

**VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT**

**PROMISSORY NOTE
FOR
DEFERRED FORGIVABLE HOME LOAN**

Amount of forgivable HOME loan subsidy received

\$ _____

Subject Property Address: _____

Required Period of Affordability and Occupancy: _____

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

_____ promises to pay to the order of the Virginia Department of Housing and Community Development, the principal grant sum of \$ _____ with a zero percent interest rate. The aggregate sum of all forms of federal direct HOME assistance to the Homebuyer(s) provided for this transaction from all sources is \$ _____. The required period of affordability and occupancy as my primary residence shall be _____ years.

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 Guidelines. At no time shall the Local Administrator approve any such debt. The original amount of HOME grant funds received at the initial purchase of the house will be subject to full recapture and payable in full to the Treasurer of Virginia if there is a refinance, equity loan or sale of property during the required affordability and occupancy period, subject to availability of funds at settlement after the first mortgage and closing costs have been paid.

It is expressly understood and agreed that the forgivable HOME loan funds provided hereunder shall be forgiven at the end of the affordability and occupancy period identified above as long as the Homebuyer(s) is/are not in default on any of the Property and Note Terms (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 Homebuyer(s) secures repayment of this Note.

The Note holder agrees that the Note will be payable in cash only if the Homebuyer(s): (a) refinances, transfers, sells, assigns the Homebuyer's rights, title or interest in the Property or any part thereof; (b) ceases to occupy the Property as the Homebuyer's primary residence; (c) defaults on any of the obligation(s) secured by the

Property; or (d) elects to voluntarily prepay this Note in cash. The entire amount of the forgivable HOME loan secured by this Note will immediately become payable, without notice, upon the happening of any of these events unless there is a waiver of these terms 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 Homebuyer(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 Homebuyer(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 %) 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.

Homebuyer:

Homebuyer:

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 _____, 20____.

Witness my signature and Notary Seal

Notary Public

My commission expires: _____