



Los Alamos County Home Renewal Program Residential Mortgage



After Recording Return To:

Los Alamos County
Home Renewal Program
1000 Central Avenue
Los Alamos, NM 87544
Loan No. HRP-2016-

STATE OF NEW MEXICO
INCORPORATED COUNTY OF LOS ALAMOS
Home Renewal Program Loan No.: HRP-201__ - _____

RESIDENTIAL MORTGAGE

I. DEFINITIONS:

The following terms have, unless otherwise provided, the following meaning:

"Affordability period" means that amount of time represented by the term of a mortgage which secures a Deferred Payment Loan made from County funds to low income households holding title to a home they occupy and which shall equal the following time periods: (1) with a Deferred Payment Loan from \$1,500.00 to \$14,999.00, then the Affordability Period shall be ten (10) years; or (2) with a Deferred Payment Loan from \$10,000 to \$15,000.00 to \$45,000.00, then the affordability period shall be fifteen (15) years.

"Borrower" is _____, _____, and _____. Borrower is used singularly but includes all named persons whether individually or collectively. Borrower is the mortgagor under this Security Instrument.

"Community association dues, fees, and assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association, or similar organization.

"Deferred payment loan" is a non-amortizing loan, meaning that no payments are due during the loan term until the property is sold, vacated, or where the title is otherwise transferred to a household who does not qualify for the program.

"Lender" is the Incorporated County of Los Alamos through its Home Renewal Program or contracted agent. Lender is a political subdivision organized and existing under the laws of the State of New Mexico. Lender is the mortgagee under this Security Instrument.

"Low income household" means a household earning less than 80 percent of the Los Alamos County Area Median Income, as calculated by the United States Department of Housing and Urban Development, prior to its downward cap adjustment to the national low income limit.

"Property" means the real property and improvements thereon that is described below and attached hereto as Exhibit A.

“Security Instrument” means this document together with all Riders and Exhibits to this document, whether incorporated by reference or by attachment.

“Very low income household” means a household earning less than 50 percent of Los Alamos County Area Median Income, as defined by the United States Department of Housing and Urban Development.

II. TRANSFER OF RIGHTS IN THE PROPERTY:

THIS MORTGAGE (“Security Instrument”), made this the _____ day of _____, 20____, by and between the Borrower of that real property and improvements located at _____, **Los Alamos, New Mexico 87544**, described more particularly as set forth in Exhibit A, and Lender, secures to Lender: (i) the repayment of the Loan and all renewals, extensions and modifications of the Note in the principal sum of _____ **DOLLARS AND _____ CENTS (\$ XX,XXX.XX US)** (“Principal”); and (ii) the performance of Borrower’s covenants and agreements under this Security Instrument herein, the Note, and the Affordability Agreement.

Borrower owes Lender the Principal sum of _____ **DOLLARS AND _____ CENTS (\$ XX,XXX.XX US) ZERO PERCENT (0.0%) ANNUAL INTEREST** for each of the [TEN (10) or FIFTEEN (15)] years of the Affordability Period. In addition to this Mortgage, Borrower’s debt is evidenced by the Promissory Note (“Note”) attached as **Exhibit B**, and the Affordability Agreement (“Agreement”) attached hereto as **Exhibit C**.

Borrower does hereby mortgage, grant, and convey a security interest to Lender in the Property, real and personal, described on **Exhibit A**, attached hereto and incorporated herein for all purposes, together with all the improvements now or hereafter erected on the Property, and all easements, rights, appurtenances, and fixtures now or hereafter a part of the Property. All replacements and additions shall also be covered by this Security Instrument.

Borrower covenants that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants, as provided by this and other covenants herein, and will defend the title to the Property in favor of Lender against all claims and demands, subject to any recorded encumbrances as recorded prior to this Security Interest, Lien, and Mortgage.

This Security Instrument secures to the Mortgagee: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced pursuant to this Security Instrument, including without limitation sums advanced by Mortgagee in the exercise of remedies provided herein; (c) the performance of Borrower’s covenants and agreements herein and in the Note, all subject to the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law, and with mortgage covenants.

III. UNIFORM COVENANTS:

Borrower and Lender covenant and agree as follows:

A. Payment of Principal and Interest; and Default Interest. Borrower shall promptly pay, when due, the principal balance and interest due on the Note and default interest due under the Note, if any. Payments due under the Note and this Security Instrument shall be made in U.S. currency. If any check or other instrument due and payable is received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer’s check or cashier’s check, provided any

such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

B. Application of Payments. Unless otherwise required by law, all payments received by Lender shall be applied first, to accrued interest due, and then to costs incurred by Lender to enforce the Note and this Security Instrument, and then to Principal due.

C. Charges; Liens. Borrower shall timely pay all liens, taxes, assessments, charges, fines, community association dues, fees, and assessments attributable to the Property which may attain priority over this Security Instrument. Borrower shall pay these charges on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph where such amount would impair or impede Lender's interest of title. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument except the Purchase Mortgage or any Refinance Mortgage, as defined below.

D. Hazard or Property Insurance. Borrower shall keep all improvements on the Property insured against loss by fire and other hazard included within the term "extended coverage," and any other hazards, including floods or flooding, for which Lender requires insurance. Insurance shall be maintained by Borrower in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval, which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option and Borrower's expense, obtain coverage to protect Lender's rights in the Property as provided below. Borrower acknowledges that the cost of the insurance coverage so obtained may significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender pursuant to this section shall become additional debt of Borrower secured by this Security Instrument. Such coverage shall cover Lender, but may not protect Borrower, Borrower's equity in the Property, or the real or personal property therein of the Property against any risk, hazard, or liability and might provide greater or lesser coverage than was previously in effect.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause, adding Lender as one of if required by another Mortgage holder or the additional insured, and shall provide notice to Lender of cancellation or termination of such policy at least thirty (30) days prior to the effective date of termination or cancellation. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may provide proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not reduced.

If the restoration or repair is not economically feasible or Lender's security would be reduced, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, to any prior lien or mortgage holder, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within ten (10) days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender is hereby authorized by Borrower that Lender may collect any and all insurance proceeds then due and owing to Lender. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. Notwithstanding the foregoing, all rights of Lender hereunder are and shall remain subordinate and subject to the rights of any holder of a Purchase Mortgage or any Refinance Mortgage properly recorded prior to this Security Instrument.

E. Occupancy, Preservation, Maintenance, and Protection of the Property. Borrower shall continue to occupy, establish, and use the Property as Borrower's principal residence after the date of this Security Interest. Borrower shall not destroy, damage, or impair the Property, allow the Property to deteriorate, or commit waste on the Property after the completion of all repairs or work for which this security interest and lien is issued. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that, in Lender's good-faith judgment, could result in forfeiture of the Property or otherwise materially impairs the lien created by this Security Instrument or Lender's security interest.

F. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any environmental law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of hazardous substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

G. Borrower's Loan Application. Borrower shall also be in default of this Security Interest and Lien if Borrower, during the application process, gave materially false or inaccurate information or statements to Lender, or failed to provide Lender with any material information in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence.

H. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this paragraph, Lender is under no obligation to do so.

Any amounts disbursed by Lender under this paragraph Borrower specifically agrees that such amounts shall become additional debt of Borrower secured by this Security Instrument. These amounts only shall bear interest from the date of disbursement at the rate set of FIFTEEN PERCENT (15%) PER ANNUM, until repaid, and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

I. Repayment of Loan. No repayment is due from Borrower during the Affordability Period. The Mortgage and Note are released upon: 1) full payoff by the Borrower of all principal and any accrued interest on Lender provided fees or costs, or with the consent of the Lender in its absolute and sole discretion; 2) the Property is transferred (by sale or otherwise) to a person of low income as established by operation of Ordinance No. 02-248 and the regulations authorized thereunder, and the transferee agrees to execute a new Mortgage, Note and Affordability Agreement containing the same or similar terms.

Repayment of the Note in full can also be made if Borrower contributes 20% of the total project cost at loan closing, in which case the principal amount of the Note and all accrued interest is forgiven at the end of the Affordability Period.

The Mortgage and Note may also called for repayment or may be cancelled if the Property is transferred as a result of the death of the Qualifying Grantee or is transferred by devise or operation of law to the Qualifying Grantees' relation by blood or marriage within the third degree, or is transferred as a result of a marital settlement agreement, operation of bankruptcy or other insolvency laws.

J. Events of Default. The Lender is authorized to declare, at its option, all or any part of such indebtedness immediately due and payable upon the happening of any of the following events:

- (a) Nonperformance by the Borrower of any covenant, agreement, term, or condition of this Mortgage, or of the Note or of any other agreements heretofore, herewith to hereafter made by the Borrower with the Lender in connection with such indebtedness, after the Borrower has been given due notice by the Lender of such nonperformance;
- (b) The Lender's discovery of the Borrower's failure in any application of the Borrower to the Lender to disclose any fact deemed by the Lender to be material, of the making therein, or in any of the agreements entered into by the Borrower with the Lender or any misrepresentation by, on behalf of, or for the benefit of, the Borrower; or
- (c) The sale, vacation, transfer, or conveyance of in any manner of title to the Property, or any part thereof which negates Borrower's occupancy and residency of the Property.

The Lender's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. All of the events of this paragraph shall cause the Note to become immediately due and payable and are in this Mortgage called "Events of Default."

K. Cure Default. The Lender may from time to time cure each default under any covenant or agreement in any instrument creating a lien upon the Property, or any part thereof, which shall have priority over the lien of this Mortgage, to such an extent as the Lender may exclusively determine, and each amount paid (if any) by the Lender to cure any such default shall be paid by the Borrower to the Lender; and the Lender shall also become subrogated to whatever rights the holder of the prior lien might have under such instrument. Any costs associated with cure of any default will be added to the original Loan amount and will be subject to a **FIFTEEN PERCENT (15%) ANNUAL PERCENTAGE RATE** until defaulted covenant is cured by Borrower, however subsequent cure of any default by Borrower will not relieve Lender incurred costs plus stated interests.

L. Receiver. The Lender in any action to foreclose this Mortgage shall be entitled to the appointment of a receiver without notice, as a matter of right and without any regard to the value of the Property or remainder of Security Interest, or the solvency or insolvency of the Borrower or other party liable for the payment of the Note and other indebtedness secured by the Mortgage.

M. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to any inspection specifying reasonable cause for the inspection.

N. Successor and Assigns Bound; Joint and Several Liability. The covenants and agreements of this Security Instrument and Note are joint and several and shall bind and benefit the successors and assigns of Lender and Borrower.

O. Transfer of the Property. If all or any part of the Property or any interest in it is sold or transferred, in law or equity, without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Mortgage and Security Instrument.

If Lender exercises this option, Lender shall give Borrower and the holder of any Purchase Mortgage notice of the default and notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Mortgage or cure of any defaulting provision or covenant. If Borrower fails to pay these sums prior to the expiration of this period or fails to cure any covenant or term,

Lender may invoke any remedies permitted by this Mortgage and allowed by law without further notice or demand on Borrower or the holder of any prior recorded Purchase Mortgage.

If this Security Instrument secures a "home loan" as defined in the New Mexico Home Loan Protection Act (NMSA 1978, § 58-21A-1 *et seq.*), certain provisions of that act may be applicable with respect to default, notice, right to cure, method of foreclosure and/or other issues. Notwithstanding any other provisions in this Security Instrument, to the extent any provision of this Security Instrument is inconsistent with the applicable requirements of the Home Loan Protection Act, the provisions of that act shall control.

P. Exception to Transfer Restriction: Transfer by Devise. Notwithstanding any other provision of this Mortgage, the Note or Agreement, the Mortgage, Note, and Agreement will not be due on transfer of the Property if: (a) a transfer of the Property is the result of the death of the Borrower and the transfer is by devise or operation of law; (b) the transfer is to a member of Borrower's immediate family ("Heir") (for purposes of this Mortgage the term "immediate family" means spouse, parents, siblings or children only); (c) the Heir qualifies for assistance under the Lender's Home Renewal Program policies and regulations governing income qualification; and (d) the Heir covenants and agrees in writing to maintain the Property as Heir's principal residence and to otherwise comply with all the terms and conditions of the Mortgage and Note.

Q. Subordination to Purchase Mortgage and Refinance Mortgage. Lender and Borrower acknowledge and agree that this Security Instrument is subordinate in all respect to any prior recorded liens, terms, covenants, and conditions of any prior mortgages ("Purchase Mortgage") including all sums advanced for the purpose of: (a) protecting or further securing the lien of the Purchase Mortgage, or (b) constructing, renovating, repairing, furnishing, fixturing, or equipping the Property. Additionally, in the event Borrower shall elect, from time to time, to re-finance the Purchase Mortgage, Lender agrees to execute any documentation reasonably required by Borrower' lender to subordinate this Security Instrument to a mortgage granted by Borrower to secure such debt refinance ("Refinance Mortgage"). In connection with obtaining the Refinance Mortgage, Borrower may be entitled to increase the amount of debt at Lender's sole discretion, which was initially secured by the Purchase Mortgage by an amount equal to Borrower's equity in the Property as determined by an appraisal obtained in connection with the refinance. Lender shall have no obligation to subordinate this Security Instrument to a Refinance Mortgage to the extent that the amount of the loan secured by the Refinance Mortgage exceeds the Purchase Mortgage plus Borrower's equity.

It is understood by the Borrower and Lender that the terms and provisions of the Purchase Mortgage or a Refinance Mortgage, as the case may be, are paramount and controlling and they may supersede any other term and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the Purchase Mortgage or a Refinance Mortgage, any provisions herein or any provisions in any other collateral agreement or document restricting the use of the Property to low income households or otherwise restricting the Borrower's ability to sell the Property shall have no effect on subsequent owners or purchasers of the Property. Any person, including successors (other than the Borrower or a related entity of the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the Purchase Mortgage or a Refinance Mortgage shall receive title to the Property free and clear from such restrictions. Further, if the holder of the Purchase Mortgage or a Refinance Mortgage acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the holder of the Purchase Mortgage or Refinance Mortgage holder's acquisition of title provided that (1) the Lender has been given written notice of a default under the Purchase Mortgage or Refinance Mortgage and (2) Lender shall not have cured the default under the Purchase Mortgage or Refinance Mortgage within the time period permitted for a cure by the Borrower. Nothing herein shall release the Borrower from personal liability for amounts due under the Note or hereunder in the event title is transferred pursuant to a deed in lieu of foreclosure.

In the event of a default of this Security Instrument, Lender shall provide to the holder of a Purchase Mortgage or Refinance Mortgage, a copy of the written default notice and any notice of acceleration sent by Lender to Borrower.

R. **Release.** Upon payment of all sums secured by this Security Instrument, or forgiveness under other conditions set forth in this Security Instrument, Lender shall release this Security Instrument, without charge, to Borrower. Borrower shall pay any recording costs, unless otherwise agreed to by the parties in writing. Following release of this Security Instrument, any provisions herein or any provisions in any other collateral agreement or document restricting the use of the Property to low income households or otherwise restricting the Borrower's ability to sell the Property shall have no effect on Borrower or any subsequent owners or purchasers of the Property.

S. **Waiver of Deficiency.** Any amount due and payable under this Mortgage for which are insufficient moneys from the proceeds of an arms-length sale of the Property to pay, after payment of all amounts due and payable under the Purchase Mortgage, may be forgiven by the Lender and the lien created by this Mortgage may be released.

T. **Redemption Period.** If this Security Instrument is foreclosed, the redemption period after the date that the judicial sale is confirmed shall be thirty (30) calendar days including all weekends and holidays.

U. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by certified mail, return receipt requested, or by hand-delivery, unless applicable law requires use of another method. The notice shall be directed to _____, Borrower, _____ [PROPERTY ADDRESS], Los Alamos, New Mexico 87544 or any other address Borrower designates by written notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address at 1000 Central Avenue, Attention: Home Renewal Program, Los Alamos, New Mexico 87544, or any other address Lender designates by notice to Borrower. A copy of any required Borrower' notice shall also be given and provided to: Los Alamos Housing Partnership, Inc., 1475 Central Avenue, Suite 210 E, Los Alamos, New Mexico 87544.

Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given, as provided in this paragraph.

V. **Statutory Mortgage Condition.** This Security Instrument shall be subject to the "statutory mortgage condition" as set out in NMSA 1978, § 47-1-41 ("Statute"). This Security Instrument is the same as a mortgage under the Statute. The Statute states that if Borrower does not pay and perform all obligations in this Security Instrument, Lender has the right to foreclose on the Property.

W. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the State of New Mexico. Lender and Borrower agree, unless otherwise provided by law, that jurisdiction and venue shall be in the First Judicial District Court of the State of New Mexico, Los Alamos Division as the Property and the parties are located therein. In the event that any provision, covenant, or clause of this Security Instrument or the Note conflicts with applicable law, the Parties agree that such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end, the provisions of this Security Instrument and the Note are declared to be severable.

X. **Environmental Compliance.** Borrower are, and shall remain, until this Security Instrument is canceled, released, re-conveyed, or discharged, the "owner and operator" of the Property within the meaning of, and for the purpose of, 42 U.S.C. Section 96-1(20)(A). At its sole cost and expense, Borrower shall comply with any and all federal, state, and local laws, rules, regulations, or orders with respect to environmental regulation, protection, or remediation (collectively, "Environmental Laws") and Borrower shall pay immediately when due the cost of removal of any hazardous and toxic substances, wastes, or materials,

LENDER:

LOS ALAMOS COUNTY:

Harry Burgess, County Manager

Date

APPROVED AS TO LEGAL FORM:

Rebecca Ehler, County Attorney

Date

LOS ALAMOS COUNTY CLERK:

County Clerk or Seal

Attested to this the _____ day of _____, 20____

EXHIBIT A
Legal Description of Property

EXHIBIT B
PROMISSORY NOTE

EXHIBIT C
AFFORDABILITY AGREEMENT



Los Alamos County Home Renewal Program Promissory Note



**STATE OF NEW MEXICO
INCORPORATED COUNTY OF LOS ALAMOS
SECURED PROMISSORY NOTE TO
THE INCORPORATED COUNTY OF LOS ALAMOS**

AMOUNT: \$ _____

Date: , 201__

FOR VALUE RECEIVED, the undersigned, _____, _____, and _____ individually and collectively (hereafter "Promisor") promise to pay to the **Incorporated County of Los Alamos** ("County" or "Promisee"), an incorporated County of the State of New Mexico, or at such other place as the County may hereafter designate in writing, the principal sum of _____ **DOLLARS AND _____ CENTS (\$ _____ US)** ("Principal"), with ZERO PERCENT (0.00%) ANNUAL INTEREST accruing on the unpaid Principal balance during the [TEN or FIFTEEN] YEAR Affordability Period ("Loan"), pursuant to that certain Mortgage and Affordability Agreement of even date between the parties, or so much thereof as may from time to time be owing hereunder by reason of advance by the County to or for the benefit or account of Promisor under the terms of this Note, the Mortgage, and the Affordability Agreement. Repayment shall further occur as provided below:

1. The Promisee shall disburse the Loan proceeds to selected Contractor as provided for in the Affordability Agreement in amounts consistent with the Mortgage, the Affordability Agreement, with Los Alamos County Ordinance No. 02-262, and the Los Alamos Home Renewal Program ("Program") policies, guidelines, and procedures. Disbursements shall commence on or after the effective date of this Note, Mortgage and Affordability Agreement and shall continue in an aggregate amount not to exceed the Principal agreed to in this Note.
2. In coordination with the Los Alamos Housing Partnership ("LAHP") and pursuant to the Program Policies and Procedures, County will only distribute such Loan Principal to a third party fiscal agent or institution.
3. Disbursements will occur generally as provided in the Promisee's and LAHP Policies and Procedures published guidelines as follows: upon homeowner execution of a Program approved construction contract, the County or its agent will wire funds in the full contract amount to the selected fiscal agent, who then establishes a separate account for that Promisee and LAHP project. LAHP will request funds from the fiscal agent necessary to pay the selected contractor for each draw request. For each requested withdrawal, LAHP will send to the fiscal agent and County Finance: the draw request spreadsheet with the current amount requested, previous request amounts and current balance, the lien release from the contractor, the inspection results from LAHP, County and State of New Mexico Construction Inspection Division ("CID"), if applicable, including the sign-off from the homeowner, and pictures of the work that was done. This process will be repeated for each draw request, culminating in the final payment, final inspection and Certificate of Final Completion from LAHP and Certificate of Occupancy or Final Inspection Pass from the County/CID, sign-off from the homeowner and the final lien release from the selected contractor.

4. There will be no regular payment, amortized or unamortized, of the Principal and any interest that may occur on this Loan, subject to the exceptions as specified in the Mortgage and this Note. Promisor shall promptly pay the entire, outstanding Principal and interest due and other indebtedness evidenced by the Note and Mortgage if at any time Promisor: (a) fails to maintain the Property as the Promisors' primary and only residency; (b) sells the Property; (b) vacates the Property; or (c) transfers or conveys, voluntarily or involuntarily, in any manner all title to the Property, all in accordance with the terms of the Mortgage, this Note and Affordability Agreement. Promisor may prepay any or all of the outstanding Principal and interest amount of the Loan at any time without penalty. Upon receipt of payment in full, Promisee shall thereupon release its Mortgage, which restricts the use of the Property, and cancel and return this Note.
5. So long as any or all of the Principal of the Loan is unpaid and outstanding, Promisor shall maintain the Property as Promisors' principal residence and shall ensure compliance with all terms of the Mortgage and Affordability Agreement signed simultaneously with this Note.
6. Promisee shall forgive the principal amount of the Note and all accrued interest in full at the end of the Affordability Period provided that Promisor contributes twenty percent (20%) of the total project cost at Loan closing. For each one percent (1%) of total project cost contributed at Loan closing by the Promisor, the Principal amount of the Note and all accrued interest shall be reduced by five percent (5%), at the end of the Affordability Period.
7. If Promisor defaults under the terms of this Note and the Mortgage, or under any other mortgage or secured or unsecured lien on the Property superior to or junior to the Mortgage, Promisee may, at its option, accelerate maturity and the unpaid Principal and interest of the Loan shall become immediately due and payable without demand or notice. If this Note is reduced to a judgment, the judgment shall bear interest at the statutory allowed rate.
8. If this Note is placed in the hands of any attorney for collection or is collected through probate or bankruptcy court or through other legal proceedings, Promisor agrees to pay all costs of collection including reasonable attorneys' fees and court costs.
9. Presentment, notice of dishonor, and protest are hereby specifically waived by Promisor. "Presentment" means the right to require the Promisee to demand payment of amounts due. "Notice of dishonor" means the right to require the Promisee to give notice to other persons that amounts due have not been paid.
10. This Note is not assignable unless agreed to in writing by Promisee. This Note shall be binding upon the Promisor and its' successors and assigns. Promisor shall be jointly and severally liable under this Note.
11. Any notice to Promisor provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested, addressed to Promisor at _____, **Los Alamos, New Mexico 87544**, or to such other address as Promisors may designate by written notice to the Promisee. Any notice to the Promisee shall be sent by registered or certified mail and shall be deemed to have been given and received seventy-two (72) hours after the same is so addressed and mailed postage prepaid, to the Promisee at **1000 Central Avenue, Los Alamos, New Mexico 87544** or at such other address as may have been designated by subsequent written notice of Promisors. Promisor shall also send a duplicate copy of any required notice to: **Los Alamos Housing Partnership, Inc., at 1475 Central Avenue, Suite 210E, Los Alamos, New Mexico 87544** or to an address Promisee shall provide and update from time to time.

- 12. The indebtedness evidenced by this Note is the joint and several obligation of each Promisor, if there is more than one Promisor. The indebtedness evidenced by this Note is secured by a Mortgage on the real property and improvements thereon identified in the Mortgage, dated of even date with this Note, and reference is made to the Mortgage for rights of Promisee with regard to enforcement of the promises evidenced by this Note.
- 13. This Note shall be governed by law of the State of New Mexico. Promisee and Promisor agree, unless otherwise provided by law, that jurisdiction and venue shall be in the First Judicial District Court, Los Alamos Division as the parties and secured interests are located therein. In the event that any provision, covenant, or clause of this Security Instrument or the Note conflicts with applicable law, the Parties agree that such conflict shall not affect other provisions of this Note which can be given effect without the conflicting provision. To this end, the provisions of this Security Instrument and the Note are declared to be severable.

In Witness Whereof, this Note has been executed by the undersigned Promisor(s) in duplicate originals on the date first written above.

Promisor(s):

Promisor 1:

 NAME (PRINTED) DATE

 SIGNATURE

Promisor 2: (if applicable)

 NAME (PRINTED) DATE

 SIGNATURE

Promisor 3: (if applicable)

 NAME (PRINTED) DATE

 SIGNATURE

ACKNOWLEDGEMENT

State of New Mexico)
) ss.
County of Los Alamos)

The foregoing Promissory Note was hereby acknowledged before me this ____ day of _____,
20____ by _____,
and _____ Promisor (s).

NOTARY PUBLIC

My Commission expires
