

**DELAWARE STATE HOUSING AUTHORITY
DOWN PAYMENT ASSISTANCE SECOND LOAN PROGRAM**

PROMISSORY NOTE

_____ Delaware
(Principal Amount) (County)

(Date of Promissory Note)

Maturity Date: [30 years from Date of Promissory Note]

FOR VALUE RECEIVED,

(Print Borrower Name or Names)

(collectively, the "Borrower") promises to pay to the order of DELAWARE STATE HOUSING AUTHORITY, a public corporation of the State of Delaware ("Lender"), at its principal office at 18 The Green, Dover, Delaware, or at such other place as the holder hereof may from time to time designate, the principal amount of _____ Dollars (\$ _____) (the "Principal Amount").

1. **INTEREST.** No interest shall be payable on the outstanding Principal Amount, unless an Event of Default has occurred and continued as described in Section 4(a) below.

2. **PRINCIPAL PAYMENTS.** The unpaid Principal Amount shall be due and payable on the Maturity Date.

The Borrower may at its option repay the principal in whole or in part at any time prior to the Maturity Date.

This Note shall be subject to mandatory repayment in whole prior to the Maturity Date as follows:

- (a) on the date when title to the property (the "Property") described in the mortgage of even date herewith (the "Mortgage") securing this obligation is conveyed;
- (b) on the date when the first mortgage loan on the Property is refinanced; or
- (c) on the date when the Property is no longer the Borrower's primary or principal residence.

Borrower shall give Lender ten (10) business days' prior written notice of any optional or mandatory repayment in whole or in part of the Principal Amount of this Note.

3. **DEFAULT.** Each of the following shall be an "Event of Default":

(a) The failure of Borrower to pay any Principal Amount, or any other amount due under this Note or the Mortgage, when it is due under the terms of this Note or the Mortgage, and such failure is not fully cured within five (5) days after notice thereof is given to Borrower.

(b) A default under the Mortgage shall also be an Event of Default under this Note.

(c) An event of default under any promissory note or loan agreement or other instrument, or the related mortgage, relating to a prior lien mortgage loan on the Property shall also be a default under this Note and the Mortgage.

(d) Any court of competent jurisdiction shall make an order, judgment or decree (i) adjudicating the Borrower bankrupt, (ii) appointing a trustee or receiver of the property of the Borrower, (iii) approving a petition for, or effecting an arrangement in, bankruptcy, a reorganization pursuant to any present or future federal or state bankruptcy law, or any other judicial modification or alteration of the rights of Lender or of other creditors, or (iv) assuming custody or sequestering any substantial part of the property of Borrower. Also if the Borrower shall (i) file such petition, (ii) take or consent to any other actions seeking any such judicial order, (iii) make an assignment for the benefit of creditors, (iv) make an admission in writing of inability to pay debts generally as they become due, (v) become insolvent, (vi) make a transfer in fraud of the holder of this Note or of other creditors, or (vii) fail to pay Borrower's debts as they become due.

4. REMEDIES. Remedies after the occurrence of an Event of Default:

(a) Upon the occurrence of an Event of Default that has continued beyond the expiration of any applicable notice and cure period, Lender, at its option and without notice to Borrower, may, notwithstanding anything herein or in the Mortgage to the contrary, declare immediately due and payable: (i) the entire unpaid balance of principal hereunder; (ii) interest after the date of default on such principal at the interest rate of 5% per annum; and (iii) all other sums due by Borrower hereunder or under the Mortgage. Payment thereof may be enforced and recovered in whole or in part at any time by one or more of the remedies provided to Lender in this Note or the Mortgage. In such case, Lender may also recover all costs of suit and other reasonable expenses in connection therewith, including attorneys' fees actually incurred, together with interest on any judgment obtained by Lender at a rate which shall be at the interest rate of this Note, including interest at such rate from and after the date of any sheriff's sale until confirmation thereof or, if objection to confirmation is made, until actual payment is made by the sheriff to Lender of the full amount due Lender.

(b) Any failure to exercise any of the remedies shall not constitute a waiver of the right of said holder to exercise said remedies at a later time concerning a continuing or subsequent Event of Default.

(c) IF ANY ACTION, SUIT, MATTER OR PROCEEDING IS BROUGHT FOR THE ENFORCEMENT OF THIS NOTE, AND IF THE PLAINTIFF OR LIENHOLDER IN THE SAID ACTION, SUIT OR PROCEEDING SHALL RECOVER JUDGMENT IN ANY SUM, SUCH PLAINTIFF OR LIENHOLDER SHALL ALSO RECOVER AS REASONABLE COUNSEL FEES AN AMOUNT NOT TO EXCEED TWENTY PERCENT (20%) OF THE AMOUNT DECREED FOR THE PRINCIPAL AND INTEREST, WHICH SAID COUNSEL FEES SHALL BE ENTERED, ALLOWED AND PAID AS A PART OF THE DECREE OR JUDGMENT IN ANY ACTION, SUIT OR PROCEEDING; AND BORROWER DOES HEREBY AUTHORIZE AND EMPOWER ANY CLERK, PROTHONOTARY OR ATTORNEY OF ANY COURT OF RECORD IN THE STATE OF DELAWARE, OR ELSEWHERE, TO APPEAR FOR IT, ITS SUCCESSORS OR ASSIGNS, AT THE SUIT OF LENDER, A PUBLIC CORPORATION AS AFORESAID, ITS SUCCESSORS OR ASSIGNS, ON THE OBLIGATION CONTAINED HEREIN AS OF ANY TERM OR TIME PRIOR OR SUBSEQUENT TO THE DATE HEREOF, AND THEREUPON TO ENTER AND CONFESS JUDGMENT AGAINST BORROWER IN FAVOR OF LENDER FOR THE PRINCIPAL SUM TOGETHER WITH INTEREST, COSTS, PREMIUMS AND COUNSEL FEES AS ABOVE PROVIDED BY NON SUM INFORMATUS, NIHIL DICIT, OR OTHERWISE, WITH STAY OF EXECUTION UNTIL DAY OF PAYMENT; AND BORROWER DOES HEREBY FOR BORROWER AND BORROWER'S SUCCESSORS OR ASSIGNS, REMISE, RELEASE AND FOREVER QUITCLAIM UNTO LENDER, IT'S SUCCESSORS AND ASSIGNS, ANY AND ALL MANNER OF ERROR OR ERRORS, MISPRISIONS, MISENTRIES, DEFECTS AND IMPERFECTIONS WHATEVER, IN THE ENTERING OF SAID JUDGMENT, OR ANY PROCEEDING THEREON, OR THERETO, OR ANYWISE TOUCHING OR CONCERNING THE SAME. BEING FULLY AWARE OF BORROWER'S RIGHTS TO PRIOR NOTICE AND HEARING ON THE VALIDITY OF ANY CLAIMS THAT MAY BE ASSERTED AGAINST IT BY LENDER UNDER THIS NOTE BEFORE JUDGMENT CAN BE ENTERED, BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THESE RIGHTS AND EXPRESSLY AGREES AND CONSENTS TO LENDER, UPON THE OCCURRENCE OF A DEFAULT OR AN EVENT OF DEFAULT, OR AT ANY TIME

THEREAFTER, ENTERING JUDGMENT AGAINST BORROWER BY CONFESSION, WITHOUT PRIOR NOTICE OR OPPORTUNITY FOR A HEARING.

(d) **The Borrower (i) waives demand, presentment for payment, protest, notice of protest, and notice of nonpayment of this Note; (ii) consents to any number of renewals or extensions of the time for payment thereof; (iii) agrees that any such renewals or extensions may be made without notice to any of said parties and without affecting their liability hereon; (iv) consents to the release of any part or parts of all of the security for the payment hereof; and (v) consents to the release of any party or parties liable hereon, all without affecting the liability of any other party liable for the payment of this Note.**

(e) BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY BORROWER AND LENDER MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS NOTE.

5. MISCELLANEOUS.

(a) There shall be no amendments or modification of this Note unless mutually agreed upon in writing by Borrower and Lender.

(b) Borrower shall not assign its interest hereunder without Lender's prior written approval.

(c) The covenants and agreements contained herein shall be binding upon and inure to the benefit of Borrower and Lender, their respective permitted successors and assigns.

(d) This Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws, and such laws shall govern all rights, remedies, liabilities, powers and duties of the parties hereunder.

(e) Any suit, action, or proceeding against any of the parties hereto arising out of or relating to this Note shall be brought exclusively in the Superior Court of the State of Delaware, the Court of Chancery of the State of Delaware, the Court of Common Pleas of the State of Delaware, or the United States District Court for the District of Delaware as any party hereto in its sole discretion may elect, and each party hereto irrevocably submits to the jurisdiction of such courts for the purpose of any such suit, action or proceeding.

IN WITNESS WHEREOF, the undersigned has executed this Note under seal _____ day of
this _____

(Month) (Year)

SIGNED, SEALED & DELIVERED
IN THE PRESENCE OF:

Witness BORROWER Date

Witness BORROWER Date

Witness BORROWER Date

PROPERTY ADDRESS