

**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
HOMENOW  
PROMISSORY NOTE  
(Due-on-Sale Note)**

MERS Telephone #: (888) 679-MERS

MIN: \_\_\_\_\_

MFA HomeNow Loan No: \_\_\_\_\_

Date: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
*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 "Loan"), to the order of the Lender. The Lender is \_\_\_\_\_. 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") that is more fully described in the HomeNow Mortgage and Restrictive Covenants (the "Mortgage") dated the same date as this Note. 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 are due on this Note, but that the Loan must, if not sooner paid, be paid in full upon the sale, transfer or refinance of the Property, subject to the provisions of this Note and the Mortgage. In addition, if the Borrower refinances any other mortgage loan or obtains 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 under the Loan, including payment of the entire balance of the Loan 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/Borrower-Occupied Requirement**

Until the expiration of the Ten (10) year Affordability Period (defined in the Mortgage) or so long as any or all of the Loan is unpaid and outstanding, whichever is later (the "Term"), I will maintain the Property as my principal residence. I further represent and warrant that my family, if any, and I qualified as a "low income family" under the Capital Magnet Fund, 12 U.S.C. 4569 and the federal regulations at 12 CFR Part 1807 at the time the Loan was committed.

#### **4. Term**

The Note is a non-amortizing, 0% interest, forgivable loan with a Ten (10) year term with no payments due provided Borrower is in compliance with Note and Mortgage. If all of the representations, covenants and undertakings expressed in the Note and Mortgage are maintained, the loan will be forgiven at the end of the Affordability Period. In the event that the property is sold or otherwise transferred during the Affordability Period or in the event of another default, Borrower will repay the entire balance of the loan.

#### **5. Borrower's Failure to Pay or Other Default**

##### **(A) Default**

I will be in default under this Note or Mortgage if, after notice and the expiration of the cure period given pursuant to the Mortgage, I remain in breach of any covenant or agreement I made in the Mortgage or this Note, including my covenants to pay any sums when due. 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 will bear interest at the greater of the statutory interest rate or the Default Interest rate as defined below.

##### **(B) Penalty for Overdue Payment**

In an Event of 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 Six Percent (6%) 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 will 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 that is initially a subordinate 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 Prepay**

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 will be applied first against costs of collection, if any, then against any accrued interest, if any, and last against the principal amount outstanding. I understand and agree that

any full or partial Prepayment I may make will not be refunded to me if at the end of the Affordability Period the outstanding balance of the Loan is forgiven.

## **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 will operate as a waiver thereof, and no single or partial exercise of any right or remedy will 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 addressed 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 will 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)

\_\_\_\_\_

\_\_\_\_ (Type name)

\_\_\_\_\_

\_\_\_\_ (Type name)

\_\_\_\_\_

\_\_\_\_ (Type name)

**Organization Name** \_\_\_\_\_

**Organization NMLS #** \_\_\_\_\_

**Loan Originator's Name** \_\_\_\_\_

**Loan Originator NMLS #** \_\_\_\_\_

SAMPLE