



**NOTE  
HOME OPPORTUNITY PROGRAM**

AHFC HOME HOP LOAN #: HOP-       -       -       (IDIS #)

Date:

Borrower(s) Name:

Property Address:

Borrower(s) Mailing Address, if different:

**1. BORROWER’S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay \_\_\_\_\_, (\$ \_\_\_\_\_) (principal), to the order of **Alaska Housing Finance Corporation** (Lender). I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note and who is entitled to receive payments under this Note is called the Note Holder.

**2. INTEREST**

Except as provided in Section 7.c) of this Note, I will pay interest at a yearly rate of zero percent (0%).

**3. PAYMENTS**

**Subject to the forgiveness period and payment calculation identified in Section 5 below, the Borrower shall immediately repay to the Note Holder the unpaid principal balance upon sale of the property or transfer of the property’s title to someone other than the Borrower. If the homeowner fails to occupy the property as his/her primary residence during the required ownership and occupancy period described in Section 4 below, the full amount of the loan is due and owing.**

The amount due shall be calculated by the Note Holder upon notification to the Note Holder that the property will be sold or title will be otherwise transferred to someone other than the Borrower. Repayment of the unpaid principal due the Note Holder shall be made at Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510 Attn: HOME Program Manager, or at a different place if required by the Note Holder.

**4. OWNERSHIP AND OCCUPANCY PERIOD**

The required ownership and occupancy period is as follows:

<b>Loan Amount</b>	<b>Ownership and Occupancy Period</b>
Under \$15,000	5 full years
\$15,000 to \$30,000	10 full years

The required ownership and occupancy period commences on the day that AHFC closes the loan in the HUD financial reporting system. AHFC will notify the Borrower of this date in writing.

For each year of the ownership and occupancy period, the Borrower must retain a) the property as his/her primary residence and b) legal ownership and title to the property on the annual anniversary date of the commencement of the ownership and occupancy period, and it must have remained so throughout the previous year.

In the event of death of the Borrower where there are no other Borrowers on the loan or no other members of the household remain in the property, any remaining unpaid principal balance will be forgiven by the Lender.

The required occupancy and ownership period will continue if, in the event of divorce or death of a Borrower who is one of the original Borrowers, the remaining original Borrower retains a) the property as his/her primary residence and b) legal ownership and title to the property on the annual anniversary date of the ownership and occupancy period and throughout the previous year. In the event title to the property is transferred upon the death or divorce of the Borrower to a new Borrower not on the original title but who was a member of the household at the time of project completion (and who was included in the household's income calculation), then the forgiveness provisions set out in this Note will continue as if no transfer had occurred.

#### **5. FORGIVENESS PERIOD AND PAYMENT CREDIT**

The forgiveness period is the first five (5) years of the ownership and occupancy period. A payment credit will be applied against the principal balance for each full year of the forgiveness period. The payment credit is applied up to the first \$10,000, and will be provided to the Borrower as a forgivable loan. For every full year of the first five (5) years of the ownership and occupancy period, the loan will be forgiven by a maximum of \$2,000 or twenty percent (20%) of the loan, whichever is less.

<b>Forgiveness Period</b>	<b>Forgiveness Amount</b>
1 Full Year	20% of the loan or \$2,000, whichever is less
2 Full Years	20% of the loan or \$2,000, whichever is less
3 Full Years	20% of the loan or \$2,000, whichever is less
4 Full Years	20% of the loan or \$2,000, whichever is less
5 Full Years	20% of the loan or \$2,000, whichever is less

If the Borrower either sells or transfers the property during the ownership and occupancy period, the following amounts shall become immediately due and payable: a) all original loan funds in excess of \$10,000, and b) a pro-rata amount of the first \$10,000 to be calculated by AHFC based on the period of time the Borrower did not continue to own and occupy the property as his/her primary residence (as determined by AHFC)

The loan amount in excess of \$10,000 will be provided to the Borrower as a loan with zero percent (0%) interest, repayable at time of sale or transfer of the property by the Borrower.

In the event the Borrower fails to occupy the property as his/her primary residence during the required ownership and occupancy period, but retains ownership, the full amount of the loan is due and owing without any pro-rata reduction of the first \$10,000.

In the event of a sale or transfer (voluntary or involuntary), the amount due and owing may be reduced if the Borrower can show that the appraised value of the home is insufficient to pay off the loan in addition to any other lien(s) in superior position, and standard and customary seller's closing costs associated with a voluntary sale or transfer.

#### **6. REQUIREMENT TO NOTIFY NOTE HOLDER OF PROPERTY SALE OR TITLE TRANSFER, OR TERMINATION OF PROPERTY USE AS THE BORROWER'S PRIMARY RESIDENCE**

During the term of this Note, the Borrower shall immediately notify the Note Holder upon execution of a sale agreement to sell the property or an agreement to otherwise transfer title to the property to someone other than the Borrower, or if the Borrower discontinues the use of the property as his/her primary residence. Additionally, the Borrower, or Borrower's Agent, shall notify the Note Holder upon knowledge of the proposed sale date (settlement date), or the date in which title to the property will be otherwise transferred, and request that the Note Holder calculate the amount due to the Note Holder, if any, in accordance with the provisions of Section 4 of this Note.

#### **7. BORROWER'S FAILURE TO PAY AS REQUIRED**

- A) Default:** If, during the term of this Note, the Borrower does not notify the Note Holder of the sale of the property or transfer of title to the property, the failure to occupy the property as his/her primary residence, or does not pay the Note Holder the amount due to Note Holder in accordance with the provisions of this Note, the Borrower shall be considered by the Note Holder to be in default.
- B) Notice of Default:** If the Borrower is determined by the Note Holder to be in default, the Note Holder shall send the Borrower a written notice telling the Borrower of this determination and demand that the principal, less any amounts forgiven by the Note Holder, plus accrued interest as provided in Section 7.C) below, be paid immediately by the Borrower to the Note Holder.
- C) Interest Upon Default:** If the Borrower is determined to be in default under the terms of this Note, interest shall begin to accrue on the remaining unpaid principal balance at the rate of 2% per annum. Interest shall begin to accrue on the date of the default as determined by AHFC.
- D) No Waiver By Note Holder:** Even if, at a time when the Borrower is in default, the Note Holder does not require the Borrower to pay immediately in full as described above, the Note Holder will still have the right to do so if the Borrower is in default at a later time.
- E) Payment of Note Holder's Costs and Expenses:** If the Note Holder has required the Borrower to pay immediately in full as described above, the Note Holder will have the right to be paid back by the Borrower for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

#### **8. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to the Borrower under this Note will be given by delivering it, or by mailing it via first class mail, to the Borrower at the Property Address above, or at a different address if the Borrower gives the Note Holder a notice of the Borrower's different address.

Any notice that must be given by the Borrower to the Note Holder under this Note will be given by mailing it via first class mail to the Note Holder at the address stated in Section 3 above, or at a different address if the Note Holder gives the Borrower a notice of that different address.

**9. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of the signors of this Note together. This means that any one of the Note signors may be required to pay all of the amounts owed under this Note.

**10. WAIVER**

The Borrower and any other person(s) who has obligations under this Note waive the rights of presentment and Notice of Dishonor. Presentment means the right to require the Note Holder to demand payment of amounts due. Notice of Dishonor means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

**11. SECURED NOTE**

In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Agreement (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if the Borrower and any other persons who have obligations under this Note do not keep the promises which the Borrower and other Note signors make in the Note. That Security Instrument describes how and under what conditions the Borrower and other Note signors may be required to make immediate payment in full of all amounts owed by the Borrower under this Note.

To the extent set forth in this Note (i) the Borrower is personally obligated and fully liable for all amounts due under this Note, and (ii) the Note Holder hereof has the right to sue on this Note and obtain a personal judgment against the Borrower for satisfaction of all amounts due under this Note either before or after a judicial foreclosure, under Alaska Statutes 09.45.170 through 09.45.220, of the Deed of Trust which secures this Note.

Borrower(s):

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NAME OF BORROWER Date

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NAME OF BORROWER Date