



**CALIFORNIA RURAL HOME MORTGAGE
FINANCE AUTHORITY**

ACCESS 2001
PROGRAM HANDBOOK

**A JOINT POWERS AUTHORITY
OF THE REGIONAL COUNCIL OF RURAL COUNTIES
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INTRODUCTION TO CAL RURAL AND RAI

A WORD ABOUT CAL RURAL

The Joint Powers Authority, known as the California Rural Home Mortgage Finance Authority, has come from providing a small first-time homebuyer program serving 28 rural California counties to being one of the largest Mortgage Revenue Bond issuers in the nation serving all of California and the state of Nevada. Cal Rural has contracted with Rural Alliance, Inc. to serve as the administrator of the *ACCESS 2001* Program.

A WORD ABOUT RAI

Rural Alliance Inc. (RAI) is a 501(c) (3) corporation formed in 1999 as the behest of the Regional Council of Rural Counties. RAI has a broad, charitable charter which will enable it to be the operation arm of the member counties through their existing joint powers agencies which provide funding and coordination of responses to common needs.

ACCESS 2001

New 2001 Program Highlights

Introductory Lender Alert

October 17, 2001
Volume 3, Issue 14

Published by:
California Rural Home Mortgage
Finance Authority

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Changes to ACCESS 2001 FHA Program

- We wish to thank all the Lenders who have responded so favorably to the new ACCESS 2001 FHA Program. We especially welcome your comments and suggestions. One of the most common concerns expressed by Lenders was the difficulty in implementing some of the price adjustment factors, particularly those associated with different counties, into your pricing and origination systems, and how such price adjustments would be verified and monitored. In response to this Lender feedback, we are implementing the following changes
- The 1% price adjustments pertaining to “Exhibit B” rural counties or to the higher income limits in Exhibit A no longer apply. The remaining three (3) price adjustments have been lowered from 1% to .75% and apply only to those Loans with any one of the following three characteristics: (i) borrowers submit an application with no FICO score or a FICO score of 600 or less (applicable to all borrowers, no exceptions); (ii) the Loan is an ACCESS REFI; and (iii) the Loan involves a non-occupant co-signor. Lenders should refer to and should not exceed the income limits in Exhibit A Column B and in Exhibit B (see attached). Exhibit A and Exhibit B are available on the Cal Rural web site.
- In the ACCESS 2001 FHA Lender Notice of Rate section entitled “Cal Rural Optional Repurchase of Second Loans,” it states that the Second Loans will be purchased (or indemnified) for up to 80% of the Second Loan balance, up to 100% if a price adjustment was paid. This Lender Alert announcement amends the ACCESS 2001 FHA Lender Notice of Rate as follows: “Cal Rural will repurchase or indemnify the Second Loan at a price equal to 100% of the outstanding Second Loan principal balance.”
- These changes apply to all new and existing ACCESS 2001 Loan reservations for which the First Loan rate is locked with First Nationwide on or after October 22, 2001. Loan reservations for which the loan rate has already been locked with First Nationwide, or for all First Loan rate locks up to and including Friday, October 19, may not be cancelled or converted

For those of you who have already submitted a signed *ACCESS 2001* FHA Lender Notice of Rate to Cal Rural, ***please attach this Lender Alert as an amendment to the original ACCESS 2001 FHA Lender Notice of Rate.*** Thank you for your participation in Cal Rural programs. If you have any questions regarding these announcements, please do not hesitate to call us.

Cal Rural LENDER ALERT

*Working together to help
California & Nevada
families fulfill the American
Dream of homeownership*

August 28, 2001
Volume 3, Issue 11

*Published by:
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ACCESS 2001 and ACCESS REFI

Program Overview

ACCESS for 2001/2002 has been improved, with a 6%-sized Second Loan and increased income limits for existing ACCESS-eligible counties. ACCESS 2001 has been enhanced to include the following expanded Loan parameters:

- ACCESS 2001 FHA County Income Limits have been substantially raised, especially in low-cost counties (see Exhibits A and B of the Lender Notice of Rate).
- New counties added in California and Nevada (see Exhibit B of the Lender Notice of Rate).
- Loans for which the Loan applicants have no FICO score or a FICO score of 600 or less will no longer be subject to extended indemnification to First Nationwide.
- A refinancing of an existing ACCESS Loan is now available (see below for details on eligibility).
- Loans involving non-occupant co-signors are now eligible.

An ACCESS 2001 Loan with any one of these attributes is subject to a one-time 1% price adjustment; these adjustments are not cumulative.

September 10 is the first day on which ACCESS 2001 Second Loan reservations will be accepted from approved Lenders, and the last day on which ACCESS 2000 and Platinum reservations will be accepted. A copy of the ACCESS 2001 Lender Notice of Rate is now available for your review on the Cal Rural On-Line Lender Reservation System. Signed copies of the Lender Notice of Rate will be forwarded directly to your corporate offices in the next few days. ***In order to participate, Lenders must send in two (2) executed original Lender Notices of Rate to Cal Rural.***

Program Summary

The California Rural Home Mortgage Finance Authority (Cal Rural) and First Nationwide Mortgage Corporation are pleased to announce \$58 million in additional Second Loan funding for ACCESS (ACCESS 2001). Lenders will once again select First Loan rates and prices from the First Nationwide Cal Rural/RAI Rate Sheet. The Program Start Date for loan reservations is September 10, 2001. ACCESS 2001 improvements and features are as follows:

- We have *improved* ACCESS by increasing the Second Loan size, from up to 5% to up to 6% of the Sales Price.
- We have *expanded* ACCESS by adding additional counties in California and Nevada, which are listed along with the applicable income limits in Exhibits A and B of the Lender Notice of Rate. Please note the addition of Nevada County, California, and four new State of Nevada counties (Churchill, Elko, Humboldt, and Lyon) to Exhibit A of the Lender Notice of Rate. Loans on homes located in counties listed in Exhibit B are subject to a 1% price reduction to the ACCESS 2001 First Loan prices quoted on the First Nationwide Cal Rural/RAI Rate Sheet.
- We have *improved* ACCESS by increasing the income limits for all ACCESS 2001 California counties listed in Exhibits A and B to the greater of 120% of the county or 120% State median income, and up to 115% respectively for State of Nevada counties. In the low-cost counties, the borrowers qualifying income may exceed the County Program Income Limit in Column A of Exhibit A, up to the County Program Income Limit in Column B of Exhibit A, but the First Loan is subject to a 1% price reduction to the ACCESS 2001 First Loan prices quoted on the First Nationwide Cal Rural/RAI Rate Sheet.
- We have *improved* ACCESS by offering 60-day Second Loan reservations requiring Lenders to lock in a First Loan rate and price with First Nationwide within 60 days from when the Second Loan reservation was made. Once the First Loan lock period is confirmed with First Nationwide, the Second Loan reservation will automatically extend and conform to the same lock period (15, 30, 60, 90, and 120-day locks are available) as the First Loan. There are no extended Second Loan reservation fees. First Nationwide will also quote 90 and 120-day pricing for ACCESS 2001 First Loans.
- Loans for which the applicants have no FICO score or a FICO score of 600 or less, regardless of county location or income, are subject to a 1% price reduction to the ACCESS 2001 First Loan prices quoted on the First Nationwide Cal Rural/RAI Rate Sheet. First Nationwide will no longer require additional indemnification for such Loans. Also, please note that the use of Loan Prospector, DU, or any other automated underwriting system is still prohibited.
- The ACCESS Second Loan fixed interest rate will be offered initially at 8% and may be changed periodically subject to an 8% interest rate minimum. The Second Loan rate will be quoted daily on the First Nationwide Cal Rural/RAI Rate Sheet and registered, locked, and confirmed through the Cal Rural web site.

- ACCESS 1998, ACCESS 1999, and ACCESS 2000 First and Second Loans closed prior to October 1, 2000 (please refer to the date on the Second Note) may now be refinanced with a newly-priced ACCESS 2001 FHA-insured Loan and a new Second Loan of up to 6% of the sales price (ACCESS REFIS). ACCESS REFIs, regardless of income, location, or credit score, are subject to a 1% price reduction to the ACCESS 2001 GNMA I and GNMA II prices quoted on the First Nationwide Cal Rural/RAI Rate Sheet. ACCESS will permit the refinancing of the original 5% Second Loans (deferred as well as amortizing) with a new ACCESS 2001 Second Loan of up to 6% of the sales price. The change in the Second Loan rate and debt structure disqualifies the Loan from a streamlined refinancing and will require full credit and origination documentation, in accordance with FHA guidelines. Lenders will receive a 100 basis point Servicing Release Premium for ACCESS REFIs. Subordinating the original ACCESS Second Loan, and allowing for the streamlined refinancing of the First Loan, is not an option.
- An ACCESS FHA Price Adjusted First Loan with one or more price reduction attributes is subject only to a one-time 1% adjustment; these adjustments are not cumulative. The onus is therefore on the Lender to account for the 1% price adjustment reduction and whether or how to recoup such an adjustment through premium pricing or from some other eligible contribution or method. Failure to do so will not prevent the purchase of the First and Second Loans by First Nationwide, but it will result in an unexpected 1% reduction in price to the Lender.
- In the event of an Early Payment Default in accordance with First Nationwides guidelines, the Second Loans may be sold to Cal Rural (please refer to the Cal Rural Optional Repurchase of Second Loans section of the Lender Notice of Rate).

Beginning September 10, 2001, Lenders will need the borrower(s) income, property location, and FICO scores to reserve ACCESS 2001 Second Loans through the Cal Rural web site (check out our new reservation system format at www.calrural.org). Second Loan Interest rate and funding reservations may be obtained in the following manner:

- Select **Access 2001 FHA@** (\$50 million in initial funding) for Second Loan reservations that meet all five of the following criteria: (i) the home is located in a county listed in Exhibit A of the Lender Notice of Rate; (ii) the income does not exceed the ACCESS FHA Income Limit listed by county in Column A of Exhibit A; (iii) the Loan applicants have a FICO score which is greater than 600; (iv) Loan is a purchase transaction, and (v) Loan does not involve a non-occupant co-signor. Such Loans do not require any adjustments to the ACCESS FHA prices quoted on the First Nationwide Cal Rural/RAI Rate Sheet. ACCESS REFIs and Loans involving non-occupant co-signors are not eligible for non-adjusted standard pricing.
- Select **ACCESS 2001 Price Adjusted** (\$8 million in initial funding) for Loan reservations that meet any one of the following criteria (i) the home is located in a county listed in Exhibit B of the Lender Notice of Rate; (ii) for homes located in counties listed in Exhibit A, the homebuyer(s) qualifying income exceeds the ACCESS FHA Income Limit (Column A) but is less than the ACCESS Program Income Limit (Column B); (iii) the Loan applicants have no FICO score, or the FICO score is less than 600; (iv) the Loan is a refinancing of an existing ACCESS 1998, ACCESS 1999, or ACCESS 2000 Loan (for Second Loan Notes dated prior to October 1, 2000); and (v) the Loan involves a non-occupant co-signor. A Loan that meets any one of these five criteria is subject to a one-time 1% price adjustment reduction.

- **Converting Existing ACCESS Reservations.** If a Lender wishes to convert an existing ACCESS 2000 loan reservation into an ACCESS 2001 loan reservation, Lenders will be required to fill out a Loan Reservation Change Form (which will be available on the web site) and fax it to Cal Rural. Cal Rural will reassign your existing reservation number to the ACCESS 2001 program. A confirmation of the new Loan Reservation will appear on the web site system within 2 business days. Cal Rural's standard 30-day waiting period for switching programs does not apply in this case.
- **ACCESS 2000 and Platinum Loans.** September 10 will be the last day on which ACCESS 2000 and Platinum Loan reservations will be accepted on the Cal Rural web site. September 15 will be the last day on which First Nationwide will accept ACCESS 2000 and Platinum First Loan rate locks from the Lenders. December 15 will be the last day on which ACCESS 2000 and Platinum First and Second Loans will be purchased by First Nationwide.

Please refer to the ACCESS 2001 Lender Notice of Rate for complete details. As always, we would welcome your thoughts and suggestions on how to improve or clarify the ACCESS 2001 Program and structure. If you have any questions or comments, please do not hesitate to call or e-mail us; our names, telephone numbers, and e-mail addresses are listed on the web site.

CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
LENDER NOTICE OF RATE
ACCESS 2001 SECOND MORTGAGE LOAN PROGRAM
August 28, 2001

Pursuant to the RAI Master Operating Guide dated June 1, 2000, the California Rural Home Mortgage Finance Authority (ACal Rural®) and First Nationwide Mortgage Corporation (AFirst Nationwide®) hereby confirm the following terms and conditions under the ACCESS 2001 Second Mortgage Loan Program (ACCESS 2001®) for all of their originating lenders (the ALenders®). All first and second mortgage loans (AFirst Loans® and ASecond Loans® respectively) will be purchased and ultimately serviced by First Nationwide as Servicer. Each Lender (i) must be approved and in good standing with First Nationwide, and (ii) must execute a First Nationwide Purchase and Sale Agreement and Subordinate Lien Loan Addendum (the First Nationwide Lender Guide is incorporated by reference therein), and shall deliver all First Loans and Second Loans pursuant thereto (the AFirst Nationwide Agreements®). Cal Rural has contracted with Rural Alliance Inc. (RAI) to serve as the administrator of the ACCESS 2001 Program.

<u>Program Series</u>	<i>ACCESS 2001</i>
Available Funding (Second Loans)	Funding is limited to \$50,000,000 in Second Loans offered in connection with ACCESS FHA-insured First Loans, and up to \$8,000,000 in Second Loans offered in connection with Price Adjusted ACCESS FHA-insured and ACCESS REFI First Loans, as described below, each purchased concurrently with a First Loan locked with First Nationwide.
Program Start Date	September 10, 2001.
Second Loan Reservations	ACCESS 2001 Second Loans will be made available to Lenders via the Cal Rural web site (www.calrural.org) on a first-come, first-served, 60-day reservation basis. Lenders will need the applicants' incomes, property location <u>and</u> the FICO scores of all applicants to reserve a Second Loan. Lenders will have up to 60 days to lock in a First Loan Rate with First Nationwide, at which time the Second Loan reservation will extend and conform to the First Loan rate lock with First Nationwide (15, 30, 60, 90 and 120-day locks are available).
Eligible Counties/ Income Limits	ACCESS 2001 is available statewide in California and Nevada; the applicable income limits (regardless of family size) for each county are listed in Exhibits A and B.
Participating Lenders	Lenders must be approved by RAI, Cal Rural and First Nationwide and Lenders must submit two (2) original signed Lender Notices of Rate to Cal Rural before loan reservations can be accepted.
Income Limit Exceptions	None.
First Loan Type and Limit	30-Year Fixed FHA-insured 203(b) and 234(c) Loans only. FHA Loan limits apply.
Transaction Type	New purchases (ACCESS 2001 FHA) and full credit and origination refinancing of existing ACCESS Loans (ACCESS REFI). ACCESS 1998, 1999 and 2000 Program Loans that closed with Second Note dates prior to October 1, 2000 may be refinanced. This will allow current ACCESS borrowers to refinance their existing ACCESS First Loans and Second Loans with a <u>new</u> ACCESS 2001 First Loan and a <u>new</u> ACCESS 2001 6% sized Second Loan as described below.

CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
LENDER NOTICE OF RATE
ACCESS 2001 SECOND MORTGAGE LOAN PROGRAM
August 28, 2001

Stated First Loan Interest Rate	Please refer to the Cal Rural/RAI Loan Plans® on the First Nationwide Correspondent Rate Sheet for ACCESS 2001 FHA and ACCESS REFI First Loan pricing. Premium pricing for ACCESS REFI Loans is capped at 102% before the application of the 1% price adjustment reduction (net price 101%). Extended rate locks of 90 days and 120 days are available.
Second Loan Terms	20-year, fixed rate, fully amortizing Second Loans can be sized up to a maximum loan amount not to exceed <u>6%</u> of the sales price, the proceeds of which may be used to finance up to 100% of the homebuyer's cash to close, including any discount points and/or price adjustments (for new purchases as well as refinancing), with the restriction that there be no cash back to the homebuyer from the Second Loan proceeds.
Second Loan Interest Rate	<u>The required Second Loan fixed interest rate will initially be offered at 8%.</u> The required Second Loan interest rate may change periodically but this interest rate will never be less than 8%. The required Second Loan interest rate will be posted on the First Nationwide Cal Rural/RAI Rate Sheet daily and will automatically be updated on the Cal Rural web site. The Second Loan interest rate lock and loan amount reservations will be executed on the Cal Rural web site by the Lender. Second Loan Reservation Confirmations may be printed by the Lenders directly from the Cal Rural web site.
Price Adjustments	For ACCESS 2001 FHA First Loans, a 1% price adjustment reduction (based on the First Loan amount) will be assessed upon purchase from the Lender if any one of the following conditions exist: (i) the home is located in a county listed in Exhibit B; (ii) borrowers submit an application with no FICO score or a FICO score of 600 or less (applicable to all borrowers, no exceptions); (iii) the qualifying income of the borrowers for a home located in a county listed in Exhibit A is greater than the Column A Program Income Limit but equal to or less than the Column B County Program Income Limit, (iv) the Loan is an ACCESS REFI; or (v) the Loan involves a non-occupant co-signer. <u>An ACCESS 2001 FHA First Loan that meets (i), (ii), (iii),(iv) or (v) is subject to a one-time 1% price adjustment reduction.</u>
Discount Points	Discount points may be charged to the borrower for the sole purpose of permanently buying down the First Loan rate. Discount points charged to the seller are permitted and may be used to fund a permanent buydown or retained by the Lender as additional compensation. All Discount points must be disclosed on the HUD1 Settlement Statement. Discount points collected by Lenders must not violate any Federal or State predatory lending laws or regulations.
Borrower Eligibility and Contribution	No first-time homebuyer requirement. FHA does not require a minimum borrower contribution.
Eligible Properties	Single-family, owner-occupied, principal residences that are detached structures or condominiums. Homes may not be used for investment purposes, as rental property, or as second or vacation homes.
Lender Advance	Lenders are required to advance the full amount of the Second Loan proceeds at the close of escrow on behalf of Cal Rural, to be reimbursed when both Loans have been purchased by First Nationwide.
Second Loan Documentation	The California Rural Home Mortgage Finance Authority must be specified as

CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
LENDER NOTICE OF RATE
ACCESS 2001 SECOND MORTGAGE LOAN PROGRAM
August 28, 2001

	the Lender and beneficiary in the Second Note and Second Deed of Trust.
First Loan Purchase Price (excluding the SRP)	ACCESS 2001 First Loans will be purchased at <u>a rate and price reflected on the First Nationwide Commitment Confirmation, less any required pricing adjustments.</u>
Second Loan Purchase Price	100% of the unpaid Second Loan principal balance at the time of purchase.
Title and Hazard Insurance	Title insurance must be obtained to insure both the First and Second Loan. If a single title policy is obtained, it must reflect coverage in an amount equal to the sum of the first and second liens and must permit individual claims by the holder of the First Loan and by the holder of the Second Loan. The policy must also reference the Second Deed of Trust, including complete recording information, and guarantee its subordination only to the First Loan. The hazard insurance policy must provide for full replacement value of the home.
Loan Underwriting	Loan Prospector, Desktop Underwriter, or any other automated underwriting system may <u>not</u> be used to underwrite an ACCESS 2001 Loan. All Loans must be underwritten in accordance with FHA guidelines.
Income Calculations	The homebuyer's qualifying income must be calculated in accordance with FHA guidelines. For Loans <u>not</u> involving a non-occupant co-signer, the homebuyer's qualifying income stated on the Underwriter's Certificate must match the qualifying income reported on the Mortgage Credit Analysis Worksheet (MCAW) form. For Loans involving non-occupant co-signers, the Lender should indicate clearly in the comment section that a non-occupant co-signer is involved, and the MCAW need not match the Underwriter's Certificate with regard to income.
Assumptions/Refinance	Second Loans are not assumable. First Loans may <u>not</u> be refinanced without accelerating the Second Loan. Second Loans are due on the sale of the mortgaged property. <u>There are no assurances that ACCESS 2001 Loans will be eligible for refinancing under future ACCESS Programs.</u>
Servicing Release Premium (SRP paid to Lender)	First Nationwide will pay <u>150</u> basis points servicing-release premium (ASRP®) to the Lenders for ACCESS 2001 FHA First Loans; <u>135</u> basis points for those ACCESS 2001 FHA First Loans with no FICOs or FICO scores of 600 or less. First Nationwide will pay 100 basis points SRP for ACCESS REFI First Loans. The SRP will be added to the First Loan purchase price. There is no SRP paid to the Lender for the Second Loan.
Lender Compensation	Permitted Lender compensation is limited to a 1% origination fee, reasonable and customary closing costs, SRP as stated in this Lender Notice of Rate, and any rebate pricing. Discount points charged to the seller may be retained as additional Lender compensation. Any compensation received by the Lender must comply with FHA and HUD requirements.
Cal Rural or RAI Fees	None. If the Second Loan documents are prepared by RAI at the request of the Lender, a \$65 Second Loan Document Preparation Fee will be charged and paid directly to RAI by the Lender.

CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
LENDER NOTICE OF RATE
ACCESS 2001 SECOND MORTGAGE LOAN PROGRAM
August 28, 2001

First Nationwide Fees	First Nationwide will deduct a tax service fee (currently \$65) from the funding amount at the time of purchase. A life-of-loan flood certificate issued by First American Flood Data Services, Inc. is required on all Loans. Otherwise, First Nationwide will charge a \$9 Life-of-Loan contract fee. Both fees must be charged to the seller.
Temporary or Permanent Buydowns	Permitted, subject to FHA guidelines. Second Loan proceeds may <u>not</u> be used to fund a temporary buydown.
Non-Occupant Co-Signers and Co-Borrowers	Non-occupant co-signers and co-borrowers are permitted in accordance with FHA guidelines. A non-occupant co-signer is defined as someone who signs the Note but who does not sign the Deed of Trust. A co-borrower signs the Note <u>and</u> the Deed of Trust. The Co-Borrower-s income must be included on the MCAW and Underwriter-s Certificate and must be applied against the Program-s Income Limit. The non-occupant co-signer-s income must be included on the MCAW but is <u>not</u> applied against the Program-s Income Limit shown in Exhibit A and Exhibit B and is not reflected on the Underwriter-s Certificate. The Underwriter must include a comment on the MCAW that the application involves a non-occupant co-signer.
Married Sole and Separate/Transfer of Title	Permitted in accordance with FHA guidelines. Transfer of title represents an acceleration of the Second Loan obligation under the terms of the Second Loan.
Additional Subsidies	The use of other downpayment assistance programs in connection with ACCESS 2001 is permitted with Cal Rural and First Nationwide approval.
Servicing Issues	If the First and Second Loans are not sold within the time required after the close of escrow to provide the homebuyer with sufficient notice of the transfer of servicing, the Lender will be required to service the First and Second Loan payments until both Loans are sold. Once sold, First Nationwide will provide each homebuyer with a single statement for both the First and Second Loans and request a single monthly payment for both Loans.
Prepayment Penalty	There are no prepayment penalties associated with the First and Second Loans.

Lender Obligations with Regard to ACCESS 2001 First and Second Loans

Representations. Loans will be purchased subject to the terms and conditions of the RAI Operating Guide dated June 1, 2000, this Lender Notice of Rate, the First Nationwide-s Purchase and Sale Agreement, First Nationwide-s Subordinate Lien Loan Addendum and the First Nationwide Correspondent Lender Guide. The representations, warranties and covenants made by the Lender pursuant to First Nationwide-s Purchase and Sale Agreement and the Subordinate Lien Loan Addendum will apply to all First and Second Loans purchased from the Lender and will be enforced by First Nationwide.

Program Funding Source. Cal Rural Programs are funded by the issuance of Downpayment Assistance Investment Notes (DPAIN) sold to FannieMae and other federal, state and local governmental agencies. Cal Rural qualifies as an instrumentality of government® in accordance with the terms specified in the HUD Mortgagee Letter 94-2. ACCESS 2001 is not funded from tax-exempt bonds; tax-exempt restrictions, such as the first-time homebuyer requirement, purchase price limits, household income and federal recapture do not apply to ACCESS 2001. Local mortgage credit certificate (MCC) programs may be used in connection with ACCESS 2001 Loans, with the condition that ACCESS 2001 guidelines and restrictions take precedence.

CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
LENDER NOTICE OF RATE
ACCESS 2001 SECOND MORTGAGE LOAN PROGRAM
August 28, 2001

Lender Eligibility and Second Loan Reservations: Second Loan funding can be reserved by Lenders through the Cal Rural web site (www.calrural.org), on a first-come, first-served, per loan reservation basis, up to the total amount specified in this Lender Notice of Rate. Reservations will be assigned in the borrower's name. Lenders will need the applicant's incomes, property location, and FICO scores for each borrower to determine if the Second Loan is to be reserved either as an ACCESS FHA Second Loan or as a Price Adjusted ACCESS FHA Second Loan. All ACCESS REFI's and all ACCESS FHA Loans involving non-occupant co-signers must be reserved as Price Adjusted ACCESS FHA Second Loans. Lenders may not access the loan reservation system until the lender is approved by Cal Rural, RAI, and First Nationwide and two (2) original and executed Lender Notices of Rate, and any other required documents or signatures, are received by Cal Rural and are executed by Cal Rural and by First Nationwide. Failure by Lenders to report reservation cancellations in a timely manner may result in suspension of the Lender's participation in this and other Cal Rural programs.

Program Administration. Rural Alliance Inc. will administer ACCESS 2001. First Nationwide will verify that the qualifying income reported on the FHA Mortgage Credit Analysis Worksheet matches the qualifying income reported on Cal Rural's Underwriter's Certificate. In the event of a discrepancy, RAI will inform the Lender in writing and that the Cal Rural system has been updated with the correct income. If the corrected income exceeds the Program Income Limit listed in Exhibit A or B for the county in which the home is located, RAI will inform the Lender in writing and enforce its rights under the provisions of the RAI Operating Guide and this Lender Notice of Rate.

Program Compliance. Prior to the close of escrow, Lenders must key in and print the Underwriter's Certificate available on the Cal Rural web site and then include a printed and signed original copy of the Underwriter's Certificate, and a Mortgagor's Acknowledgment in the loan package submitted to First Nationwide for purchase. First Nationwide will not purchase a First and Second Loan without an original lender-executed Underwriter's Certificate (a handwritten version is not acceptable). Lender-generated documents are not acceptable and may result in the suspension of the Lender's participation in this and other Cal Rural programs.

First Loan Pricing. ACCESS FHA and ACCESS REFI First Loans will be priced daily and separately through First Nationwide on a correspondent basis. Please refer to the Cal Rural/RAI Loan Plans[®] on the First Nationwide Correspondent Rate Sheet. Lenders must use the GNMA I, GNMA II Loan pricing, including any required price adjustments that may apply. The availability of premium or discount pricing may be used and/or limited in accordance with FHA/HUD and First Nationwide guidelines. Cal Rural and RAI are not responsible for, nor are they involved in, the pricing, delivery and funding of First Loans.

RESPA and Truth in Lending. With respect to both the First and Second Loans, Lenders must conform to federal RESPA and Truth-in-Lending law in disclosing the initial terms of the Second Loan on a preliminary and final basis. Lenders may elect to generate a single or separate Good Faith Estimate and HUD 1 Settlement Statement for the First and Second Loans. Lenders must use the Truth-in-Lending Statement posted on the Cal Rural web site. Lenders are responsible for providing the Truth-in-Lending Statement information to the homebuyer on a preliminary and final basis and are responsible for the calculations set forth in the online Truth-in-Lending Statement worksheet. The Second Note payment as specified in the Second Note must match the payment reported in the Truth-in-Lending Statement.

Second Loan Documentation. Lenders must use the Second Loan documents as provided on the Cal Rural web site. Lenders may not use their own Second Loan documents. The date on the Second Loan documents may not precede the date on the First Loan documents. The Lender is responsible for obtaining and including

CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
LENDER NOTICE OF RATE
ACCESS 2001 SECOND MORTGAGE LOAN PROGRAM
August 28, 2001

the First and Second Loan documents in the Lender package submitted to First Nationwide for purchase. Although Cal Rural is the beneficiary, Lender must be named in the recorder's box (top left-hand corner of the Second Deed of Trust) as the recipient of the Second Deed of Trust after it is recorded. Lenders are required to include the Second Loan documents along with the First Loan package submitted to First Nationwide for purchase.

Loan Purchases. The Lender will be responsible for recording the First and Second Deeds of Trust. The Lender is not responsible for the recording of the Assignment. First Nationwide must have certified true copies of the First and Second Deed of Trust sent for recording before the Loans are purchased. First Nationwide must also receive the original First and Second Notes endorsed to First Nationwide Mortgage Corporation®. First Nationwide will not purchase the First Loan and Second Loan unless all requirements of both Loans have been met. First Nationwide will not purchase the First and Second Loans separately. The Lender must provide final closing documents to First Nationwide within 180 days after the close of escrow. Penalties may be imposed for non-receipt of closing documents in a timely manner.

Loan Purchase Priority. First Nationwide has designated ACCESS 2001 FHA and ACCESS REFI Loans as priority purchases. Accordingly, First Nationwide will review the loan funding packages within 3 days of receipt and review suspense conditions by the next business day after the date of receipt.

Repurchase of First Loans by Lenders. Each Lender must execute a First Nationwide Purchase and Sale Agreement and the Subordinate Lien Loan Addendum (and the First Nationwide Lender Guide, which is incorporated by reference therein), and shall deliver all First Loans and Second Loans to First Nationwide pursuant thereto (the First Nationwide Agreements®). In the event a First Loan or a Second Loan is required to be repurchased pursuant to the terms of this Lender Notice of Rate, the RAI Operating Guide or any of the First Nationwide Agreements, the Lender must simultaneously repurchase both the First Loan and the Second Loan pursuant to the terms of such documentation.

Cal Rural Optional Repurchase of Second Loans. In the event a Lender is required to repurchase a Second Loan, Cal Rural will, at the option of the Lender and only following full compliance by the Lender with all of the Lender's repurchase obligations to First Nationwide for the First and Second Loan, purchase the Second Loan from the Lender if the Lender's repurchase was for a reason other than: (i) fraud or misrepresentation or (ii) because the qualifying income exceeded the applicable Program Income Limit in Exhibit A or B of this Lender Notice of Rate. Cal Rural will repurchase the Second Loan from the Lender at a price of 80% of the outstanding Second Loan principal balance, unless the First Loan was subject to a 1% price adjustment reduction, in which case the repurchase price will be 100% of the outstanding Second Loan principal balance.

Title and Hazard Insurance. Title insurance must be obtained to insure both the First and Second Loan. If a single title policy is obtained, it must reflect coverage in an amount equal to the sum of the first and second liens and must permit individual claims by the holder of the First Loan and by the holder of the Second Loan. The policy must also reference the Second Deed of Trust, including complete recording information, and guarantee its subordination only to the First Loan. The borrower's hazard insurance policy coverage must provide full replacement value.

CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
LENDER NOTICE OF RATE
ACCESS 2001 SECOND MORTGAGE LOAN PROGRAM
August 28, 2001

Approved and accepted on this 28th day of August, 2001.

California Rural Home Mortgage Finance Authority

Name: _____

Title: _____

Rural Alliance Inc.

Marcia Basque, President

First Nationwide Mortgage Corporation

Thomas J. Westerheide, Senior Vice President

By its acceptance hereof, the Lender acknowledges that it will be bound by the terms and conditions specified in this Lender Notice of Rate and in the RAI Master Operating Guide dated as of June 1, 2000 promulgated by Rural Alliance Inc. Lenders will be notified of any subsequent revisions to the Guide, which will be posted to the Cal Rural web site (www.calrural.org).

Lender Name

Lender Signature

Lender Officer (please print)

Title

Two (2) copies of the executed Lender Notice of Rate, with signatures, should be mailed to the California Rural Home Mortgage Finance Authority, 801 12th Street, Sacramento, CALIFORNIA 95814. If you have any questions, please do not hesitate to call us at (916) 444-2615 or by fax at (916) 447-1639.



EXHIBITS

EXHIBIT A

**ACCESS 2001 Second Loan Program (FHA)
Income Limits (Regardless of Family Size)**

California and Nevada

Eligible County	HUD Median Income [1]	County Median Income Limit [1]	ACCESS Program Income Limit
		(Column A)	(Column B)
Alameda	71,600	85,920	85,920
Contra Costa	71,600	85,920	85,920
Fresno	39,700	47,640	70,080
Kern	40,300	48,360	70,080
Kings	34,400	41,280	70,080
Los Angeles	54,500	65,400	70,080
Madera	39,700	47,640	70,080
Marin	80,100	96,120	96,120
Merced	38,300	45,960	70,080
Monterey	52,600	63,120	70,080
Napa	55,700	66,840	70,080
Nevada	49,600	59,520	70,080
Orange	73,700	88,440	88,440
Placer	56,300	67,560	70,080
Riverside	49,900	59,880	70,080
Sacramento	56,300	67,560	70,080
San Bernardino	49,900	59,880	70,080
San Diego	56,900	68,280	70,080
San Francisco	80,100	96,120	96,120
San Joaquin	46,900	56,280	70,080
San Luis Obispo	50,200	60,240	70,080
San Mateo	80,100	96,120	96,120
Santa Barbara	56,500	67,800	70,080
Santa Clara	87,300	104,760	104,760
Santa Cruz	65,500	78,600	78,600
Sonoma	61,800	74,160	74,160
Stanislaus	45,800	54,960	70,080
Tulare	36,800	44,160	70,080
Ventura	71,800	86,160	86,160
Yolo	57,000	68,400	70,080

[1] These income limits are for Cal Rural and First Nationwide reporting purposes only.

Loans are subject to a .75% price adjustment reduction if any one of the following exist:

- (i) no FICO score(s) or FICO scores (any borrower) of 600 or less**
- (ii) Transaction is a refinancing; or (iii) Loan involves a non-occupant co-signer**

EXHIBIT B

**ACCESS 2001 Second Loan Program (FHA)
Income Limits (Regardless of family Size)**

California Rural Counties

Eligible County	HUD Median Income [1]	County Median Income Limit [1] (Column A)	ACCESS Program Income Limit (Column B)
Alpine	36,900	44,280	70,080
Amador	42,500	51,000	70,080
Butte	38,500	46,200	70,080
Calaveras	38,000	45,600	70,080
Colusa	36,600	43,920	70,080
Del Norte	34,500	41,400	70,080
El Dorado	56,300	67,560	70,080
Glenn	40,200	48,240	70,080
Humboldt	37,400	44,880	70,080
Imperial	34,100	40,920	70,080
Inyo	42,100	50,520	70,080
Lake	31,900	38,280	70,080
Lassen	40,700	48,840	70,080
Mariposa	41,600	49,920	70,080
Mendocino	40,700	48,840	70,080
Modoc	36,000	43,200	70,080
Mono	45,900	55,080	70,080
Plumas	38,500	46,200	70,080
San Benito	58,400	70,080	70,080
Shasta	38,800	46,560	70,080
Sierra	39,100	46,920	70,080
Siskiyou	32,700	39,240	70,080
Solano	55,700	66,840	70,080
Sutter	38,500	46,200	70,080
Tehama	34,000	40,800	70,080
Trinity	29,800	35,760	70,080
Tuolumne	40,900	49,080	70,080
Yuba	38,400	46,080	70,080

[1] These income limits are for Cal Rural and First Nationwide reporting purposes only. Loans are subject to a .75% price adjustment reduction if any one of the following exist: (i) no FICO score(s) or FICO scores (any borrower) of 600 or less (ii) Transaction is a refinancing; or (iii) Loan involves a non-occupant co-signer

EXHIBIT B

ACCESS 2001 Second Loan Program (FHA) Income Limits (Regardless of family Size)

State of Nevada Counties

Eligible Counties	HUD Median Income [1]	County Median Income Limit [1] (Column A)	ACCESS Program Income Limit (Column B)
Carson (City of)	56,900	65,435	65,435
Churchill	48,300	55,545	63,710
Clark	52,100	59,915	63,710
Douglas	60,400	69,460	69,460
Elko	60,200	69,230	69,230
Esmerelda	45,900	52,785	63,710
Eureka	60,200	69,230	69,230
Humboldt	55,600	63,940	63,940
Lander	54,500	62,675	63,710
Lincoln	32,400	37,260	63,710
Lyon	42,100	48,415	63,710
Mineral	44,200	50,830	63,710
Nye	N.A	N.A	63,710
Pershing	48,500	55,775	63,710
Storey	61,200	70,380	63,710
Washoe	58,400	67,160	67,160
White Pine	52,100	59,915	63,710

[1] These income limits are for Cal Rural and First Nationwide reporting purposes only.

Loans are subject to a .75% price adjustment reduction if any one of the following exist:

- (i) no FICO score(s) or FICO scores (any borrower) of 600 or less**
- (ii) Transaction is a refinancing; or**
- (iii) Loan involves a non-occupant co-signer**



***ACCESS 2001* FORMS**

PASSWORD AUTHORIZATION REQUEST FORM

ESCROW CLOSING INSTRUCTIONS

SECOND LOAN DOCUMENT REQUEST FORM

LOAN RESERVATION FORM

UNDERWRITING CERTIFICATE

TRUTH-IN-LENDING (TIL) WORKSHEET

**MORTGAGOR'S ACKNOWLEDGEMENT OF DISCLOSURE
INFORMATION**

CALIFORNIA DEED OF TRUST

CALIFORNIA NOTE

NEVADA DEED OF TRUST

NEVADA NOTE

TRANSFER REQUEST FORM

California Rural Home Mortgage Finance Authority / Rural Alliance Inc.
PASSWORD AUTHORIZATION REQUEST FORM

Please use a separate form for each of your branches.

PRINTED NAME & TITLE OF PERSON APPLYING FOR PASSWORD AUTHORIZATION

Company Name _____
Primary Contact _____
Phone (_____) _____ E-mail Address _____
Type of Institution (mortgage company, national bank, state bank, federal S&L, state S&L, credit union, life insurance company, other): _____
Street Address _____
City _____ Zip Code _____

CAL RURAL LENDER ID: _____ **CAL RURAL BRANCH ID:** _____

Contact Name _____
Phone (_____) _____ Fax (_____) _____
Position (i.e. Underwriter, Processor) _____

User _____
Phone (_____) _____ Fax (_____) _____
Position (i.e. Underwriter, Processor) _____

User _____
Phone (_____) _____ Fax (_____) _____
Position (i.e. Underwriter, Processor) _____

User _____
Phone (_____) _____ Fax (_____) _____
Position (i.e. Underwriter, Processor) _____

User _____
Phone (_____) _____ Fax (_____) _____
Position (i.e. Underwriter, Processor) _____

User _____
Phone (_____) _____ Fax (_____) _____
Position (i.e. Underwriter, Processor) _____

User _____
Phone (_____) _____ Fax (_____) _____
Position (i.e. Underwriter, Processor) _____

California Rural Home Mortgage Finance Authority
ACCESS 2001
SECOND MORTGAGE LOAN PROGRAM
(FHA-Insured)
Escrow/Closing Instructions

Borrower's Last Name	
Originating Lender	
Originating Lender Contact	
Originating Lender Phone Number	
Originating Lender Loan Number	
ACCESS 2 nd Mortgage Reservation Number:	

You will be receiving closing documents for the above referenced loan in the near future. Please follow the Escrow closing instructions in regard to the 2nd mortgage.

Please send documents for funding to the originating lender of the first mortgage for funding of both the 1st and 2nd mortgages. Do not send Funding Documents to the Authority. There is no cash back to the homebuyer from 2nd mortgage funds. Any excess funds above those contributed by the homebuyer must be applied to the principal of the first mortgage.

The Title Policy for the first mortgage must reference both the first and second Deed of Trust, showing the 2nd lien subordinate only to the 1st lien. The 2nd Mortgagor's Hazard Insurance Policy coverage must provide full replacement value.

Please forward fees as noted below and a copy of the Final Settlement Statement (HUD 1) to:

California Rural Home Mortgage Finance Authority
 Attn: Post Closing Department
 801 12th Street, Suite 600
 Sacramento, CA 95814

Fees: Second Docs Fee: \$65.00
Total: \$65.00

For Identification purposes, please enter the ACCESS Reservation Number (shown in the table above) on your check. Then Lender of the 1st mortgage is prohibited from including Authority fees in the Escrow instructions for the first mortgage. Any questions pertaining to these instructions should be directed to the Authority's Closing Department at (916) 444-2615. Thank You

CRHMFA/RAI

Second Loan Documentation Request Form

PROGRAM NAME	
First Loan Reservation # (if applicable)	
Second Loan Reservation Number	
Lender Full Address	
Lender Legal Name	
Lender Contact and Phone Number	
Lender is incorporated in ...	
Is Borrower Paying Fees?	
Borrower's Complete Name (as to be listed on Title)	
Co-Borrower's Complete Name	
Additional Borrowers (1)	
Additional Borrowers (2)	
Additional Borrowers (3)	
Borrower's Vesting	
Co-Borrower's Vesting	
Additional Borrowers Vesting (1)	
Additional Borrowers Vesting (2)	
Additional Borrowers Vesting (3)	
Co-signors	
Final First Loan Amount	
Final Second Loan Amount	
Legal Description of Property (attach if necessary)	
Complete Property Address	
Final Maturity Date of First Loan	
Date for Close of Escrow	
Mortgage Payment Mailing Address	
APR Rate	
Monthly P&I	
Monthly Payment Mailing Address	
Title Company Name	
Title Company Contact	
Title Company Address	
Title Company Telephone Number	
Title Company Order Number	
Docs Being Mailed To:	

CRHMFA/RAI

Loan Reservation Form

Date		Lender Contact	
Lender Name		Lender I.D. #	
Lender Telephone #		Lender Branch #	
Lender Fax #		Lender Email	

Lender Loan # _____

Program Name	
County	
Census Tract	
State (California or Nevada)	
Borrower Full Name	
Borrower's FICO Score	
Borrower's Social Security Number	
Co-Borrower Full Name	
Co-Borrower FICO Score	
Co-Borrower Social Security Number	
Is Co-Borrower a Co-Signer? Yes or No	
Family Size	
Estimated Qualifying Income (Annualized)	
Estimated First Loan Amount	
Sales Price	
Second Loan Amount	
Interest Rate	
2 nd Loan P & I	
Loan Type (FHA, USDA-RD, Fannie Mae, Conv, etc.)	
New or Resale	
Is Loan an ACCESS REFI? Yes or No	
Property Type (SF, Condo, etc.)	
Number of Units within property	
Number of Rooms	
Number of Bedrooms	
Property Address	
Property City	
Property State	
Property Zip Code	

**CRHMFA/RAI
UNDERWRITING CERTIFICATE**

Lender Name		Lender Branch	
Loan Underwriter		Telephone Number	
Fax Number		Email Address	
Lender 1st Loan No		Lender 2nd Loan No	
1st Reservation No.		2nd Reservation No.	

Lender Address _____
 Program Name _____ Series _____
 Borrower Name(s) _____
 First Loan Rate (%) _____ Second Loan Rate (%) _____ New or Resale? _____
 County _____ State _____
 FHA _____ USDA-RD _____ FannieMae _____ FreddieMac _____ Other _____
 Final First Loan Amount \$ _____ Second Loan Amount \$ _____
 Property Address _____
 Qualifying Annual Income (as stated on the Form 1003) \$ _____
 Program Income Limit \$ _____
 Census Tract # _____ CRA-Eligible (ACCESS Only)? _____
 FICO or Other Score _____ Ethnicity _____

 Final Sales Price \$ _____ Property Type (SF, condo, etc) _____

 Date on which First Loan Rate was or will be priced or locked in _____

 Temporary or Permanent Buydown (Y/N)? _____ Premium Priced Loan
 (Y/N)? _____
 Front End Ratio _____ Back End Ratio _____
 Monthly P&I Payment: (Please use TIL worksheet) 1st Loan \$ _____ 2nd Loan \$ _____

I hereby represent and warrant that the information set forth herein is true and correct to the best of my knowledge and is consistent with the terms of the Operating Guide, the Lender Notice of Rate and the Program Manual. I have no reason to believe the loan application and other information provided by the Borrower contains inaccurate or incomplete information, and warrants that such loan application was underwritten in accordance with FHA/HUD, Fannie Mae or Freddie Mac underwriting guidelines. Accordingly I warrant that the Borrower is eligible for the First and Second Loans and that such Loans qualify under the Program specified above.

 Authorized Loan Underwriter Signature

California Rural Home Mortgage Finance Authority ACCESS Second Loan Truth-In-Lending Worksheet

Please note that this Worksheet and TIL Statement are currently not set up to calculate Interest Credits.

To print Worksheet and Statement, hold down [Ctrl] [p].

To start over with a new Applicant, hold down [Ctrl] [c]

Preliminary? (key in "X")

(If not, it will assume a Final)

Second Loan Interest Rate

\$125 Application Fee

(Only if paid by the Borrower)

Second Loan Amount

\$300 Administration Fee

(Only if paid by the Borrower)

Close of Escrow Date

Other Second Loan-Related Fee [2]

(Only if paid by the Borrower)

Accrued Interest [1]

Current Date:

Lender Loan Number

Borrower:

Property Address

[1] Although the "Accrued Interest" will be calculated based on the Current Date and Close of Escrow Date entered, Lenders should still verify the results to ensure accuracy.

[2] The \$65 Cal Rural Second Loan Doc Prep Fee is exempt from APR calculations. Please inform the Authority if there are any other fees that you believe should be included in the APR calculations.

Prepared by:
California Rural Home Mortgage
Finance Authority (CAL RURAL)
1020 12 Street, Suite 400
Sacramento, CA 95814
Fax (916)-444-3551

Information Provided by (Lender):

Fax

Email

Important: This Truth-in-Lending Statement relies on certain formulas and calculations that are not normally loaded into an Excel spreadsheet. To verify that your Excel program has the "Analysis Toolpak" needed to run this program, please click on [Tools] then [Add-Ins]. If the "Analysis Toolpak" is not checked, click on the box and then click on OK.

**CALIFORNIA RURAL HOME MORTGAGE FINANCE AUTHORITY
SECOND LOAN TRUTH-IN-LENDING DISCLOSURE**

PRELIMINARY

FINAL

Date: Loan Number:

Borrower:

Property Address:

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
The cost of your credit as a yearly rate	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after making the scheduled payment.
#VALUE!	#NUM!	#VALUE!	#NUM!

Payment Schedule

Number of Payments	Payment Is Due	Amount of Payment
239	Beginning	0.00
1	#VALUE!	#NUM!
	#VALUE!	

Demand Feature: This obligation does not have a demand feature.
Variable Rate Feature Your loan does not contain a variable rate feature.
Security: You are giving a security interest in the above referenced property.
Assumption: Someone buying your home may not assume this Second Loan on its original terms.
Property Insurance: Property hazard insurance must be obtained from a source acceptable to the lender.
Prepayment: If you pay off your loan early, you will not have to pay a penalty and will not be entitled to a refund of part of the finance charge.
Late Charge: If a payment is 15 or more days late, you will be charged a late fee of \$5.
 See your contract documents for any additional information about nonpayment, default, or any required repayment in full before the scheduled date, and, if any, prepayment refunds and penalties.

The payments amounts listed in the payment schedule include amounts for principal, interest and any mortgage insurance, but do not include monthly escrow deposits for hazard and/or flood insurance, taxes, or assessments.

I/We hereby acknowledge reading and receiving the Mortgagor's Acknowledgement and Truth-in-Lending Statement and agree to the terms and conditions hereof.

Applicant

Date

Applicant

Date

**CALIFORNIA RURAL HOME MORTGAGE AUTHORITY/ RURAL ALLIANCE INC.
MORTGAGOR'S ACKNOWLEDGMENT OF DISCLOSURE INFORMATION**

I/We, ROBERT T. TEST as applicants for a first loan (First Loan) evidenced by a First Note, originated by California Capital Home Loans (Senior Lender) and a second loan (Second Loan) evidenced by a Second Note, financed by California Rural Home Mortgage Finance Authority (Second Lender) do hereby acknowledge, represent, covenant and warrant as follows:

1. I/We acknowledge that the home to be financed by the First and Second Loans is located in the County of SAN BERNARDINO, at 1234 TEST Property Test City CA, 91730 (the Property), and that I/we intend to occupy the Property as my/our principal place of residence within 60 days after closing the First and Second Loans (or in the case of newly constructed Property, within 60 days of completion of construction), and to thereafter occupy the Property as my/our principal residence. I/We do not intend to, have not and will not enter into any arrangement to rent, sell, assign or transfer the Property or to use it as investment property. I/We understand that an authorized transfer of my/our interest in the Property will result in the entire Second Loan, including any accrued interest, becoming immediately due and payable.
2. I/We acknowledge that the total amount owed under the First Loan and Second Loan may exceed the current appraised value due to the financing of closing costs. By executing this Acknowledgement, I/we understand that the future market value of the subject property may not be sufficient to pay in full the First and Second Loans, and that the value of the property will be subject to future market conditions.
3. I/We acknowledge and understand that the Second Note bears interest per annum from the date thereof at the Stated Interest Rate indicated on the Trust-in-Lending Statement, that the principal and interest payments shall be amortized over 20-years and are due on a monthly basis, and that such monthly payments shall be due as a single payment along with the payments due under the First Note.
4. I/We understand that the Second Note may be prepaid in part or in full at any time without penalty, but that neither the Lender nor any other party to the transactions contemplated herein are under any obligation to refund the application fee or to refinance the First or Second Loan, and that any new refinancing loan may have associated closing costs.
5. I/We acknowledge that the Second Loan would not be made but for our representations, covenants and warranties hereof and in the Loan Documents, that mortgage insurance must be kept in force during the term of the Second Loan, and that Second Loan proceeds must be used in accordance with FHA/HUD guidelines regarding secondary financing from a government agency. I/We have read the Loan Documents and understand that if any representations, covenants and warranties prove false when made or are breached, the entire Second Loan, including accrued interest, will be accelerated and will become immediately due and payable.
6. I/We understand that the Second Lender does not serviced the Second Loan, that it intends to assign, sell or transfer such servicing to another entity at or soon after closing the First and Second Loan, and that I/We will be notified of any transfer within 15 days of the effective date. I/We acknowledge that the Second Lender requires no financing fees or escrows for the Second Loan, that the Second Lender's compliance review/application fee is non-refundable, and that any escrow account operation and disclosure statements will be provided by Lender of the servicer of the First Loan.

I/We hereby acknowledge reading and receiving this Acknowledgement and agree to the terms and conditions hereof.

Date: _____

ROBERT T. TEST

2. Funds for Taxes and Insurance. Subject to applicable law or a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments (including condominium and planned unit development assessments, if any) which may attain priority over this Deed of Trust, and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof. Borrower shall not be obligated to make such payments of Funds to Lender to the extent that Borrower makes such payments to the holder of a prior mortgage or deed of trust if such holder is an institutional lender.

If Borrower pays Funds to Lender, the Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Deed of Trust that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Deed of Trust. If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.

Upon payment in full of all sums secured by this Deed of Trust, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 17 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, not later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Deed of Trust.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in repayment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, and then to the principal of the Note.

4. Prior Mortgages and Deeds of Trust; Charges; Liens. Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any.

5. Hazard 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 such other hazards as Lender may require and in such amounts and for such periods as Lender may require. The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonable withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreements with a lien, which has priority over this Deed of Trust.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits,

Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance is a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law, subject further to the requirement, to which Borrower herein expressly agrees and covenants to satisfy, the termination of mortgage guaranty insurance shall be based on the aggregate amount of loans secured by deeds of trust on the Property.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall required Lender to incur an expense or take any action hereunder.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

10. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a wavier of or preclude the exercise of any such right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signors. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Deed of Trust, but does not execute the Note, (a) is co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this deed of Trust, (b) is not personally liable on the Note or under this Deed of Trust, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Deed of Trust or the Note, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

12. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice given to Lender shall be given by certified mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

13. Governing Law; Severability. The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorney's fees" include all sums to the extent not prohibited by applicable law or limited herein.

14. Borrower's Copy. Borrower shall be furnished a conformed copy of the note and of this Deed of Trust at the time of execution or after recordation hereof.

15. Rehabilitation Loan Agreement. Borrower shall fulfill all of Borrower's obligations under any home rehabilitation, improvement, repair, or other loan agreement which Borrower enters into with Lender. Lender, at Lender's option, may require Borrower to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claims or defenses which Borrower which may have against parties who supply labor, materials or services in connection with improvements made to the Property.

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

16. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person), or if Borrower pays, in full, the first lien loan secured by a deed of trust which has priority over this Deed of Trust or if the obligations of such first lien loan are assumed by a third party, without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, Lender shall not exercise this option if exercise is prohibited by federal law as of the date of this Deed of Trust.

If Lender exercises this option, Lender 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 Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower. The foregoing restriction on transfer of the Property will automatically terminate if title of the Property is transferred to the Secretary of Housing and Urban Development ("Secretary") by foreclosure or deed in lieu of foreclosure or if this Deed of Trust is assigned to the Secretary.

17. Acceleration; Remedies. Except as provided in paragraph 16 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall give notice to Borrower as provided in paragraph 12 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 10 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to secure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender, at Lender's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect

all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 17, including, but not limited to, reasonable attorney's fees.

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 and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the 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 such order as Trustee may determine. 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 Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the trust of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

18. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust due to Borrower's breach, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, and in enforcing (D) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 17 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable. Upon acceleration under Paragraph 17 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

20. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

21. Substitute Trustee. Lender, at Lender's 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 where the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this instrument is recorded and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, 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.

22. Request for Notices. Borrower requests those copies of the notice of default and notice of sale are sent to Borrower's address, which is the Property Address. Lender requests that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Lender's address, as set forth on page one of this Deed of Trust, as provided in Section 2924(b) of the Civil Code of California.

23. Statement of obligation. Lender may collect a fee not to exceed \$15 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

REQUEST FOR NOTICE OF DEFAULT
-----AND FORECLOSURE UNDER SUPERIOR-----

MORTGAGES OR DEEDS OF TRUST

In accordance with Section 292rb, Civil Code, request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust (or mortgage) recorded _____, in Book _____, Page _____, records of _____ County (or filed for recording with recorder's serial number _____, _____ County), California, executed by as trustor (or mortgagor) in which is named as beneficiary (or mortgagee) and as trustee be mailed to

_____ (name)

at

_____ (address)

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

Signature _____

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.

TEST BORROWER

STATE OF CALIFORNIA _____ COUNTY
OF _____

On this _____ day of _____, before me the undersigned, a Notary Public in and for said 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 foregoing instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signatures(s) on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal

Signature_____

(Reserved for official seal)

Name (typed or printed)

My commission expires:

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 you under this Deed of Trust to the person or persons legally entitled thereto.

Date:_____

NOTE

California Rural Home Mortgage Finance Authority/Rural Alliance, Inc. ACCESS 2001 Second Loan Program

Date _____ 7th day of November, 2001 _____

TEST, CALIFORNIA

Property Address: 1234 Test Drive Test City, CA 92107

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. 4,920.00 (this amount will be called "principal"), plus interest, to the order of the Lender. The Lender is the California Rural Home Mortgage, a public entity and joint powers agency organized and operated pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California code. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder."

2. INTEREST

I will pay interest at a yearly rate of 8.0000%. Interest will be charged on that part of principal that has not been paid. Interest will be charged beginning on the date of this Note and continuing until the full amount of principal has been paid.

3. PAYMENTS

I will pay principal and interest by making payments each month of U.S. \$ 41.15. I will make my payments on the first day of each month beginning on 12/01/2001. I will make these payments every month until I have paid all of the principal and interest and any other charges, described below, that I might owe under this Note. If, on 11/01/2021, I still owe amounts under this Note, I will pay all those amounts, in full, on that date. I will make my monthly payments at 1234 Test Drive Test City, CA 92107 or at a different place if required by the Note Holder.

4. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any of my monthly payments by the end of fifteen (15) calendar days after the date it is due, I will promptly pay a late charge to the Note Holder. The amount of the late charge will be five dollars (\$5). I will pay this late charge only once on any late payment.

(B) Notice from Note Holder

If I do not pay the full amount of each monthly payment on time, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date I will be in default. That date must be at least 10 days after the date on which the notice is mailed to me or, if it is not mailed 10 after the date on which it is delivered to me.

(C) Default

If I do not pay the overdue amount by the date stated in the notice described in (B) above, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back for all of its costs and expenses to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees

5. THIS NOTE SECURED BY A DEED OF TRUST

In addition to the protections given to the Note Holder under this Note, a Deed of Trust, dated 7th day of November 2001 protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Note.

6. BORROWER'S PAYMENTS BEFORE THEY ARE DUE I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment". When I make a prepayment, I will tell the Note Holder in a letter that I am doing so. A prepayment of the entire unpaid principal is known as a "full prepayment". A prepayment of only part of the unpaid principal is known as a "partial prepayment".

I may make a full prepayment or a partial prepayment without paying any penalty. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no delays in the due dates or change in the amounts of my monthly payments unless the Note Holder agrees in writing to those delays or changes. I may make a full prepayment at any time. If I choose to make a partial prepayment, the Note Holder may require me to make the prepayment on the same day that one of my monthly payments is due. The Note Holder may also require that the amount of my partial prepayment be equal to the amount of principal that would have been part of my next one or more monthly payments.

7. BORROWER'S WAIVERS

I waive my rights to require the Note Holder to do certain things. Those things are (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); (C) to obtain an official certification of nonpayment (known as a "protest"). Any one else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder if I fail to keep my promises under this Note, or who signs this Note to transfer it to someone else also waives these rights. These persons are known as "guarantors, sureties and endorsers".

8. GIVING OF NOTICES

Any notice that must be given to me under this Note will be given by delivering it or by mailing it by certified mail addressed to me at the Property Address above. A notice will be delivered or mailed to me at a different address if I give the Note Holder a notice of my different address.

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

9. RESPONSIBILITY OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each of us is fully and personally obligated to pay the full amount owed and to keep all of the promises made in this Note. Any guarantor, surety, or endorser of this Note (as described in Section 7 above) is also obligated to do these things. The Note Holder may enforce its rights under this Note against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note. Any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Note (as described on Section 7 above) is also obligated to keep all of the promises made in this Note.

NOTICE TO BORROWER
DO NOT SIGN THIS NOTE IF IT CONTAINS BLANK SPACES.
ALL SPACES SHOULD BE COMPLETED BEFORE YOU SIGN.

ROBERT T. TEST

(SIGN ORIGINAL ONLY)

insured or guaranteed by a Federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Deed of Trust that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Deed of Trust.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.

Upon payment in full of all sums secured by this Deed of Trust, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 17 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, not later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Deed of Trust.

2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in repayment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, and then to the principal of the Note.
3. **Prior Mortgages and Deeds of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any.
4. **Hazard 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 such other hazards as Lender may require and in such amounts and for such periods as Lender may require.

The insurance carrier providing the insurance, shall be chosen by Borrower, subject to approval by Lender; provided, that such approval shall not be unreasonable withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreements with a lien which has priority over this Deed of Trust.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.
5. **Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.
6. **Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance is a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law, subject further to the requirement, to which Borrower herein expressly agrees and covenants to satisfy, the termination of mortgage guaranty insurance shall be based on the aggregate amount of loans secured by deeds of trust on the Property.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, at the Note rate, shall become

additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall required Lender to incur an expense or take any action hereunder.

7. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.
8. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.
9. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a wavier of or preclude the exercise of any such right or remedy.
10. **Successors and Assigns Bound; Joint and Several Liability; Co-signors.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Deed of Trust, but does not execute the Note, (a) is co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this deed of Trust, (b) is not personally liable on the Note or under this Deed of Trust, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Deed of Trust or the Note, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.
12. **Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice given to Lender shall be given by certified mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.
13. **Governing Law; Severability.** The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorney's fees" include all sums to the extent not prohibited by applicable law or limited herein.
14. **Borrower's Copy.** Borrower shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.
15. **Rehabilitation Loan Agreement.** Borrower shall fulfill all of Borrower's obligations under any home rehabilitation, improvement, repair, or other loan agreement which Borrower enters into with Lender. Lender, at Lender's option, may require Borrower to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claims or defenses which Borrower which may have against parties who supply labor, materials or services in connection with improvements made to the Property.

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

16. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person), or if Borrower pays, in full, the first lien loan secured by a deed of trust which has priority over this Deed of Trust or if the obligations of such first lien loan are assumed by a third party, without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be

exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust.

If Lender exercises this option, Lender 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 Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

The foregoing restriction on transfer of the Property will automatically terminate if title of the Property is transferred to the Secretary of Housing and Urban Development ("Secretary") by foreclosure or deed in lieu of foreclosure or if this Deed of Trust is assigned to the Secretary.

17. Acceleration; Remedies. Except as provided in paragraph 16 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall give notice to Borrower as provided in paragraph 12 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 10 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property, The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender, at Lender's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 17, including, but not limited to, reasonable attorney's fees.

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 and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the 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 lapse of such time as may be 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 such order as Trustee may determine. 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 Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the trust of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

18. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust due to Borrower's breach, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, and in enforcing Lender's and Trustee's remedies as provided in paragraph 17 hereof, including, but not limited to, reasonable attorney's fees; and (D) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 17 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under Paragraph 17 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

NOTE

California Rural Home Mortgage Finance Authority/Rural Alliance, Inc. ACCESS 2001 Second Loan Program

Date 8th day of November, 2001

HUMBOLDT, Nevada

Property Address 12345 ANY STREET SNYTOWN, Nevada 92201

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. 7,620.00 (this amount will be called "principal"), plus interest, to the order of the Lender. The Lender is the California Rural Home Mortgage, a public entity and joint powers agency organized and operated pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California code. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder."

2. INTEREST

I will pay interest at a yearly rate of 8.0000%. Interest will be charged on that part of principal which has not been paid. Interest will be charged beginning on the date of this Note and continuing until the full amount of principal has been paid.

3. PAYMENTS

I will pay principal and interest by making payments each month of U.S. \$ 63.74. I will make my payments on the first day of each month beginning on 01/01/2002. I will make these payments every month until I have paid all of the principal and interest and any other charges, described below, that I might owe under this Note. If, on 12/01/2021, I still owe amounts under this Note, I will pay all those amounts, in full, on that date.

I will make my monthly payments at 1757 South Euclid Ave Ontario CA, 91762 or at a different place if required by the Note Holder.

4. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any of my monthly payments by the end of fifteen (15) calendar days after the date it is due, I will promptly pay a late charge to the Note Holder. The amount of the late charge will be five dollars (\$5). I will pay this late charge only once on any late payment.

(B) Notice from Note Holder

If I do not pay the full amount of each monthly payment on time, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date I will be in default. That date must be at least 10 days after the date on which the notice is mailed to me or, if it is not mailed 10 after the date on which it is delivered to me.

(C) Default

If I do not pay the overdue amount by the date stated in the notice described in (B) above, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back for all of its costs and expenses to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees

5. THIS NOTE SECURED BY A DEED OF TRUST

In addition to the protections given to the Note Holder under this Note, a Deed of Trust, dated 8th day of November, 2001 protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Note.

6. BORROWER'S PAYMENTS BEFORE THEY ARE DUE

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment". When I make a prepayment, I will tell the Note Holder in a letter that I am doing so. A prepayment of the entire unpaid principal is known as a "full prepayment". A prepayment of only part of the unpaid principal is known as a "partial prepayment".

I may make a full prepayment or a partial prepayment without paying any penalty. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no

delays in the due dates or change in the amounts of my monthly payments unless the Note Holder agrees in writing to those delays or changes. I may make a full prepayment at any time. If I choose to make a partial prepayment, the Note Holder may require me to make the prepayment on the same day that one of my monthly payments is due. The Note Holder may also require that the amount of my partial prepayment be equal to the amount of principal that would have been part of my next one or more monthly payments.

7. BORROWER'S WAIVERS

I waive my rights to require the Note Holder to do certain things. Those things are (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as 'notice of dishonor'); (C) to obtain an official certification of nonpayment (known as a "protest'). Any one else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder if I fail to keep my promises under this Note, or who signs this Note to transfer it to someone else also waives these rights. These persons are known as "guarantors, sureties and endorsers".

8. GIVING OF NOTICES

Any notice that must be given to me under this Note will be given by delivering it or by mailing it by certified mail addressed to me at the Property Address above. A notice will be delivered or mailed to me at a different address if I give the Note Holder a notice of my different address.

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

9. RESPONSIBILITY OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each of us is fully and personally obligated to pay the full amount owed and to keep all of the promises made in this Note. Any guarantor, surety, or endorser of this Note (as described in Section 7 above) is also obligated to do these things. The Note Holder may enforce its rights under this Note against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note. Any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Note (as described on Section 7 above) is also obligated to keep all of the promises made in this Note.

NOTICE TO BORROWER

**DO NOT SIGN THIS NOTE IF IT CONTAINS BLANK SPACES.
ALL SPACES SHOULD BE COMPLETED BEFORE YOU SIGN.**

JOHN H. BORROWER

(SIGN ORIGINAL ONLY)

CRHMFA Program Transfer Request Form

Date	Lender Contact	
Lender Name	Lender ID	
Lender Phone #	Lender Branch #	
Lender Fax #	Lender E-Mail	

Please switch my existing Access 2000 reservation to (check one):

Access 2001 FHA (**not** price adjusted)

Access 2001 (price adjusted*)

* This selection refers to ACCESS FHA First Loans with any one of the following attributes: (i) Loans for which the applicants have no FICO scores or FICO scores of 600 or less; (ii) Loans involving non-occupant co-signors; (iii) and ACCESS REFI Loans

Existing Access 2000 Reservation #			
Borrower's Name			
Property Address (street, city, state,zip)			
Property County			
ACCESS FHA Income Limit (listed in Column A of Exhibit A or B)			
Qualifying Income			
FICO score (please list scores for all applicants)			
Does this loan involve a co-signor?	Yes	No	
Is this loan an ACCESS REFI?	Yes	No	
First Mortgage Loan Amount			
Second Mortgage Loan Amount			

**Please fax completed forms to *Cal Rural* at 916-444-3551 or 916-444-3219
FORMS WILL NOT BE PROCESSED UNLESS ALL INFORMATION IS SUPPLIED.**



CAL RURAL CONTACT LIST

Cal Rural Staff

801 12th Street, Suite 600

Sacramento, CA 95814

Phone: (916) 444-2615 Fax: (916) 444-3551

Web Site: <http://www.calrural.org>

Executive Staff:

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Executive Director

Marcia L. Basque
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Ronald G. Lawton
Vice President

Jeanette Kopico
Director of Operations

Operations Staff:

Rebecca Kuk
Production Supervisor

Peter Tran
Bond Management
Supervisor

Norman Utley
Quality Control Manager

Shirley Bean
Customer Service Rep.

Jamie Borba
Customer Service Rep.

Holly Haverly
Quality Control Asst.

Kathy Lechi
Quality Control Asst.

Elizabeth Lujan
Customer Service Rep.

Vicki Steen
Customer Service Rep.

Rey Tabla
Quality Control Asst.

Sheryl Terry
Customer Service Rep.

Marketing Staff:

Mary K. Ravitz
Program Development & Marketing

Teresa Evans
Executive Assistant

Advisors:

Financial Advisor:
Marc Paskulin
George K. Baum & Co.

Bond Council:
Paul O'Hanlon
Kutak Rock, L.L.P.

Issuer Counsel:
Robert L. McWhirk