

**PROMISSORY NOTE
FOR HOME PROGRAM
FIRST TIME HOME BUYER LOAN
SECURED BY DEED OF TRUST**

Borrower: _____

Property Address: _____

Lender: _____ County of Monterey

Principal Amount: \$ _____

Date: _____, _____

The Borrower, _____, ("Borrower") for value received, promises to pay to the COUNTY OF MONTEREY ("Holder"), c/o Economic Development Department, at 168 W. Alisal St., 3d Floor, Salinas, California 93901, or any other place designated in a writing submitted by Holder to Borrower, the principal sum of _____ Dollars (\$ _____ .00) (the "Loan") according to the terms contained in this promissory note (the "Note").

1. Use of Funds: The Loan is being made in order to assist Borrower in purchasing the property at the address above (the "Property").

2. Security: This Note is secured by a Deed of Trust on the Property dated the same date as this Note (the "Deed of Trust").

3. Term: Unless called sooner, pursuant to Paragraph 7, this Note shall be for a term of thirty (30) years, beginning on the date of execution of this Note (the "Term"), and at the end of which all unpaid principal and interest remaining will be due and payable.

4. Interest: This Note shall accrue simple interest at 3% (three percent) on the unpaid principal balance from the date of this Note.

5. Payments:

(a) Deferral Period. Borrower shall not be required to make payments owed under this Note so long as the Borrower resides in the Property and complies with all terms and conditions contained in the First Time Home Buyer Loan Agreement, Deed of Trust and Security Agreement, and Buyer's Occupancy and Financing Restrictions Agreement (collectively, "Loan Agreements"), entered into between Holder and Borrower, pursuant to the County's First Time Home Buyer Program, as described in the First Time Home Buyer Manual adopted on December 13, 2011.

(b) Repayment in Event of Permitted Sales. Notwithstanding the provisions of subsection (a), above, the total amount of the principal and interest owed under this Note shall immediately become due and payable in the event of a voluntary Transfer ("Permitted Sale") as defined in the Loan Agreement, by the Borrower under this Note or the Deed of Trust and whether by deed, contract of sale, gift, devise, bequest or otherwise. Said Permitted Sale requires prior notification to the County.

(c) Repayment in Event of Default. Notwithstanding the provisions of subsections (a) and (b), above, the total amount of the principal and interest owed under this Note shall immediately become due and payable (i) in the event of a default by the Borrower under the Loan Agreement, or (ii) on the date Transfer, as defined below, is made whether voluntarily, involuntarily, or by operation of law and whether by deed, contract of sale, gift, devise, bequest or otherwise, except with the prior approval of the Holder. Failure to declare such amounts due shall not constitute a waiver on the part of the Holder to declare them due in the event of a subsequent Transfer.

As used herein, "Transfer" shall mean any sale, assignment or transfer, voluntary or involuntary, of any interest in the Property without the express written permission of the Holder, including, but not limited to, a fee simple interest, a joint tenancy interest, tenancy in common interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the Property is transferred and the Borrower retains title unless as provided below. Borrower shall be allowed by the Holder to add or delete spouses to title by reason of marriage, death or divorce. Borrower shall notify Holder of any such proposed change to title and, if the change is to add a spouse to title, Borrower's spouse shall execute an agreement to be bound by the terms of this Agreement prepared by Holder prior to the addition to title. The Property may be transferred into a trust, but only if the trust is a revocable living trust where the owner is the trustor. The disposition of the Property through such a trust is subject to the same terms and conditions as stated above, including restrictions on the occupancy and financing of the unit. Children or potential heirs may not be added to title during the pendency of these restrictions. Any Transfer without satisfaction of the provisions of this Note is prohibited.

6. Prepayment: The principal and accrued interest owing on the loan may be prepaid in part or in whole at any time during the term of the Loan.

7. Acceleration: The principal and interest due thereon stated in this Note shall become all due and payable upon any Transfer or default under the Loan Agreement.

8. Default: The Borrower shall be in default under this Note if he or she (i) breaches any term or condition of the Loan Agreement; (ii) fails to pay any money when due under this Note; (iii) breaches any representation or covenant made in this Note; or (iv) breaches any provision of the Deed of Trust.

9. Giving of Notice: Any notice, demand or communication under, or in connection with, this Note may be served by personal service, by electronic transmission, by facsimile or by mailing the same by certified mail in the United States Post Office, postage prepaid, and directed to:

Holder: County of Monterey
Attn: Director, Economic Development
168 W. Alisal Street, 3d Floor
Salinas, California 93901

Borrower: _____

Notice shall be deemed satisfied within one (1) business day if provided by personal service, by electronic transmission or by facsimile. Notice shall be deemed satisfied within three (3) business days if provided by certified mail. Either Holder or Borrower may change such address by notifying the other Party in writing as to such new address as Holder or Borrower may desire used and which address shall constitute as the address until further written notice.

10. Subordination: The Deed of Trust securing this Note shall not be in less than second position to any other mortgage, lien or financing.

11. Attorney's fees: Borrower(s) agrees to pay the following costs, expenses, and attorney's fees paid or incurred by the Holder. If the Holder brings any action or proceeding in connection with the enforcement or collection of this Note, the Prevailing Party (as hereafter defined) in any such proceeding, action or appeal thereon, shall be entitled to reasonable attorney's fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, the party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney's fees reasonably incurred.

In addition to the foregoing award of attorney's fees, the Holder shall be entitled to its attorneys fees incurred in any post judgment proceedings to enforce any judgment in connection with this Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

12. No Waiver by Holder: Failure by Holder to pursue its legal and equitable remedies upon Borrower's default shall not constitute a waiver of Holder's right to declare a default and exercise all of its rights under this Note or the Deed of Trust. Failure to declare amounts due shall not constitute a waiver on the part of Holder of the right to declare them due in the event of any subsequent Transfer. Nor shall acceptance by Holder of any payment provided for herein constitute a waiver of Holder's right to require prompt payment of any remaining principal owed. A waiver of any term of the Note must be made in writing and shall be limited to the express written terms of such waiver.

13. No Offset: Borrower hereby waives any rights of offset it now has or may hereafter have against Holder, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

14. Waiver: Borrower and any endorsers or guarantors of this Note, for themselves, their heirs, legal representatives, successors and assigns, respectively, severally waive diligence, presentment, protest, and demand, and notice of protest, notice of dishonor and notice of non-payment of this Note, and expressly waive any rights to be released by reason of any extension of time or change in terms of payment, or change, alteration or release of any security given for the payments hereof, and expressly waive the right to plead any and all statutes of limitations as a defense to any demand on this Note or agreement to pay the same, and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys' fees.

15. 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.

16. Entire Agreement: This Note (along with the Deed of Trust, Loan Agreement, and Buyer's Occupancy and Refinancing Restrictions) sets forth the entire understanding and agreement of the Holder and the Borrower and any amendment, alteration or interpretation of this Note must be in a writing signed by both the Holder and the Borrower.

BORROWER: _____
