



FIRST HOME CLUBSM PROMISSORY NOTE

DATE: «close_date»

BORROWER'S PROMISE TO PAY

For value received, «borw_list» (hereinafter referred to as the "Borrower"), residing at «propty_addr», «propty_city_name», «propty_state_code» promises to pay to the order of «cust_name» (hereinafter referred to as the "Lender"), a «hdqtr_org_name» organized and existing under the laws of the «hdqtr_law_of_name», maintaining offices at «hdqtr_street_addr», «hdqtr_city_state_zip», the Principal sum of «Draw_Amt» Dollars («draw_amt») in lawful money of the United States of America.

PAYMENTS

Borrower shall make all payments hereunder at such address as the Lender may provide Borrower.

EVENTS OF DEFAULT

1. In the event the property which secures this note is sold within the five (5) year term of this Note to a household whose income exceeds 80% of the area median income as determined by Lender, adjusted for household size, the Lender is entitled to recapture a *pro rata* portion of the Principal. One-sixtieth (1.67% percent) of the Principal will be forgiven for each month of the term that has passed.
2. It shall be an event of default in the case of a refinancing, which includes home equity loans, prior to the end of the retention period, in which event, an amount equal to the *pro rata* share of the direct subsidy that financed the purchase of the property, reduced one-sixtieth (1.67% percent) of the Principal for every month the occupying household has owned the unit, *unless* the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism pursuant to the Affordable Housing Program regulations.

FORGIVENESS

The Borrower hereby acknowledges and understands that the Principal amount represents a reduction in the Borrower's downpayment and/or closing costs for the acquisition of a property within the Lender's lending area. Provided the proceeds for the Principal are used for the purposes set forth herein, and no event of default has occurred, the proceeds will be forgiven by «matur_date» (the "Expiration Date") and no payment will be due on the Principal or interest.

CHANGES IN TERMS

This Note may not be changed orally, but may be changed only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

WAIVERS

All parties to the Note, whether maker, principal, surety, guarantor, or endorser hereby waive protest, demand for payment, notice of default or non-payment to the maker, principal, surety, guarantor or endorser.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date and year above set forth.

Borrower - «**primy_borw_first_name**» «**primy_borw_last_name**»

Borrower - «**primy_borw_last_name**»

STATE OF _____, COUNTY OF _____ ss.:

On «**close_date**», before me, the undersigned, a Notary Public in and for said State, personally appeared «**borw_list**», personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he executed the same in her/his/their capacity, and that by her/his/their signature on the instrument, the individual(s) or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

My Commission Expires: