

VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

**PROMISSORY NOTE
FOR
HOME DEFERRED PAYMENT LOAN**

Amount of HOME subsidy received \$ _____

Subject Property Address: _____

Period of Affordability: _____

For value received, the undersigned (hereinafter referred to as Borrower(s))

_____ promises to pay to the order of the Virginia Department of Housing and Community Development, the principal sum of \$ _____ with a zero percent interest rate for _____ years.

Annual payments due on the anniversary date of the closing of the loan may be forgiven for each year satisfied during the Period of Affordability. The Borrower(s) may prepay the whole unpaid balance of this indebtedness at any time without penalty however the lien will not be released during the affordability period.

No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the HOME-assisted Affordable Unit, may be incurred except as approved in advance and in writing by the Department in accordance with the HOMEownership Down Payment Assistance Program. At no time shall the Local Administrator approve any such debt. The original amount of HOME funds received at the initial purchase of the house will be due and payable in full to DHCD if there is a refinance or sale of the property during the affordability period.

It is expressly understood and agreed that payments hereunder shall be forgiven at the end of the affordability period provided below as long as the Borrower(s) is not in default on any of the "Property" (used herein shall mean the land and improvements located thereon), as defined below, and are not in default of any obligations secured by the Deed of Trust with Restricted Covenants securing the Note, or under any prior lien on the Property. The Property described in the Deed of Trust granted by the Borrower secures repayment of this Note.

Note holder agrees that the Note will be payable in cash only if the Borrower(s) (a) refinances, transfers, sells, assigns the Borrower's rights, title or interest in the Property or any part thereof, (b) ceases to occupy the Property as the Borrower's primary residence, (c) defaults on any of the obligation secured by the Property, or (d) elects to prepay this Note in cash. The entire amount of the HOME Deferred Payment Loan secured by this Note will immediately become payable; without notice, upon the happening of any of these events unless there is approval by DHCD. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

The undersigned Borrower(s) and all makers, endorsers, sureties, and guarantors of the Note hereby severally waive the benefit of homestead exemption, nonpayment at maturity, and demand for payment at maturity, to the extent permitted by law. If payment of this Note shall not be made at maturity, the undersigned Borrower(s) and all makers, endorses, sureties, and guarantors agree to pay all costs of collection, including reasonable attorney's fees of not less than ten percent (10 percent) of the principle hereof.

A Deed of Trust with Restricted Covenants secures this Note to the Virginia Department of Housing and Community Development.

THIS NOTE IS SUBJECT TO CALL IN FULL, OR THE TERMS HEREOF BEING MODIFIED, IN THE EVENT OF ANY SALE, TRANSFER, GIFT, OR CONVEYANCE OF ANY INTEREST IN THE PROPERTY SECURED BY THE AFOREMENTIONED SECOND DEED OF TRUST, OR ANY PORTION THEREOF.

Borrower:

Borrower:

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF _____, to wit:

Before me, the undersigned Notary Public, personally appeared _____, who acknowledged the execution of the foregoing Promissory Note, for the purposes contained, by signing it in my presence this ____ day of _____, 200__.

Witness my signature and Notary Seal

Notary Public

My commission expires: _____