

PROMISSORY NOTE

U.S. \$ _____, 20____

FOR VALUE RECEIVED, the undersigned ("Borrower") promise(s) to pay to the order of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, a body politic and corporate of the State of Illinois ("Noteholder"), the principal sum of _____ and No/100 Dollars (\$ _____) bearing no interest (the "Loan"). The Loan shall have a term of five (5) years ("Term") and be forgiven at the rate of one-sixtieth ($1/60^{\text{th}}$) of the amount of the Loan at the end of each month throughout the Term.

Notwithstanding the foregoing, the Borrower shall repay to Noteholder the amount of the Loan reduced by one-sixtieth ($1/60^{\text{th}}$) of that amount for each full month the Borrower occupied the property as his/her principal residence (the "Home") if any of the following events occur: (i) the Home is sold or otherwise transferred within five (5) years of making the Loan (other than a transfer by inheritance to a co-owner of the property or by operation of law upon the death of a joint tenant owner or to a spouse as a result of a divorce of co-owners); (ii) the Borrower ceases to occupy the Home as their principal residence within this five (5) year period; or (iii) a refinancing of the Loan that is not a Permitted Financing, as defined herein (the "Recapture Amount").

A "Permitted Refinancing" shall mean a refinancing that lowers the interest rate of the first mortgage loan on the Home, decreases its term or lowers the monthly payment of the loan; it does **not** include a refinancing that increases the outstanding balance of the first mortgage loan, increases the interest rate on the loan or allows the Borrower to receive money as a result of the refinancing. Any Permitted Refinancing must be approved by the Noteholder, in writing, in advance.

Any payments made under this Note are to be made at the Illinois Affordable Housing Trust Fund, P.O. Box 21412, Chicago, Illinois 60673, or such other place as the Noteholder may designate.

If suit is brought to collect the sums due under this Note, the Noteholder shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

Presentment, notice of dishonor and protest are waived by all makers, sureties, guarantors and endorsers of this Note. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested addressed to Borrower at the property address stated below, or to such other address as Borrower may designate by notice to the Noteholder. Any notice to Noteholder shall be given by mailing such notice by certified mail, return receipt requested, to:

Illinois Housing Development Authority
111 East Wacker Drive, Suite 1000
Chicago, Illinois 60601
Attention: Community Affairs

or at such other address as may have been designated by notice to Borrower. Notice shall be deemed received two (2) days after the date of deposit in the United States mail.

This Note is secured by a junior mortgage (“Mortgage”) from Borrower to Noteholder of even date herewith, and evidences the Loan to Borrower for the acquisition and permanent financing of the Home described in the Mortgage. All of the covenants, additions and agreements contained in the Mortgage concerning future advances and acceleration of the indebtedness evidenced by this Note are incorporated in this Note.

Required HUD Provision. The restrictions contained in this Note shall automatically terminate if title to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the Mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development.

Borrower Signature

Borrower Signature

Printed Name

Printed Name

Home Address:

_____, Illinois