NORTH CAROLINA HOUSING FINANCE AGENCY
**ESSENTIAL SINGLE-FAMILY REHABILITATION LOAN PROGRAM
DISASTER RECOVERY**

Promissory Note

Property Address: _____   Date: _____

_____

      FOR VALUE RECEIVED, the undersigned (the "Borrower") jointly and severally promise(s) to pay to the order of _____, (the "Holder"), the amount up to _____ Dollars ($_____), or so much thereof as may have been disbursed from time to time, according to the following terms, at the office of _____, or at such place as the Holder of this Note may designate in writing.

1. **Loan.** This Note evidences a loan (the "Loan") made by Holder to Borrower under the North Carolina Housing Finance Agency's Essential Single-Family Rehabilitation Loan Program – Disaster Recovery ("ESFRLP-DR"). **THIS IS NOT A GRANT.**

2. **Term.** The term of the Loan shall be up to _____ (_____) years from the date of this Note (the "Maturity Date.").

3. **Payment.** During the term of this Note, Borrower shall make no payment of principal or interest, unless the Borrower is in default under any of the terms of this Note. So long as Borrower is not in default, the balance due under this Note shall automatically be reduced by five thousand dollars ($5,000.00) on each anniversary date of this Note such that on the Maturity Date the outstanding principal balance due will be zero ($0.00).

    For example, if this Note were for $15,000.00, and the date of this Note were November 1, 2016, then:

Date of Reduction	Amount of Total Principal Reduction	Principal Amount Remaining Due as of Date of Reduction
November 1, 2017	**$5,000.00**	**$10,000.00**
November 1, 2018	**$5,000.00**	**$5,000.00**
November 1, 2019	**$5,000.00**	**$0.00**

    If any default by the Borrower under this Note or any other document executed in connection with the Loan occurs during the term of this Note, then, at Holder's option, the entire outstanding balance of this Note shall become immediately due and payable, as herein provided.

4. **Modification Agreement.** If there is an increase in the amount of the Loan, a modification agreement must be completed to account for changes in the original loan and will become part of this Note. Said agreement must be attached to the Note and copies sent to Holder of the Note.

5. **Assumption.** The Loan may be assumed only upon the prior written approval of the Holder. The Holder shall not deny requests for assumptions by (1) an heir, or (2) buyers certified by the Holder as meeting Program eligibility requirements. Any and all terms and conditions of this Note shall remain in effect for any successors to Borrower and any successor shall assume all duties and obligations of the Borrower.

6. **Default. The note shall be deemed in default and the amount owed under this Note shall become immediately due and payable on the occurrence of any of the following events:**

    (a) The Property is sold, transferred or otherwise alienated by Borrower whether voluntary or involuntary, or by operation of law, or without Lender's prior written consent, unless otherwise prohibited by applicable federal law;

    (b) The Property ceases to be occupied by Borrower, as Borrower's principle residence.

    Upon default, Holder may employ an attorney to enforce Holder's rights and remedies, and the Borrower hereby agrees to pay to Holder all reasonable attorney's fees, plus all other reasonable expenses incurred by Holder in exercising any of Holder's rights and remedies upon default. The rights and remedies of Holder as provided by law, by this Note shall be cumulative and may be pursued singly, successively, or together in the sole discretion of Holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

7. **Governing Law.** This Note is to be governed and construed in accordance with the laws of the State of North Carolina.

    IN TESTIMONY WHEREOF, Borrower has executed this instrument under seal on the date first above written.

BORROWER(S):

_____ (SEAL)

_____ Printed Name

_____ (SEAL)

_____ Printed Name