

RECORDED AT THE REQUEST OF
CHICAGO TITLE COMPANY

Recording Requested By:

Recorded in Official Records, Orange County
Hugh Nguyen, Clerk-Recorder



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And After Recording Return To:

[Faded return address text]

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ACCOUNT NO.:

**COVENANT AND AGREEMENT TO OBTAIN LENDER
APPROVAL AND CONSENT PRIOR TO OBTAINING
PROPERTY ASSESSED CLEAN ENERGY (PACE) LOAN**

This Covenant and Agreement to Obtain Lender Approval and Consent Prior to Obtaining Property Assessed Clean Energy (PACE) Loan ("PACE Covenant and Agreement") made this _____ between _____

_____ ("Borrower(s)")
and _____ ("Lender") amends and supplements (i) the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") dated _____ and recorded concurrently herewith in the County Register's Office of _____ Orange County, State of CALIFORNIA and (ii) the _____ and Truth-in-Lending Disclosure Statement ("Mortgage Note") bearing the same date as, and secured by, the Security Instrument, which covers the real property described in the Security Instrument and defined therein as the "Property" located at:

See EXHIBIT A

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Mortgage Note or Security Instrument).

1. Borrower(s) understand(s) and agree(s) that certain energy retrofit lending programs may be available through city, county, state, or other local government agencies to encourage homeowners to make building improvements that will increase energy efficiency. These programs are commonly known as Property Assessed Clean Energy ("PACE") loans. Under many such programs, PACE loans receive status as a priority lien on the property over existing mortgages (or deeds of trust). The Federal Housing Finance Agency ("FHFA") issued a statement on July 6, 2010 cautioning lenders about the potential for certain PACE loan programs to adversely affect a lender's security interest in real property collateral securing residential and commercial mortgages (or deeds of trust).

The FHFA found that certain PACE loan programs could usurp a lender's senior lien position on a mortgage (or deed of trust), undermine the underwriting decisions made by the lender at the time of mortgage (deed of trust) origination, and bypass consumer protections required prior to the extension of credit. As a result, Pacific Community Credit Union requires that borrowers must obtain the Credit Union's consent and written prior approval prior to obtaining any PACE loan as set forth in this PACE Covenant and Agreement.

2. Borrower(s) agree(s) to obtain Lender's prior written approval before obtaining any PACE Loan(s) on the Property. For purposes of this Covenant and Agreement, the term "obtaining any PACE Loan(s)" shall mean executing any PACE loan program documents.
3. Borrower(s) and Lender agree that the Mortgage Note and Security Instrument are hereby amended to provide that if Borrower(s) fail(s) to obtain Lender's prior written approval before obtaining any PACE Loan(s) on the Property, Borrower(s) shall be in default under this Covenant and Agreement and under the Mortgage Note and Security Instrument.
4. Borrower(s) acknowledge(s) and agree(s) in the event of default, Lender may demand immediate repayment of the full amount of Principal which has not been paid and all the interest owed on that amount. As provided for in the Mortgage Note, the date upon which full repayment must be made shall be at least 30 days after the date on which the notice of default is mailed or delivered by other means.
5. Borrower(s) agree(s) to comply with all other covenants, agreements, and requirements of the Mortgage Note and Security Instrument, including, without limitation, Borrower('s)(s') covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that Borrower(s) (is)(are) obligated to make under the Mortgage Note and Security Instrument.
6. Nothing in this PACE Covenant and Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Mortgage Note or Security Instrument. Except as otherwise specifically provided in this PACE Covenant and Agreement, the Mortgage Note and Security Instrument will remain unchanged and Borrower(s) and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this PACE Covenant and Agreement.
7. Lender may add to, delete from, modify, amend, or change this PACE Covenant and Agreement in whole or in part at any time by providing at last 15 days notice prior to the effective date or as otherwise permitted by applicable law.

PACIFIC COMMUNITY CREDIT UNION

By:  

Its: 