes HUD responsible for making any payments you have not received because the lender has defaulted. This document explains the steps HUD will take if the lender fails to make its payments to you. The term "mortgage" in this Notice includes the loan agreement between you, the lender and HUD.

2. HUD OFFICE

The HUD Field Office is located at **WILLIAMS CENTER TOWER II, 2 WEST SECOND STREET, SUITE 400, TULSA, OKLAHOMA 74103.**

Any letter addressed to that office should include your FHA case number, which appears at the top of this notice. You should put "Home Equity Conversion Mortgage" on the envelope to ensure prompt and correct handling. Telephone calls should be made to the SINGLE FAMILY DIVISION Branch at (800) 594 - 9057 [telephone number]. You should inform the person answering the call that you are calling about your insured HECM. Please be prepared to provide your FHA case number.

3. METHOD OF PAYMENT

You may choose to receive payments through the "direct deposit" method of payment, where the lender automatically transfers money to your bank account, or you may receive checks through the mail. You may change your method of payment at any time during the loan.

4. PAYMENT OPTIONS

You can receive regular monthly payments, payments from a line of credit, or a combination of these payment options. You may change between these payment options. Please follow the instructions in this Notice which apply to the payment option that you have chosen.

5. REGULAR MONTHLY PAYMENTS

If you have chosen to receive regular monthly payments, the lender must transfer the full payment to your bank account by the first day of each month, or place your check in the mail by that day. If you do not receive payment on time (allowing sufficient time for mail delivery of the check, if applicable), your first contact should be with the lender's representative assigned to handle your account. HUD requires your lender to keep you informed of a current telephone number and address for the representative assigned to your account. If you can not contact your lender or if the account representative cannot help you, you should contact HUD.

HUD can help you with late payments in two circumstances. First, if the lender often makes payments which you receive late but before the 10th day of the month, and this problem continues after you tell the lender about it, HUD will contact the lender at your request and require the lender to improve its performance and pay any late charges as required by your Loan Agreement. HUD will generally not be able to help with rare cases of late payment if the lender pays the late charge required by your Loan Agreement. Second, if any payment is not received before the 10th day of the month, you should immediately contact HUD (and the lender, if you have not done so). HUD will investigate the circumstances.

6. LINE OF CREDIT

If you have chosen to receive payments at your request from a line of credit, the lender should transfer the full amount requested, up to your principal limit, to your bank account or place your check in the mail within five business days after the lender receives your request. If you do not receive payment on time (allowing sufficient time for any mail delivery of your request to the lender, and any mail delivery of the check), your first contact should be with the lender representative assigned to handle your account. HUD requires your lender to keep you informed of a current telephone number and address for the representative assigned to your account. If you cannot contact your lender or if your account representative cannot help you, you should contact HUD.

HUD can help you with late payments in two circumstances. First, if the lender often makes payments which you receive after you expect to receive them but fewer 10 days after you expect them, and this problem continues after you tell the lender about it, HUD will contact the lender and require the lender to improve its performance and pay late charges required by your Loan Agreement. HUD will generally not be able to help with rare cases of late payment if the lender pays the late charge required by your Loan Agreement. Second, if any payment has not been received 10 days after you expect to receive it, you should immediately contact HUD (and the lender, if you have not already done so). HUD will investigate the circumstances.

7. HUD INVESTIGATION OF LATE LENDER PAYMENT; HUD PAYMENTS

A HUD investigation will begin with an immediate request to the lender for an explanation for the late or payment. If the lender does not provide a satisfactory explanation to HUD within 15 days of the request, or provide all funds due to you (including any late charges), then HUD will begin arranging to make payments to you. Your HUD Field Office will keep you informed regarding the likely date for resumption of payments. The initial HUD payment will be equal to the total of all payments not made by the lender, including an amount equivalent to any late charge due from the lender. Subsequent HUD payments will be made in accordance with the timing required by the mortgage.

8. PAYMENT OF TAXES AND INSURANCE, OR OTHER PROPERTY CHARGES

If you elected to have the lender pay taxes, hazard insurance premiums, and certain other charges against the property using funds in your loan account, and you learn that the lender has not paid these items on time, you should contact the lender's representative assigned to handle your account. If the lender does not correct the situation, you should contact the HUD office immediately.

9. HUD ASSUMPTION OF PAYMENT RESPONSIBILITY

Even if HUD is required to make some payments under the mortgage, we will try to have the lender resume making payments in accordance with the timing required by the mortgage. If HUD cannot arrange for the lender to resume payments, HUD will demand assignment of the mortgage from the lender. If the mortgage is assigned to HUD, you will deal with HUD as the new lender.

If the lender cannot or will not assign the mortgage to HUD, you will receive no further payments from the lender under the first mortgage. No more interest or mortgage insurance premium will be added to the amount which you owe under the first mortgage. HUD will then make all future payments under the terms of a second mortgage which you gave to HUD when you gave the first mortgage to the original lender. The first and second mortgages will have to be repaid at the same time (for example, when you sell your home). Since you will not owe any interest under the first mortgage, the total debt under the first and second mortgages will be less than the amount you would have owed under the first mortgage if the lender had continued making payments.

HUD may allow the lender to resume making payments after HUD has made payments. If that happens, you will not owe anything to HUD but you will deal with the lender as if the lender had made all the payments under the first mortgage.

10. NO DEFICIENCY JUDGMENTS

When the mortgage loan becomes due and payable, you shall have no personal liability for payment of the mortgage. The lender's recovery from you will be limited to the value of the property. The lender may enforce the debt only through sale of the property, and the lender may not obtain a deficiency judgment against you if the Security Instrument securing the loan is foreclosed.

Signature of HUD Representative: _____
Title:

LENDER CERTIFICATE

FHA Case Number: 291-3475358-952

I certify that no form or document was signed in blank by the applicant borrowers relevant to the loan origination process on the property located at:

Property Address:

**5067 STATE HWY 13
NOVATO, CALIFORNIA 94111**

Sample Lender Docs (Lender)

By:
Title:

Date: **December 1, 2006**

CONFIRMATION

FHA Case Number: **291-3475358-952**

COMPLETE SAMPLE PACKAGE

More than 3 business days have elapsed since the undersigned received this Notice, and Truth-in-Lending disclosures, with regard to this transaction. The undersigned certify that the transaction has not been rescinded.

Consumer(s):

JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

Date

If the borrower is not able to come back to the closing office after 3 days, Closing Agent, please certify below.

More than 3 business days have elapsed since the undersigned received this Notice and Truth-in-Lending disclosures, with regard to this transaction. I, the closing agent, have verified with **JOSEPH K. BORROWER AND JANE C. BORROWER** that the transaction has not rescinded.

I AM AWARE THAT I AM REQUIRED TO PROVIDE THE BORROWER(S) WITH TWO (2) ORIGINAL NOTICE OF RIGHT TO CANCEL DISCLOSURE FORMS. KNOWING THIS, I CERTIFY THAT I HAVE GIVEN THESE ORIGINALS TO THE BORROWER(S).

Signature of Closing Agent

Date

**NOTICE OF ASSIGNMENT, SALE OR TRANSFER
OF SERVICING RIGHTS**

FHA Case Number: 291-3475358-952

COMPLETE SAMPLE PACKAGE

You are hereby notified as a requirement of Section 6 of the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. ' 2605) that the servicing of your mortgage loan, that is, the right to collect payments from you, is being assigned, sold or transferred from **Sample Lender Docs** to **JAMES B. NUTTER & COMPANY** effective **December 6, 2006**.

The assignment, sale or transfer of the servicing of the mortgage loan does not affect any term or condition of the mortgage instruments, other than terms directly related to the servicing of your loan.

Except in limited circumstances, the law requires that your present servicer send you this notice at least 15 days before this effective date or at closing. Your new servicer must also send you this notice no later than 15 days after this effective date or at closing.

Your present servicer is **Sample Lender Docs**. If you have any questions relating to the transfer of servicing from your present servicer, call at **0**, (call collect if not toll-free) during normal business hours. If you are unsure of your present servicer's hours of operations, please use this number for inquiry.

Your new servicer will be JAMES B. NUTTER & COMPANY. The business address and telephone number for your new servicer is:
4153 BROADWAY,
KANSAS CITY, MISSOURI 64111-2169
ATTN: REVERSE MORTGAGE SERVICING
(816) 531-2345

If you have any questions relating to the transfer of servicing to your new servicer, call (816) 531-2345 (call collect if not toll-free) during normal business hours. If you are unsure of your new servicer's hours of operations, please use this number for inquiry.

The date that your present servicer will stop accepting payments from you is **December 6, 2006**.

The date that your new servicer will start accepting payments from you is **December 6, 2006**.

You should also be aware of the following information, which is set out in more detail in Section 6 of RESPA (12 U.S.C. ' 2605):

During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Section 6 of RESPA (12 U.S.C. ' 2605) gives you certain consumer rights. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 20 business days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request. Not later than 60 business day after receiving your request, your servicer must make any appropriate corrections to your accounts, and must provide you with a written clarification regarding any dispute. During this 60-day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request.

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section. You should seek legal advice if you believe your rights have been violated.

Sample Lender Docs

By:
Title:

Date: _____

JOSEPH K. BORROWER (Borrower)

JANE C. BORROWER (Borrower)

INSTRUCTIONS TO PREPARER: Delivery means placing the notice in the mail, first class postage prepaid, prior to 15 days before the effective date of transfer (transferor) or prior to 15 day after the effective date of transfer (transferee). However, this notice may be sent not more than 30 days after the effective date of the transfer of servicing rights if assignment, sale or transfer of the servicing of the mortgage loan is preceded by termination of the contract for servicing the loan for cause, commencement of proceedings for bankruptcy of the servicer, or commencement of proceedings by the Federal Deposit Insurance Corporation (FDIC) or the Resolution Trust Corporation (RTC) for conservatorship or receivership of the servicer, or an entity by which the servicer is owned or controlled.

RECORDING REQUESTED BY

Sample Lender Docs

AND WHEN RECORDED MAIL TO:

Sample Lender Docs
123 Main Street
Novato, CA 94111

FHA Case Number: **291-3475358-952**

Loan Number: **COMPLETE SAMPLE PACKAGE**

Title Order Number:

FHA Originator No:

Space above this line for recorder's use

CORPORATION ASSIGNMENT OF DEED OF TRUST

FOR VALUE RECEIVED, the undersigned hereby grants, sells, assigns and transfers to

JAMES B. NUTTER & COMPANY, whose address is 4153 BROADWAY, , KANSAS CITY, MISSOURI 64111-2169

all beneficial interest under that Certain Deed of Trust dated December 1, 2006 executed by Joseph K. Borrower and Jane C. Borrower, as Trustees of the Borrower Family trust dated 1/1/2002, Borrower, to Sample Lender Docs, a 0 Corporation, Lender, and recorded concurrently herewith in the County Recorder's office of MARIN County, CALIFORNIA, describing land therein as:

Legal description attached hereto as Exhibit A and by this reference made a part hereof

TOGETHER with the note or notes therein described or referred to, the money due and to become due thereon with interest, and all rights accrued or to accrue under said Deed of Trust.

Sample Lender Docs

a 0 Corporation

By:

Title:

RECORDING REQUESTED BY
Federal National Mortgage Association

AND WHEN RECORDED MAIL TO:
Federal National Mortgage Association

FHA Case Number: 291-3475358-952
COMPLETE SAMPLE PACKAGE

Space above this line for recorder's use

CORPORATION ASSIGNMENT OF DEED OF TRUST

FOR VALUE RECEIVED, the undersigned hereby grants, assigns and transfers to

FEDERAL NATIONAL MORTGAGE ASSOCIATION

all beneficial interest under that Certain Mortgage/Deed of Trust dated December 1, 2006 executed by Joseph K. Borrower and Jane C. Borrower, as Trustees of the

Borrower Family trust dated 1/1/2002, Borrower, to Sample Lender Docs, a 0 Corporation, Lender, and recorded as Instrument Number _____ on

_____ in book _____, page _____, of Official Records in the County Recorder's office of MARIN

County, CALIFORNIA, describing land therein as:

Legal description attached hereto as Exhibit A and by this reference made a part hereof

TOGETHER with the note or notes therein described or referred to, the money due and to become due thereon with interest, and all rights accrued or to accrue under said Mortgage/Deed of Trust.

STATE OF MISSOURI
COUNTY OF

SS.

JAMES B. NUTTER & COMPANY
a Corporation

On _____ before me,

a Notary Public in and for said County and State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted executed the instrument.

By: _____

Its: _____

WITNESS my hand and official seal

(This area for official notarial seal)

Signature _____

Notary Public

RECORDING REQUESTED BY

Sample Lender Docs

AND WHEN RECORDED MAIL TO:

Sample Lender Docs
123 Main Street
Novato, CA 94111

FHA Case Number: 291-3475358-952

Title Order Number:

FHA Originator No:

Space above this line for recorder's use

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JAMES B. NUTTER & COMPANY, whose address is 4153 BROADWAY, , KANSAS CITY, MISSOURI 64111-2169

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TOGETHER with the note or notes therein described or referred to, the money due and to become due thereon with interest, and all rights accrued or to accrue under said Deed of Trust.

Sample Lender Docs
a 0 Corporation

By:
Title:

**BORROWER'S CONTRACT WITH RESPECT TO HOTEL AND TRANSIENT
USE OF PROPERTY**

FHA Case No: **291-3475358-952**

COMPLETE SAMPLE PACKAGE

JOSEPH K. BORROWER AND JANE C. BORROWER
291-3475358-952, NOVATO, CALIFORNIA 94111 (Property Address)

By this contract between the person signing as Borrower/Mortgagor, and herein after referred to as the Borrower, and the Secretary of Housing and Urban Development, herein after referred to as the Secretary, the parties hereto agree and covenant as follows:

The Secretary has been requested to insure a mortgage on the housing identified in the caption hereof under the provisions of the National Housing Act, as amended:

The borrower as owner of said property by reason of such mortgage insurance will receive the benefits of said Act;

Sec.513(a) of the National Housing Act, as amended, provides that as long as mortgage insurance is outstanding, no portion of the housing covered by any such mortgage shall be used for transient or hotel purposes:

The Secretary has defined the term transient for hotel purposes to mean (1) any rental for a period of less than 30 days, or (2) any rental if the occupants of the housing accommodations are provided customary hotel services such as room service for food and beverages, maid service, furnishing and laundering of linens, and bellboy service.

In consideration of the foregoing the Borrower covenants and agrees that so long as any of the housing identified in the caption hereof or any part thereof is subject to a mortgage insured under the provisions of the National Housing Act, the Borrower, his/her successors and assigns, will not rent, offer to rent, permit the rental or permit the offering for rental of such housing or any part thereof for transient or hotel purposes.

Pursuant to 28 U.S.C. Section 1746, I certify under penalty of perjury that the forgoing is true and correct.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18U.S.C. 1001, 1010, 1012;31U.S.C. 3729, 3802)

Date on which this Contract Executed: **December 1, 2006**

JOSEPH K. BORROWER (Borrower)

Date

JANE C. BORROWER (Borrower)

Date

Secretary of HUD, by Federal Housing Commissioner:

Signature of HUD Authorized Agent



INVOICE

Invoice Date: December 1, 2006

Originator: Sample Lender Docs

Servicing Company: JAMES B. NUTTER & COMPANY

Re: FHA Case Number - 291-3475358-952
COMPLETE SAMPLE PACKAGE

JOSEPH K. BORROWER AND JANE C. BORROWER
5067 STATE HWY 13
NOVATO, CALIFORNIA 94111

Documentation Preparation Fee	\$125.00
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**PLEASE SEND PAYMENTS DIRECTLY TO BAY DOCS, INC.
400 ROWLAND BLVD., NOVATO, CA 94947**