ARLP Distressed Counties Note

**TENNESSEE HOUSING DEVELOPMENT AGENCY**

**TENNESSEE RENOVATION LOAN PROGRAM NOTE**

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Tennessee

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_

For value received and hereby acknowledged, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Borrower”), promises to pay to the order of the Tennessee Housing Development Agency (“THDA”) the principal sum of up to Twenty-Five Thousand Dollars ($25,000.00), in legal tender, with interest thereon from date at zero percent (0%) per annum, without demand or notice. Payment, if and when due, shall be made at the offices of THDA or such other place as THDA may designate.

1. So long as there is no default with respect to the conditions set forth herein or as set forth in that certain Deed of Trust of even date herewith (the “Deed of Trust”) encumbering the property located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Tennessee (the “Property”), the principal sum due and payable under this Note shall be reduced annually as follows:
2. The first reduction of twenty percent (20%) of the original principal amount due under this Note shall occur on the date that is one (1) year from the date hereof, so long as the conditions set forth herein are met.
3. Subsequent annual reductions, each in the amount of twenty percent (20%) of the original principal amount due under this Note, shall occur in each subsequent year in the same month and on the same day as the first reduction, so long as the conditions set forth herein are met.
4. Any one of the following events shall constitute a default under this Note:
5. The funds advanced hereunder are not used in accordance with the requirements of the Tennessee Housing Development Agency Tennessee Renovation Loan Program.
6. The Property is not occupied by Borrower as Borrower’s principal residence for five (5) years from the date of this Note (the “Affordability Period”).
7. Written notice is not given in accordance with the Deed of Trust and is not provided to THDA at least ten (10) business days prior to any date set for a closing of any sale of the Property.
8. Any lien encumbers the Property without the express written consent of THDA, except for the Deed of Trust.
9. The Property or any interest in it is leased, sold, transferred, or otherwise conveyed.
10. Existing debt encumbering the Property is refinanced.
11. Borrower fails to comply, in all respects, with all terms, provisions or conditions of this Note and the Deed of Trust.
12. This Note is assigned or assumed.
13. This Note is due on sale or any other transfer or conveyance.
14. This Note cannot be assumed.
15. In the event of a default under this Note or under the Deed of Trust, the outstanding principal balance of the Note, taking into account the reductions specified in Section A above, together with any amounts due under the Deed of Trust shall be immediately due and payable without demand or notice.
16. In the event of a default under this Note or under the Deed of Trust, THDA shall, at any time thereafter, be entitled, but not required, to demand payment of all amounts due under this Note as of the date of default. Amounts not paid upon demand shall bear interest at the maximum lawful rate. Should efforts be made to collect this Note, or any part of the indebtedness evidenced hereby, by law or through an attorney, Borrower shall pay all reasonable attorneys’ fees, all court costs and all costs of collection upon demand. Any failure on the part of THDA to exercise its rights hereunder shall not, in any event, be considered a waiver of any such rights nor shall such failure preclude THDA from exercising such rights at any time. Borrower hereby waives all rights of protest, notice of demand, protest and demand, notice of protest, presentment, demand, dishonor and non-payment.

BORROWER(S):

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