

**NEVADA COUNTY  
PERMANENT LOCAL HOUSING ALLOCATION  
PROMISSORY NOTE - SECURED BY A DEED OF TRUST**

**(Amount)**

**Date:** \_\_\_\_\_

**Property Address:**

**FOR VALUE RECEIVED**, the undersigned, **Nevada County Habitat for Humanity**, hereinafter called "Borrower(s)", and all successors and assigns, promise(s) to pay to the order of and for the benefit of Nevada County, hereinafter called "Lender", a political subdivision of the State of California, through its Permanent Local Housing Allocation Program hereinafter called "the Program", or order, at 950 Maidu Avenue, Nevada City, CA 95959, in lawful money of the United States, the principal sum of **Amount (Amount)**, with simple interest on unpaid principal from the date of recordation until paid, at the rate of **zero** percent **(0%)** per annum.

**SECURITY:** This Note evidences the obligation of the Borrower(s) to the Program for the repayment of funds loaned to Borrower(s) for the purpose of assisting in the **acquisition and/or construction** of that certain real property and any improvements thereon; hereinafter called "the Property", described in that certain Deed of Trust securing this indebtedness and dated of even date herewith.

Borrower(s) acknowledge(s) that this Note is given in connection with the purchase of the Property as part of the Permanent Local Housing Allocation (PLHA) Program, and as further governed and subject to that award of funding to the California Department of Housing and Community Development as a State participating jurisdiction, and to Nevada County, as a State Recipient of such funding. Consequently, this Note is not automatically assumable, but is subject to Section 711.5 of the California Civil Code which allows the Program to accelerate all amounts due under this Note if any subsequent sale or transfer of the Property of any kind does not comply with the provisions of this Note, the Deed of Trust securing it, or the PLHA Program Regulations.

**LOAN TERMS:** Borrower(s) agree(s) to pay the indebtedness hereunder as follows:

- a. Be in the face amount of the total loan proceeds, \$Amount
- b. Bear simple interest at the rate of zero percent (0%) per annum;
- c. Be all forgiven upon expiration of the 30-year deed restriction;
- a. The indebtedness evidenced by this Note may be assumed for the remainder of its term only by a person or household determined to be eligible for Lower-Income

Housing under the PLHA Program as set forth by the State of California Health and Safety Code - HSC Section 50079.5, as established by Section 8 of the United States Housing Act of 1937, and as issued by the U.S. Department of Housing and Urban Development and only with Program approval.

- b. If the property is no longer the primary residence of the homeowner due to sale or transfer, Borrower shall ensure one of the following requirements unless it is in conflict with the requirements of another public funding source or law:
  - i. The PLHA loan and any interest thereon shall be repaid to the Local government's PLHA account. The Local government shall reuse the repayments consistent with Section 301 of the California Department of Housing and Community Development 2019 PLHA Final Guidelines; <https://www.hcd.ca.gov/grants-funding/active-funding/docs/PLHA-Final-Guidelines-11-19.pdf>;
  - ii. Or (B) The initial owner and any subsequent owner shall sell the home at an Affordable housing cost to a qualified Lower-Income or Moderate-Income household;
  - iii. Or (C) The homeowner and the Local government shall share the equity in the unit pursuant to an equity-sharing agreement. The grantee shall reuse the proceeds of the equity-sharing agreement consistent with this section.

**BORROWER(S) WARRANTIES:** Borrower(s) acknowledge(s) and understand(s) that this Note evidences a loan being made pursuant to the terms, conditions, and restrictions of the PLHA Program. Further, Borrower(s) understand(s) that the income eligibility restrictions of the PLHA Program must be met as outlined in California Department of Housing and Community Development 2019 PLHA Final Guidelines, Section 302 (6): <https://www.hcd.ca.gov/grants-funding/active-funding/docs/PLHA-Final-Guidelines-11-19.pdf>.

**ACCELERATION ON DEFAULT:** All or any portion of the unpaid principal and interest on this Note shall immediately become due and payable and the Program may proceed at once without further notice to enforce this Note according to law upon the occurrence of any event of default under this Note which remains uncured beyond the deadline set forth in a written notice of said default mailed to Borrower(s), which deadline for cure shall not be less than 30 days from the date of mailing of the notice of default. Borrower agrees to pay all costs and expenses incurred by the Lender in enforcing this Note, including but not limited to reasonable attorney fees, court costs, and other legal expenses. These costs and expenses shall be due and payable immediately upon demand by the Lender and shall be considered part of the outstanding principal and interest under this Note.

**EVENTS OF DEFAULT:** Each of the following occurrences shall constitute an event of default:

- a. Breach of any of the terms of this Note, the Deed of Trust, or the PLHA Program Regulations;
- b. Transfer or attempted transfer of all or any part of Borrower(s)' right, title and/or interest in the Property, by any means or method, including, but not limited to, sale, contract to sell, lease, devise, or the granting of a lien, security interest or other encumbrance, whether voluntary or otherwise, or by operation of law, without the prior written permission of the Program. The restrictions will automatically terminate if the title to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure.
- c. Failure by Borrower(s) assigns to occupy the Property as his/her/their principal place of residence; and
- d. For purposes of this paragraph, the following "transfers" of the Property shall not require the repayment of the Loan:
  - a. Transfer to a spouse due to death of the Borrower or dissolution of marriage.
  - b. Transfer to a legal beneficiary due to death of the Borrower. Legal beneficiary must provide proof of legal standing, and proof of income qualification in compliance with this Note. Legal beneficiary must assume in writing all conditions and requirements hereof which shall remain the same as the original loan.
  - c. Transfer, which, under applicable law, would not, by itself, permit a lender to exercise a due on sale or due on encumbrance clause.
  - d. Transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property

**INCORPORATION BY REFERENCE:** All covenants, conditions and agreements contained in the Deed of Trust and the PLHA regulations are hereby made a part of this Note.

**NO WAIVER OF REMEDIES:** No delay or failure of the holder of this Note in the exercise of any right or remedy hereunder, or under any other agreement which secures or is related hereto, shall effect any such right or remedy, and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof, and no action taken or omitted by the holder shall be deemed a waiver of any such right or remedy.

**WAIVER OF PRESENTMENT:** Each maker, endorser, surety and guarantor of this Note hereby jointly and severally waives demand, protest, presentment, notice of nonpayment, notice of protest, notice of dishonor and diligence in bringing suit against any party and does hereby consent that time of payment of all or any part of said amount may be extended from time to time by the holder hereof without notice. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors.

**NOTICE:** Any notice to the Borrower(s) provided for in this Note shall be given by personal

delivery or by mailing such notice by certified mail addressed to the Borrower(s) at the address stated below, or to such other address as the Borrower(s) may designate by written notice to the Program. Any notice to the Program shall be given by mailing such notice by certified mail, return receipt requested, to the mailing address stated above, or at such other address as may have been designated by written notice to Borrower(s). Mailed notices shall be deemed delivered and received five (10) days after deposit in the United States mail in accordance with this provision.

**SUCCESSORS & ASSIGNS:** This Note shall be binding upon the Borrower(s) and his/her/their successors and assigns.

**COSTS OF ENFORCEMENT:** Borrower(s) hereby agree(s) to pay all costs and expenses, including reasonable attorney's fees, which the holder of this Note may pay or incur in the enforcement of this Note, the Deed of Trust, or any term or provision thereof.

**GOVERNING LAW:** This Note shall be construed in accordance with and be governed by the laws of the State of California.

**SEVERABILITY:** If any provision of this Note shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless, in the sole discretion of the Program, the invalidity, illegality, or unenforceability of the provision negates the Program purpose and/or threatens the security of the Program.

**THE BORROWER(S) HEREBY CERTIFY(IES) TO THE PROGRAM THAT THIS IS THE PROMISSORY NOTE DESCRIBED IN AND SECURED BY THE TRUST DEED COVERING THE REAL PROPERTY THEREIN DESCRIBED.**

EXECUTED AT \_\_\_\_\_, CALIFORNIA

---

**Borrower**

**Address for Purpose of Notice:**

**Borrower Name**  
**Borrower Address**