



AFFORDABLE HOUSING PROGRAM
PROMISSORY NOTE FOR OWNER-OCCUPIED DWELLINGS

_____, _____, _____
(DATE) (CITY) (STATE)

FOR VALUE RECEIVED, _____
(hereinafter collectively referred to as the "Borrower") promises to pay to the order of _____ (hereinafter referred to as the "Lender"), and all who succeed to the Lender's responsibilities (such as successors and assigns), a banking organization, organized and existing under the laws of the State or Commonwealth of _____, maintaining its principal office at _____ the Principal sum of _____ DOLLARS (\$_____) (hereafter referred to as the "Principal") in lawful money of the United States of America in the event of the occurrence of certain circumstances as provided herein.

MORTGAGE

As security for the payment of amounts that may be due under this Note and the performance of all promises contained in this Note, the Borrower is giving the Lender a Mortgage, of even date herewith. The Mortgage encumbers the real estate (the "Property") owned by the Borrower, the legal description of such real estate being contained in the Mortgage, which has an address of _____.

BORROWER'S OBLIGATIONS

1. This Note implements requirements applicable to assistance that the Lender furnished the Borrower under the Affordable Housing Program ("AHP") of the Federal Home Loan Bank of New York ("FHLB-NY") in connection with a certain affordable housing initiative known as _____ (the "Project").

2. This Note and related documents to which the Borrower is a party have been or will be duly executed and delivered and are, or upon execution will be, the valid and legally binding obligation of the Borrower, enforceable against the Borrower in accordance with their respective terms and conditions.
3. The consummation of the transactions contemplated hereby and the execution, delivery and performance of this Note and the other related documents by the Borrower will not violate or constitute or result in a material breach of or a default under any agreement, mortgage, deed of trust, lease, loan or security agreement, or any other instrument to which the Borrower is a party or by which it may be bound or affected.
4. Pursuant to the regulation of the Federal Housing Finance Agency that governs the operation of the AHP ("AHP Regulation"), 12 CFR Part 1291, this Note shall be deemed satisfied and the Borrower shall be entitled to release of the Mortgage which secures the Note as follows:
 - a) In cases where the Principal was provided for down payment or closing cost assistance in connection with the acquisition of the Property, the Retention Period shall expire five (5) years from the date of this Mortgage;
 - b) In cases where the Principal financed renovation costs to the Property, the Retention Period shall expire five (5) years from the date that such renovations were fully completed to the satisfaction of the Borrower and documented by a final cost certification; or
 - c) Upon satisfaction of a Repayment Obligation pursuant to Sections 7 and 8 hereof.
5. The Borrower hereby acknowledges receipt of the Principal. No Principal shall be collected under this Note from the Borrower except as otherwise provided herein. No interest shall be charged on the Principal under this Note.
6. The Lender and Borrower agree to notify the FHLB-NY if the Borrower sells or refinances the Property during the Retention Period.
7. In the event that, prior to the expiration of the Retention Period, the Borrower sells the Property for a net gain to a household whose income exceeds 80 percent of the area median income, as determined by Lender, adjusted for family size, the Borrower agrees to repay to the Lender from such net gain an amount equal to a pro rata portion of the Principal, with one-sixtieth (1.67% percent) of the Principal forgiven for each month that the Borrower has owned the Property before its sale.

8. In the event that, prior to the expiration of the Retention Period, the Borrower refinances the Property for a net gain, the Borrower agrees to repay to Lender from such net gain an amount equal to the pro rata share of the Principal, reduced for every month that the Borrower has owned and occupied the Property, *unless* the Property continues to be subject to this Note, a deed restriction, or other legally enforceable retention agreement or mechanism in accordance with the section 1291.9(a)(7)(ii) of the AHP Regulation.

AMENDMENT AND WAIVERS

9. No modification, amendment, or waiver of any provision of this Note or consent to any departure therefrom shall be effective unless an agreement in writing is executed by the parties to this Note. Any forbearance, failure, or delay by a party, in exercising any right, power, or remedy hereunder or under law or regulation shall not be deemed to be a waiver thereof, and any single or partial exercise by a party of any right, power, or remedy shall not preclude the exercise of any right or remedy hereunder. Every right, power, and remedy of a party shall continue in full force and effect until specifically waived by the party, in writing.

FEES

10. The Lender shall be entitled to recover reasonable legal fees and expenses from the Borrower in the event that it becomes necessary to refer the collection of the Principal to an attorney.

11. In any action or proceeding brought by the FHLB-NY, the Lender, or the Borrower in order to enforce any right or remedy under this Note, the parties hereby consent to, and agree that they will submit to, the jurisdiction of the United States District Court for the Southern District of New York or, if such action or proceeding may not be brought in federal court, the jurisdiction of the courts of the City and County of New York, Borough of Manhattan to the exclusion of all other courts, unless it is determined that such action or proceeding must be in the jurisdiction where the Property is located.

APPLICABLE LAW AND SEVERABILITY

12. This Note shall be governed by the laws of the United States and, to the extent federal law incorporates or defers to state law, the laws of the State of New York (excluding, however, the conflict of laws rules of such State). In the event that any portion of this Agreement conflicts with applicable law, such conflict shall not

affect other provisions of this Note that can be given effect without the conflicting provision, and to this end the provisions of this Note are declared to be severable.

NOTICES

13. All notices and other communications shall be mailed or sent by a nationally recognized overnight carrier, sent by facsimile transmission (with confirmation copy), or served personally on a party at the address indicated below, or at such other address as shall be designated by a party by future written notice to the other parties. Notice sent by facsimile transmission shall be effective on the date transmitted; notice sent by personal service shall be effective on the date of delivery; and notice sent by U.S. mail shall be effective three (3) business days after such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid, and notice sent by overnight carrier shall be effective the day following delivery to said carrier.

SUCCESSORS AND ASSIGNS

14. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Lender and the FHLB-NY.

CHANGES IN TERMS

15. 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

16. All parties to this Note, whether maker, principal, surety, guarantor, or endorser, hereby waive demand, notice, and protest.

[Signature page follows]

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

By: _____

(Borrower)

(Print Name)

By: _____

(Borrower)

(Print Name)

STATE/Commonwealth of _____

ss.:

County of _____

On the _____ day of _____ in the year _____ before me, the undersigned, personally appeared _____

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/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

WITNESS my hand and official seal,

Notary Expires:

State of _____ County of _____

LENDER: _____

ADDRESS: _____
