

**GOLDEN STATE FINANCE AUTHORITY
PLATINUM PROGRAM
PARTIAL EXEMPTION DISCLOSURE**

Borrower(s): _____

We are giving a security interest in the property located at: _____

_____, The Golden State Finance Authority the "Lender") is providing a Forgivable Loan, subject to conditions, in the amount of \$_____ (the "Forgivable Loan") for the purpose of assisting Borrower in purchasing the property listed above (the "Property"). The proceeds of the Forgivable Loan may be applied toward the down payment and/or closing cost requirements of the first mortgage loan secured by the First Deed of Trust on the Property and/or to reduce the amount of the associated first mortgage loan. The Forgivable Loan will be secured by a second deed of trust on the Property, subordinate only to the First Deed of Trust.

1. Borrower(s) understand(s) that the Forgivable Loan is a fixed zero interest (0%) loan, forgivable pro rata on an annual basis (*i.e.*, 1/3 on each anniversary of the date the Promissory Note is executed), over a period of 36 months (the "Loan Period"). No scheduled payments are required until an action listed in Section 3 below occurs. If no action listed in Section 3 below occurs by the conclusion of the Loan Period, the Forgivable Loan will be forgiven in its entirety at the expiration of the Loan Period. Borrower(s) should refer to that certain Promissory Note and Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing evidencing and securing, respectfully, the Forgivable Loan for more information about nonpayment, default, acceleration, prepayment rights and penalties and other important terms and conditions. No prepayment penalty will be imposed.
2. You acknowledge and agree that Lender, if required by applicable federal or state law, may send you a 1099-C on or before March 1 of each year to evidence the amount of the Forgivable Loan forgiven for the prior calendar year. Borrower may be required to treat the forgiven debt as ordinary income when completing Borrower's federal and state tax returns for each calendar year in which the debt is partially forgiven and is hereby advised to consult his or her accountant regarding the same.
3. Borrower(s) understand(s) that the Forgivable Loan must be repaid pursuant to the conditions identified in Section 4 if the Borrower:
 - a. Prepays or refinances the first mortgage loan secured by the First Deed of Trust before the end of the Loan Period; or
 - b. Sells, transfers or otherwise disposes of the property, including, without limitation, through foreclosure or transfer pursuant to any power of sale before the end of the Loan Period.
4. Borrower(s) understand(s) upon the occurrence of any of the actions described in paragraphs (a) through (b), inclusive, of Section 3 herein (each a "Payment Action"), the Forgivable Loan becomes immediately due and payable and the Borrower(s) shall repay to the Lender the entire remaining principal balance of the Forgivable Loan (to the extent the same has not already been forgiven). Borrower(s) understand(s) that there is no guaranty Lender will refinance the Forgivable Loan.
5. Borrower(s) understand(s) that this Forgivable Loan is not assumable. A subsequent purchaser of the property cannot assume the remainder of this Forgivable Loan.

January 2018

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|---|--|--|--|--|
| Amount Financed: The amount of credit provided to you | Finance Charge: The dollar amount the credit will cost you | Total of Payments: The amount you will pay upon the occurrence of a Payment Action | Interest Rate: The cost of your credit | Annual Percentage Rate: The cost of your credit as a yearly rate, including any Finance Charge |
| \$ | \$ 0.00 | The remaining unforgiven portion of the entire principal balance of the Forgivable Loan | 0% | 0% |

Your payment schedule will be:

| Number of Payments | Amount of Payments | When Payment is Due |
|--|---|---|
| 1, upon the occurrence of a Payment Action | The remaining unforgiven portion of the entire principal balance of the Forgivable Loan | Upon meeting any condition in Section 3 |

Borrower Paid Closing Costs (itemize list): _____

Lender Paid Closing Costs (itemize list): _____

Total fees charged to Borrower(s) are less than one percent (1%) of the loan amount? Yes No

I/we hereby acknowledge receipt of this disclosure:

Borrower

Date

Borrower

Date

For use with RESPA Partial Exemption