

**4% DEFERRED  
DOWNPAYMENT ASSISTANCE NOTE**

Today's Date \_\_\_\_\_ At \_\_\_\_\_, Washington

Property Address: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received (the "Loan"), I promise to pay US\$ \_\_\_\_\_ (this amount will be called "principal"), plus interest, to the order of the Lender. The Lender is the Washington State Housing Finance Commission. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder."

**2. INTEREST**

Interest shall accrue hereunder at the rate of four percent (4%) per annum (simple interest with no compounding).

**3. PAYMENTS**

I will pay all principal and interest on the earlier of:

- (a) \_\_\_\_\_, \_\_\_\_\_ (30 years).
- (b) the date on which the Primary Loan is paid in full.
- (c) the date on which I cease to use the property encumbered by the Deed of Trust (the "Property") as my primary residence.
- (d) the date on which the Property (or any interest thereon) is sold or otherwise transferred.
- (e) the date on which the Primary Loan is refinanced.

The earlier of such dates is called the "Maturity Date".

The "Primary Loan" is a loan made by Lender to me secured by a first deed of trust on the Property. However, I may be required to pay this Note in full before the Maturity Date if a default occurs under this Note or the Deed of Trust.

I will make my payment at \_\_\_\_\_,  
\_\_\_\_\_

or at a different place if required by the Note Holder.

#### **4. REQUIREMENTS OF HOME INVESTMENT PARTNERSHIPS PROGRAM**

I hereby acknowledge that this loan is made in part with funding from the U.S. Department of Housing and Urban Development HOME Investment Partnerships Program and is subject to the requirements of that Program (including recapture) stipulated in the Home Recapture Agreement executed by the Borrower, King County and the Washington Housing Finance Authority on this same date.

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

##### **(A) Notice From Note Holder**

If I do not pay any amount when due, the Note Holder may send me a written notice telling me that if I do not pay the amount due by a certain date I will be in default. That date must be at least 10 days after the date on which the notice is mailed to me or, if it is not mailed, 10 days after the date on which it is delivered to me.

##### **(B) Default**

If I do not pay the overdue amount by the date stated in the notice described in (A) above, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount.

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

##### **(C) Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back for all of its costs and expenses to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

#### **6. CERTAIN RESTRICTIONS TERMINATE ON FORECLOSURE OF HUD-INSURED FIRST MORTGAGE**

If any mortgage or deed of trust with priority over the Deed of Trust securing this Note ("first mortgage") secures a loan that is insured by the United States Secretary of Housing and Urban Development ("Secretary"), and if the title to the Property is transferred by foreclosure of the first mortgage or deed-in-lieu of foreclosure thereof, or if the first mortgage is assigned to the Secretary, then any right of the Note Holder to declare the balance due solely because the Property ceases to be my principal residence, shall automatically terminate. Nothing in this Section shall affect the right of the Note Holder to declare the balance due and payable because of a transfer of the Property by foreclosure or deed in lieu thereof.

#### **7. THIS NOTE SECURED BY A DEED OF TRUST**

In addition to the protections given to the Note Holder under this Note, a Deed of Trust, dated the same day as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Deed of Trust 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.

Some of those conditions are described as follows:

##### **(A) Borrower Principal Residence**

I understand that this loan is made with funds provided under an ARCH, King County and Washington State Housing Finance Commission program of down payment assistance for home buyers, the intent of which is to finance the Property only so long as it is my principal residence. I represent that I am using the proceeds of this Note to buy a home which is located at the address

stated above, and that the home is to be used as my principal residence. That home, including land, building and improvements, is called the "Property." I agree that, if at any time the Property is not my principal residence, the Holder shall have the right, at its option, to require me to pay in full all amounts owed on this Note, including principal and accrued interest, on thirty (30) days' notice. However, the Holder shall not exercise this option if such exercise is prohibited by federal law.

**(B) Transfer of the Property or a Beneficial Interest in Borrower**

If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person), Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust, or if Lender has executed a separate written waiver of this option.

If Lender exercises this option, Lender shall give Borrower 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 Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

**8. BORROWER'S PAYMENTS BEFORE THEY ARE DUE**

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in a letter that I am doing so. A prepayment of all the unpaid principal plus all accrued interest is known as a "full prepayment." A prepayment of only part of the unpaid principal is known as a "partial prepayment."

I may make a full or partial prepayment at any time.

Unless applicable law provides otherwise, all payments received by Lender under the Note and Section 1 of the Deed of Trust securing this Note shall be applied by Lender first, to interest on any amounts expended by Lender under Section 7 of the Deed of Trust; next, to repay Lender the principal amount of any expenditures under Sections 5 and 7 of the Deed of Trust; next, to interest accrued on the Note; next, to the principal of the Note; next, to any costs or fees payable by Borrower; next, to any late charges due under the Note; and the remaining balance, if any, to the person or persons entitled thereto. For purposes of the Deed of Trust, "principal" shall include any interest that is added to principal in accordance with the terms of the Note.

**9. BORROWER'S WAIVERS**

I waive my rights to require the Note Holder to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); (C) to obtain an official certification of nonpayment (known as a "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 promises under this Note, or who signs this Note to transfer it to someone else also waives these rights. These persons are known as "guarantors, sureties and endorsers."

**10. GIVING OF NOTICES**

Any notice that must be given to me under this Note may be given by delivering or mailing it by certified mail addressed to me at the Property Address above or by any other manner permitted by applicable law. A notice will be delivered or mailed to me at a different address if I give the Note Holder a notice of my different address. If more than one person is signing this Note then the Holder may send a single notice

addressed to all of those persons unless the Holder has received notice of a different address for one or more of us.

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 stated in Section 3 above. A notice will be mailed to the Note Holder at a different address if I am given a notice of that different address.

**11. RESPONSIBILITY OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each of the signers 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 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. 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. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Note (as described in Section 6 above) is also obligated to keep all of the promises made in this Note.

**12. INTEREST AFTER MATURITY OR ACCELERATION**

After the Maturity Date, or after any earlier date when all principal and interest owing under this Note shall have become due, all amounts owing on this Note, including principal and interest, and costs borne by the Note Holder to secure its interest in the Property, shall bear interest at 12% per annum or the highest rate allowed by applicable law, whichever is less.

**13. TIME**

Time is of the essence of my obligations under this Note.

**NOTICE TO BORROWER:**

**Do not sign this Note if it contains blank fields;  
all blanks should be filled in before you sign.**

**Sign the original only.**

_____	_____
	Date
_____	_____
	Date
_____	_____
	Date

LOAN ORIGINATOR ORGANIZATION: \_\_\_\_\_ NMLSR ID#: \_\_\_\_\_  
INDIVIDUAL LOAN ORIGINATOR NAME: \_\_\_\_\_ NMLSR ID#: \_\_\_\_\_