

**DEED OF TRUST**

\$ \_\_\_\_\_

THIS DEED OF TRUST (Security Instrument) is made on \_\_\_\_\_202\_. The Borrower a single individual, \_\_\_\_\_. The trustee is Sun Valley Title Company, whose address is \_\_\_\_\_. The beneficiary is ARCH Community Housing Trust and whose address is POB 3569, Hailey, ID 83333 (Beneficiary) Borrower is Indebted Beneficiary for the sum -----, or in such lesser amount as may be disbursed from time to time pursuant to the terms herein, (hereafter Indebtedness). This Indebtedness is evidenced by Borrower's due upon Sale Deed of Trust Note (Note) dated the same date as this Security Instrument, including all amendments thereto, which provides for payments, with the full obligation, if not paid earlier, in accordance with the Note, payment in full shall be due on the date the Improvement is sold or otherwise transferred by borrow unless approved by Beneficiary in advance of such sale or transfer or a default occurs under the repayment of the Indebtedness evidenced by the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of the Security Instrument; and (c) the performance of Borrowers covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the Improvement described in Attachment "A" attached hereto (the improvement)

**IMPROVEMENTS ADDRESS:**

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

BORROWER COVENANTS that Borrower is lawfully seized of the state hereby conveyed and has the right to grant and convey the Improvement and that the Improvement is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Improvement against all claims and demands, subject to any encumbrances of record.

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the Indebtedness evidenced by the Note and any prepayment and late charges due under the Note.
2. Funds for Taxes and Insurance. Subject to applicable law, if requested by Beneficiary, and no other permitted senior loan requires otherwise, Borrower shall pay to Beneficiary on the day such payments as are due under the Note, until the Note is paid in full, a sum (Funds) for : (a)

yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Improvement; (b) yearly leasehold payments or ground rents on the Improvement, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any, (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Beneficiary, if any, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items". Beneficiary may, at any time, collect and hold funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for borrowers escrow account under the Federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. 2601 et seq. (RESPA), unless another law that applies to the funds sets a lesser amount. If so, beneficiary may, at any time, collect and hold funds in an amount not to exceed the lesser amount. Beneficiary may estimate the amount of funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

If the foregoing applies, the Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentally, or entity or in any Federal Home Loan Bank. The beneficiary shall apply the Funds to pay the Escrow Items. Beneficiary may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Beneficiary pays Borrower interest on the Funds and applicable law permits Beneficiary to make such a charge. However, Beneficiary may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Beneficiary in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, beneficiary shall not be required to pay borrower any interest or earnings on the Funds. Borrower and Beneficiary may agree in writing, however, that interest shall be paid on the funds. Beneficiary shall give to Borrower, without charge, an annual accounting of the funds, showing credits and debits to the Funds and purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Beneficiary exceed the amounts permitted to be held by applicable law, Beneficiary shall account to borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Beneficiary at any time is not sufficient to pay the Escrow Items when due, Beneficiary may so notify borrower in writing, and, in such case Borrower shall pay to Beneficiary the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Beneficiary's sole discretion.

Upon payment in full of all sums secured by this security Instrument, Beneficiary shall promptly refund to borrower any funds held by Beneficiary. If under Paragraph 22, beneficiary shall

acquire or sell the Improvement, Beneficiary, prior to the acquisition or sale of the Property, shall apply any funds held by beneficiary at the time of acquisition or sale as a credit against the sums secured by this security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Beneficiary under paragraphs 1 and 2 shall be applied: first to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to any interest due; fourth, to principal due; and last, to any late charges due under the Note.
4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Improvement which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to beneficiary all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Beneficiary receipts evidencing the payments.

Except as approved by beneficiary in writing, 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 Beneficiary; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to beneficiary subordinating the lien to this Security Instrument. If Beneficiary determines that any part of the Improvement is subject to a lien, not previously approved by Beneficiary, which may attain priority over this Security Instrument, beneficiary 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 10 days of the giving of notice.

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

All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgage clause. Beneficiary shall have the right to hold the policies and renewals. If Beneficiary requires, Borrower shall promptly give to Beneficiary all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Borrower.

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

Unless beneficiary and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of any payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Improvement is acquired by Beneficiary, Borrower's right to any insurance policies and proceeds resulting from damage to the Improvement prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. **Occupancy, Preservation, Maintenance and Protection of the Improvement: Borrower's Loan Application; Leaseholds.** Borrower occupies or shall occupy, establish, and use the Improvements as Borrower's principal residence within thirty days after the execution of the Security Instrument and shall continue to occupy the Improvement as Borrower's principal residence or pay all such amounts as may become due under the terms of the Note, unless Beneficiary otherwise agrees in writing, based on the terms of the Note, as reasonably determined by the Beneficiary. Borrower shall not destroy, damage or impair the Improvement, allow the Improvement to deteriorate, or commit waste on the property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgement could result in forfeiture of the Improvement or otherwise materially impair the lien such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in beneficiary's good faith determination, precludes forfeiture of the Borrower's interest in the Improvement or other material impairment of the lien created by this Security Instrument or beneficiary's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's income and Borrower's occupancy of the Improvement as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.
7. **Protection of Beneficiary's Rights in the Property.** If borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may

significantly affect Beneficiary's rights in the Improvement (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Beneficiary may do and pay for whatever is necessary to protect the value of the Improvement and beneficiary's rights in the Improvement. Beneficiary's actions may include paying any sums secured by a lien which has priority over this security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Improvement to make repairs. Although Beneficiary may take action under this paragraph 7, Beneficiary does not have to do so.

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

8. **Mortgage Insurance.** If Beneficiary required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Beneficiary lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Beneficiary. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Beneficiary each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Beneficiary will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of beneficiary, if mortgage insurance coverage (in the amount and for the period that Beneficiary requires) provided by an insurer approved by Beneficiary again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Beneficiary or applicable law.
9. **Inspection.** Beneficiary or its agent may make reasonable entries upon and inspections of the Improvement. Beneficiary shall give Borrower notice at the time of or prior to inspection specifying reasonable cause for the inspection.
10. **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 Improvement, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Beneficiary.

In the event of a total taking of the Improvement, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to borrower. In the event of a partial taking of the Improvement in which the fair market value of the

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

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

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

11. Borrower Not Release: Forbearance By Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Beneficiary to any successor in interest of Borrower shall not operate to release the liability of the original borrower or Borrower's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Beneficiary and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Improvement under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Beneficiary and any other borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to borrower. If a refund reduces principal, the reduction will be treated as a partial repayment without any prepayment charge under the Note.
14. **Notices.** Any notice to borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the property address or any other address Borrower designates by notice to Beneficiary. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Beneficiary when given as provided in this paragraph.
15. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Improvement 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.
16. **Borrower's Copy.** Borrower shall be given one confirmed copy of the Note and of this Security Instrument.
17. **Transfer of the Improvement or a Beneficial interest in Borrower.** If all or any part of the Improvement or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Beneficiary's prior written consent, beneficiary may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Security Instrument.

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

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of : (a) 5 days ( or such period as applicable law may specify for reinstatement) before sale of the Improvement pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Beneficiary all sums which then Would be due under this Security Instrument and the Note as if no acceleration had occurred; 9b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorney's fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Security Instrument, Beneficiary's rights in the Improvement and Borrower's obligation to pay the Indebtedness secure by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and Indebtedness secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Service.. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to borrower. A sale may result in a change in the entity 9known as the "Loan Servicer") that collects any payment due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer, Borrower will be given written notice of the change in accordance with Paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payment should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on the property or in the Improvement. Borrower shall not do, nor allow anyone else to do, anything affecting the property that is in violation of an Environmental law. The preceding two sentence's shall not apply to the presence, use, or storage on the property of small quantities of hazardous substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the property.

Borrower shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the property and any Hazardous Substance or Environmental law of which borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or their remediation of any Hazardous Substance affection the property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene,



other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the State of Idaho that relate to health, safety or environmental protection.

21. Events of Default. Any material default or breach or violation of any provision of the Deed of Trust, or any default under the Note shall be an Event of Default under this Deed of Trust. An additional Event of Default is defined to include if borrower (a) ceases to occupy the Improvement as his / her principal residence; (b) sells the Improvement; (c) transfers the Improvement to a third party, including a transfer as a result of death or divorce; (d) rents the Improvement for any reason; or (e) refinances the Improvement, and Beneficiary determines, at its sole option, that the principal amount owed and accrued interest are due and payable.

22. Acceleration Remedies. Beneficiary shall give notice to borrower prior to acceleration following any Event of Default by Borrower (but not prior to acceleration under paragraph 17 unless applicable laws provides otherwise.) Beneficiary shall provide notice that shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Improvement. The notice shall result in acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Beneficiary at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Beneficiary invokes the power of sale, Beneficiary shall execute or cause Trustee to execute written notice of the occurrence of an event of default and of Beneficiary's election to cause the Improvement to be sold, and shall cause such notice to be recorded in each county in which any part of the Improvement is located. Beneficiary or Trustee shall mail copies of the notice as prescribed by applicable law to Borrower and to other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Improvement 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. Beneficiary or its designee may purchase the Improvement at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Improvement 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.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Beneficiary shall request Trustee to reconvey the Improvement and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Improvement 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. Beneficiary may, for any reason or cause, from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Improvement, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
25. Area and Location of Property. Either the property is not more than twenty acres in area or the property is located within an incorporated city or village.
26. Subordination. Beneficiary and Borrower acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of a prior deed of trust constituting a first lien on the Improvement, and if approved in advance by Beneficiary such subordination may extend to a second lien on the Improvement, (collectively such first lien and second lien are referred to as, the "Permitted Senior Deed of Trust") provided the proceeds of the loan(s) which is secured by the Permitted Senior Deed of Trust was used exclusively for acquisition of the Improvement, and to all advances heretofore made or which may hereafter be made pursuant to the Permitted Senior Deed of Trust, including all sums advanced for the purpose of (a) protecting or further securing the lien of the Permitted Senior Deed of Trust, curing defaults by the Borrower under the permitted Senior Deed of Trust, or (b) constructing, renovating, repairing or fixturing the Improvement. The terms and provisions of the Permitted Senior Deed of Trust are paramount and controlling, and they supersede any other terms and provision hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the Permitted Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the Improvement to low or moderate income households or otherwise restricting the Borrower's ability to sell the Improvement shall have no further force or effect on subsequent owners or purchasers of the Improvement. Any person, including his / her successors or assigns (other than the borrower or a related entity of the borrower) receiving title to the Improvement through a foreclosure or deed in lieu of foreclosure of the Permitted Deed of Trust shall receive the title to the Improvement free and clear from such restrictions.

Further, if the beneficiary under the Permitted Senior deed of trust (the Senior Lien Holder) acquires title to the Improvement pursuant to a deed in lieu of foreclosure, the lien of the Security instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the Beneficiary has been given at least 60 days written notice of a default under the Permitted Senior deed of Trust and (ii) the beneficiary shall not have cured the default under the Permitted Senior deed of Trust, or diligently pursued curing the default as determined by Senior Lien Holder, within the 60-day period provided in such notice sent to the Beneficiary.

27. Restrictive Covenants. This Security Instrument restricts the use of the Improvement, and is in consideration of the Indebtedness as evidenced by the Security Instrument from ARCH to Borrower. The Indebtedness as evidenced through the Due Upon Sale Deed of Trust Note, can only be made to Borrower only if Borrower promises to comply with the restrictions and requirements set forth under the Deed Covenants.

In consideration of the Indebtedness and of the mutual covenants and understandings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ARCH and Borrower agree as follows:

- A. Compliance / Borrower Occupied Requirement. Borrower shall maintain the Improvement as Borrower-occupied, single family residential property for residential purposes only or so long as any or all of the Indebtedness is unpaid and outstanding, whichever is later.
- B. Borrower Occupied. If at any time the Improvement ceases to be the principal residence of the Borrower, whether through sale of the Improvement or otherwise, then the entire amount of the Indebtedness will be immediately due and payable to ARCH without demand.
- C. No Transfer. Borrower promises that the Improvement may not be sold, transferred or title to the Improvement be conveyed and Borrower promises that he entire balance due on the Indebtedness will be due and payable upon sale or transfer. If Borrower fails to pay these sums upon sale, transfer or conveyance of Improvements, ARCH may invoke any remedies permitted by law or this Security Instrument without further notice or demand on Borrower.
- D. Abandonment. If the Borrower leaves the Improvement unoccupied for a continuous thirty (30) day period and fails to pay utilities and or mortgage payments, absent circumstance of the Borrower's grave illness or death, the Improvement will be deemed Abandoned for the purposes of this Security Instrument, Upon ARCH 's determination that the Improvement has been abandoned, ARCH will deliver Borrower a written Notice of Abandonment, in the manner prescribed in Paragraph 14 of this Security Instrument, at the property address and at any other address Borrower has provided ARCH for receipt of notice. Owner will have thirty (30) days from receipt of ARCH's Notice of Abandonment to remedy the utilities and or mortgage payment deficiencies, or Borrower shall become immediately liable for full repayment of the balance of the Indebtedness.

28. Riders to this Security Instrument. If one or more are executed by Borrower and recorded together with this Security instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the riders were a part of this Security Instrument

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.

BORROWER:

BY: \_\_\_\_\_