Equity Stripping

# RESOLUTION OF THE BOARD OF DIRECTORS APPROVING A LOAN TO CORPORATE INSIDER FOR

CORPORATION

A Corporation

It was resolved that the Board of Directors approved the following loan to the following person under the following terms:

Name and Title of Borrower: Principal Amount of Loan: $

Rate of Interest:

Term of Loan:

%

Year Balloon

Payment Schedule: See attached note

It was further resolved that the above loan could reasonably be expected to benefit the corporation and that the corporation would be able to pay its bills as they become and the loan would not jeopardize the corporation’s financial position, including its ability to pay.

DATED, this \_\_\_\_ day of , 20\_\_.

DIRECTOR/

DIRECTOR/

LOAN COMMITMENT

This Loan Commitment is made and entered into effective , 20\_\_\_,

by and between

and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, (herein the

"Borrower") and Corporation, a Corporation with its principal place of business at (herein the "Lender").

1. Commitment to Lend. Lender hereby agrees to lend to Borrower the total sum of

($ ) (the "Loan") or as much thereof as the Borrower requests are advanced to it by Lender (subject to the following restrictions) while this commitment is in effect. Advances to the Borrower shall be made following written request to the Lender, and such advance will be made within hours of such request by check or money order payable to Borrower.

1. Availability of Loan. Lender and Borrower agree that the Loan shall be available to be drawn upon by Borrower from , 20\_\_ to , 20\_\_, during which time Borrower may draw upon the Loan up to the maximum amount stated above. Provided however, the Borrower's ability to draw on the Loan shall terminate upon the sale or transfer of the Property.
2. Interest and Repayment. Interest shall accrue on the outstanding advances at the rate of % per annum, with all interest and principal payable at maturity which is the earlier of: (i)

, 20\_\_, (ii) the transfer of the Property, or (iii) the date of the Borrower's receipt of proceeds from the sale of the Property.

1. Notices. All notices and other communications given to or made upon any party hereto in connection with this Agreement shall be in writing and mailed, faxed, emailed, or delivered to the addresses set forth on page 1 hereof, or at such other address as shall be specifically designated by any such party.
2. Governing Law. This Agreement and the rights and obligations of the parties hereto and thereto shall be governed by and construed and enforced in accordance with the substantive law of the State of .
3. Entire Agreement. This Agreement constitutes the entire agreement and the understanding between the parties with respect to the subject matter hereof and supersedes all other previous and contemporaneous negotiations and agreements between the parties and no parole evidence of any prior or other agreements shall be permitted to contradict or vary the terms of this Agreement. Any amendment to this Agreement must be in writing.
4. Counterpart Execution. This Agreement may be signed by each party upon a separate copy, and in such case one counterpart of this Agreement shall consist of enough of such copies

to reflect the signature of each party. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms thereof to produce or account for more than one of such counterparts.

1. Severability. The validity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of any other provision of this agreement. If a court of competent jurisdiction determines that any provision is invalid, the remaining provisions of this agreement shall be interpreted and construed as if any invalid provision had never been included in this agreement.
2. Binding Effect. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the executors, administrators, heirs, assigns and all other successors in interest of the Lender.

Dated this day of , 20\_\_.

Corporation

LINE OF CREDIT PROMISSORY NOTE

$ Date: , 20\_\_

FOR VALUE RECEIVED,

and

, individuals, ("Borrower") promises to pay to the order of

Corporation, a Corporation ("Lender"), the principal sum of ($ ), or so much thereof as may be disbursed to, or for the benefit of the Borrower by Lender pursuant to a certain Loan Commitment entered into between Borrower and Lender on , 20\_\_, and attached hereto as Attachment “A”.

INTEREST & PRINCIPAL: The unpaid principal of this line of credit shall bear interest at the rate of percent ( %) per annum. Interest shall be calculated based on the principal balance as may be adjusted from time to time to reflect additional advances made hereunder. Interest on the unpaid balance of this Note shall accrue monthly but shall not be due and payable until such time as when the principal balance of this Note becomes due and payable. The principal balance of this Note shall be due and

payable on , 20\_\_. There shall be no penalty for early repayment of all or any part of the principal.

SECURITY: This Note shall be not be secured by a mortgage or deed of trust ("Mortgage or Deed of Trust") upon certain property owned by the Borrower located at

, (the “Property”).

DEFAULT: The Borrower shall be in default of this Note on the occurrence of any of the following events: (i) the Borrower shall fail to meet its obligation to make the required principal or interest payments hereunder. (ii) the Borrower shall be dissolved or liquidated; (iii) the Borrower shall make an assignment for the benefit of creditors or shall be unable to, or shall admit in writing their inability to pay their debts as they become due; (iv) the Borrower shall commence any case, proceeding, or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, or any such action shall be commenced against the undersigned; (v) the Borrower shall sell transfer or assign the Property, (vi) the Borrower shall suffer a receiver to be appointed for it or for any of its property or shall suffer a garnishment, attachment, levy or execution.

REMEDIES: Upon default of this Note, Lender may declare the entire amount due and owing hereunder to be immediately due and payable. Lender may also use all remedies in law and in equity to enforce and collect the amount owed under this Note.

Borrower hereby waives demand, presentment, notice of dishonor, diligence in collecting, grace and notice of protest.

/ Borrower

/ Borrower

FILED AT THE REQUEST OF: WHEN RECORDED RETURN TO:

This space reserved for Recorder’s use

DEED OF TRUST

THIS DEED OF TRUST, made and entered into this day by and between

and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose addresses is

and (herein designated as "Grantors"), and , as Trustee, and Corporation, a

Corporation whose address is , as Beneficiary (herein designated as "Beneficiary"), WITNESSETH:

Grantors are indebted to Beneficiary in the sum of $ , lawful money of the United States, and have agreed and by these presents does agree to pay Beneficiary the same with interest according to the terms of a certain promissory note executed and delivered by Grantors to Beneficiary. The basic terms of said note are set forth below:

Note in the amount of $ together with

% annual interest payable on or before the day of , 20\_\_.

Now, therefore, Grantors, for the purpose of securing the payment of the promissory note and principal and interest and other money agreed or provided to be paid by Grantors in this instrument, or which may be paid out or advanced by Beneficiary or Trustee under the provisions of this instrument, with interest in each case, grants to Trustee all that certain real property situated, lying and being in the county of , State of

, and particularly described as follows:

See attached legal description.

Together with all and singular the tenements, hereditaments and appurtenances belonging, or in any wise appertaining to it, and the reversion and reversions, remainder and remainders, rents, issues and profits.

This deed of trust will be and is security for payment in lawful money of the United States of any and all additional or future advances or loans which may be made by Beneficiary to Grantors, and any and all moneys that may become due and payable from Grantors to Beneficiary for any cause whatsoever, and shall also be security for any and

all renewals of the debt of the Grantors to Beneficiary however evidenced.

Grantors expressly covenants and agrees at all times during the term of this instrument, to keep and maintain the above-described real property and the buildings and improvements located on it in a good state of repair, and further not to make any alteration or alterations to the buildings or improvements which would in any way reduce or impair or tend to reduce or impair the value of the property transferred under this instrument.

Grantors expressly covenants and agrees to pay all reconveyance fees charged by Trustee at the time of payment of the indebtedness secured by this instrument.

The following covenants, Nos. 1, 2 ($ ), 3, 4 (10%), 5, 6, 7 (10%) of

. Rev. Stat. § are hereby adopted and made a part of this deed of trust.

This deed of trust is executed by Grantors and accepted by Beneficiary with the understanding and upon the express condition that if Grantors should make default in the performance of any of the covenants and agreements set forth in this instrument, then and in that event the full amount of the principal indebtedness secured hereby shall promptly be and become wholly due and payable, notwithstanding the fact that the same would not otherwise be due according to the terms of the promissory note.

This deed of trust is executed by Grantors and accepted by Beneficiary with the understanding and upon the express condition that all payments required to be made upon the promissory note shall be made directly to Beneficiary, whose receipt shall be binding upon Beneficiary.

The masculine gender shall include the feminine and the neuter, the singular number shall include the plural, and the plural shall include the singular, as used in this instrument, where the context of the word and the circumstances in regard to the party or parties so require.

If any provision of this deed of trust shall be declared invalid, the intent of the parties is that the remaining provisions shall remain in full force and effect and shall be enforced.

This deed of trust shall be governed by the laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

IN WITNESS WHEREOF, Grantors have executed this Deed of Trust on the day of

, 20\_\_.

/ Grantor

/ Grantor

Acknowledgement

State of )

) Ss.

County of )

On the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_, before me \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, NOTARY, personally appeared, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary

My Commission Expires: