

**NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
PROMISSORY NOTE
(Due-on-Sale Note)**

MFA Loan No: _____

Date: _____, 20_____

Property Address

City

New Mexico
State

Zip Code

1. Borrower's Promise to Pay

In return for a loan that I have received, I promise to pay \$_____ (the "Principal"), to the order of the Lender. The Lender is **New Mexico Mortgage Finance Authority, whose address is 344 4th Street SW, Albuquerque, New Mexico 87102**. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer from Lender and who is entitled to receive payments under this Note will be the "Note Holder."

2. Repayment

This Note evidences a loan made to me for the purchase of the property (the "Property") which is more fully described in the Mortgage and Restrictive Covenants (the "Mortgage") of even date herewith. This Note is secured, and payment hereof is assured by, the Mortgage, which restricts the use of the Property.

I understand that no interest will accrue on this Note, and that no periodic payments must be made on this Note, but that the Principal, must, if not sooner paid, be paid in full upon the sale or transfer of the Property to a party ineligible for assistance under the Regulations (defined below) or upon the refinance of the Property, subject to the provisions of this Note and the Mortgage. In addition, if the Borrower should refinance any other mortgage loan or should obtain an equity line of credit secured by the Property, the Lender will not subordinate the Mortgage to any such refinanced or equity mortgages. Any payments of Principal, including payment of the entire Principal upon sale, transfer or refinance of the Property, will be made to the Note Holder at the address specified for such payment, from time to time, by the Note Holder.

3. Affordability Period/Owner Occupied Requirement

So long as any or all of the Principal is unpaid and outstanding (the "Term"), I will maintain the Property as my principal residence and shall ensure affordability compliance in accordance with the Mortgage. I further represent and warrant that my family, if any and I qualify as a "low to moderate income family" at the time the Principal loan was committed to the Property.

4. Reduction of Principal

Provided that I am in compliance with the requirements of Section 3 of this Note, the Principal balance due on this Note shall be reduced on an annual basis on the anniversary of the date of this Note ("Period of Forgiveness") as follows:

- If the original Principal amount of the Award is from \$1 to \$25,000, the Principal balance shall be reduced at a rate of Twenty Percent (20%) per year for five years, starting on the first (1st) anniversary of the date of this Agreement.
- If the original Principal amount of the Award is from \$25,001 to \$50,000, the Principal balance shall be reduced at a rate of Ten Percent (10%) of the principal balance per year for ten years, starting on the first (1st) anniversary of the date of this Agreement.

5. Borrower's Failure to Pay As Required

(A) Default

I will be in default of this Note if any payment required under this Note is not paid when due and remains unpaid for thirty (30) days after the due date, or if there shall be any incurred default in the Mortgage securing this Note, or if there shall be any incurred default in any prior or subordinate mortgage secured by the Property. In the event of a default, the entire principal amount of the Note outstanding may be declared immediately due and payable at the option of the Note Holder. In addition, the Note Holder may foreclose its Mortgage against the Property and exercise all other remedies to which the Note Holder is entitled at law or in equity. If this Note is reduced to a judgment, the judgment shall bear interest at the statutory rate.

(B) Penalty for Overdue Payment

In the event of a default as set forth herein, in addition to all other amounts due and owing hereunder, I will pay default interest on the Principal balance due on the Note at the rate of Ten Percent (10%) per annum ("Default Interest") from the date of default until the Note is paid in full.

(C) Payment of Note Holder's Attorney's Fees, Costs and Expenses

If suit is brought to collect this Note or any portion thereof, or if this Note is referred to an attorney for collection, or is collected through probate or bankruptcy court or through other legal proceedings, the Note Holder shall be entitled to collect all reasonable costs and expenses of suit or collection, including, but not limited to the Note Holder's reasonable attorney's fees.

6. This Note Secured By a Mortgage

This Note is secured by a Mortgage which is initially a junior lien on the Property. The Mortgage further describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Note.

7. Right to Pre Pay

I have the right to make payments of Principal at any time before they are due. A payment of Principal made before it is due is called a "Prepayment." When I make a Prepayment, I will tell the Note Holder in a letter that I am doing so. I may make a full Prepayment or a partial Prepayment without paying any penalty. Any partial Prepayment shall be applied first against costs of collection, if any, then against any accrued interest, if any, and lastly against the Principal amount outstanding.

8. Borrower's Waivers

I waive my rights to demand, presentment, notice of dishonor or nonpayment, and protest. Anyone else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder (if I fail to keep my promise to pay), or who signs this Note to transfer it to someone else, also waives these rights. These persons are known as "guarantors, sureties or endorsers."

9. No Waiver by Note Holder

No delay or omission on the part of the Note Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or of any other right or remedy.

10. Giving of Notices

Any notice that must be given to me under this Note will be given by delivering it or by mailing it by certified mail addresses to me at the Property address. A notice will be delivered or mailed to me at a different address if I give the Note Holder written notice of a different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by certified mail to the Note Holder at the address given to me by any Note Holder. A notice will be mailed to the Note Holder at a different address if the Note Holder gives me written notice of a different address.

11. Responsibility of Persons Under This Note

If more than one person signs this Note, each of us is fully and personally obligated to pay the full amount owed and to keep all of the promises made in this Note. Any guarantor, surety or endorser of this Note (as described above) is also obligated to do these things. The Note Holder may enforce its rights under this Note against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note. I may not assign this Note without the express written consent of the Note Holder. Upon such consent, any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this Note, the Mortgage, and the Restrictive Covenants. Any person who takes over the rights or 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 assign this Note without my consent, and in such event the holder of this Note shall succeed to all the rights of and be deemed the Note Holder hereunder.

**IN WITNESS WHEREOF, THIS NOTE HAS BEEN EXECUTED BY THE
UNDERSIGNED BORROWER (S) ON THE DATE FIRST WRITTEN ABOVE.**

(Type name of Borrower)

(Type name of Borrower)

(Type name of Borrower)

(Type name of Borrower)