

## PROMISSORY NOTE

US \$ \_\_\_\_\_

As of \_\_\_\_\_, 20\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned (“**Borrower**”) promises to pay to the order of Mississippi Home Corporation, a governmental instrumentality duly created, organized and existing under the laws of the State of Mississippi (“**Payee**”) (Payee and any subsequent holder of this Note are referred to herein as “**Holder**”), the principal sum of \_\_\_\_\_ **Hundred Thousand and 00/100 Dollars (US \$\_\_\_\_\_)**.

1. **Defined Terms.** In addition to defined terms found elsewhere in this Note, as used in this Note, the following definitions shall apply:

**Business Day:** Any day other than a Saturday, Sunday or any other day on which Holder is not open for business.

**Default Rate:** The rate of \_\_\_\_%.

**Indebtedness:** The principal of, interest on, or any other amounts due at any time under, this Note, the Security Instrument or any other Loan Document, including prepayment premiums, late charges, default interest, and advances to protect the security of the Security Instrument.

**Loan Documents:** This Note, the Security Instrument, the Guaranty, the MHC Participation Agreement and the Grantee and Blight Partner Participation Agreement.

**Maturity Date:** The first (1<sup>st</sup>) day of \_\_\_\_\_, 20\_\_\_\_, or any earlier date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise.

**Property Jurisdiction:** The jurisdiction in which the Mortgaged Property (as defined in the Security Instrument) is located.

**Security Instrument:** A deed of trust dated as of the date of this Note.

2. **Address for Payment.** All payments due under this Note shall be payable at 735 Riverside Drive, Jackson, Mississippi 39202, or such other place as may be designated by written notice to Borrower from or on behalf of Holder.

3. **The Loan; Blight Elimination Program.** The Loan evidenced by this Promissory Note is made by Lender to Borrower under Lender’s Blight Elimination Program (the “**Program**”), which is administered by the Lender pursuant to sections 101 and 109 of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, and the Program guidelines established and implemented by the Lender in connection therewith.

**4. Conditions to Lender's Agreement to Advance the Loan Proceeds.** The Lender's agreement to advance the Loan to Borrower is conditioned upon the Borrower's compliance with the terms of the Loan Document, the Program Compliance Manual and other regulations and requirements, continued eligibility to participate in the Program and the availability of federal funds from the U.S. Treasury.

**5. Interest.** The interest on this Promissory Note shall be zero percent (0%) per annum, provided, however, that the interest rate shall be the Default Rate upon the occurrence and continuance of an Event of Default (as defined in the Security Instrument).

**6. Repayment; Forgiveness.**

(a) The Loan shall be forgiven in annual increments of thirty three and 1/3 (33 1/3 %) per year over a three (3) year period, so long as the Borrower meets all terms and conditions of the Loan (including those set forth in the Program Compliance Manual). If the Loan has not been forgiven by the Maturity Date, Borrower shall repay the Indebtedness, or the balance of the Indebtedness not forgiven, in full on the Maturity Date.

(b) If the Property is sold or refinanced at any time before the Maturity Date, the Indebtedness, or the balance of the Indebtedness not forgiven, shall become immediately due and payable in full without notice or demand. If the Lender determines that the equity proceeds from the sale or refinancing are not sufficient to repay the balance of the Indebtedness, the Lender in its sole discretion may forgive the balance of the Indebtedness in excess of the available equity proceeds.

**7. Payments.** Unless payment is accelerated to immediate maturity as herein provided, payments, the entire unpaid principal balance shall be paid on the Maturity Date. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full.

**8. Application of Payments.** If at any time Holder receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, or receives prepayments, Holder may apply that payment to amounts then due and payable in any manner and in any order determined by Holder, in Holder's discretion. Borrower agrees that neither Holder's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Holder's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

**9. Security.** The Indebtedness is secured by, among other things, the Security Instrument and the Loan Documents, and reference is made to the Security Instrument for other rights of Holder concerning the collateral for the Indebtedness.

**10. Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Holder, without any prior notice to Borrower. Holder may exercise this option to accelerate regardless of any prior forbearance.

**11. Late Charge.** If any payment due hereunder is not received by Holder, in addition to all sums otherwise due and payable, a late fee shall be due in the amount of \$\_\_\_\_\_. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Holder will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 12.

**12. Default Rate.** So long as any payment due under this Note remains past due, interest under this Note shall accrue on the unpaid principal balance from the date of the first unpaid monthly installment or other payment due, as applicable, at the Default Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower acknowledges that its failure to make timely payments will cause Holder to incur additional expenses in servicing and processing the Loan and that Holder will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Holder's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any payment due under this Note is delinquent, Holder's risk of nonpayment of this Note will be materially increased and Holder is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Holder will incur by reason of the Borrower's delinquent payment and the additional compensation Holder is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

**13. Costs and Expenses.** Borrower shall pay on demand all expenses and costs, including fees and expenses of attorneys and expert witnesses and costs of investigation, incurred by Holder as a result of any default under this Note or the Loan Documents or in connection with efforts to collect any amount due under this Note or to protect its collateral, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

**14. Forbearance.** Any forbearance by Holder in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Holder of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Holder's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Holder of any security for Borrower's obligations under this Note shall not constitute an election by Holder of remedies so as to preclude the exercise of any other right or remedy available to Holder.

**15. Waivers.** Maker, for itself and its successors and assigns and all endorsers, sureties and guarantors, if any hereby waives present for payment, demand, protest, notice of

non-payment or dishonor, and of protest any and all other notices and demands whatsoever, and agrees to remain bound to Holder until the interest and principal evidenced by this Note and any other sum payable in connection herewith are paid in full notwithstanding any extension or extensions of time for payment which may be granted, even though the period of the extension may be indefinite, and notwithstanding any inaction by or failure to assert any legal or other right available to Holder. Maker, for itself and its successors and assigns, and all endorsers, sureties and guarantors, if any, agrees further that this Note and the obligations evidenced hereby may be extended from time to time by Holder, and further assents to any other action or inaction by Holder all without in any way modifying, altering, releasing, affecting or limiting the liability of Maker or such endorsers, sureties and guarantors.

**16. Loan Charges.** Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Holder in excess of the permitted amounts shall be applied by Holder to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

**17. Commercial Purpose.** Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

**18. Construction.** Wherever possible, each provision of this Note shall be interpreted in a such a manner as to be effective and valid under applicable law, but if an provision of this Note shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Note.

**19. Counting of Days.** Except where otherwise specifically provided, any reference in this Note to a period of “days” means calendar days, not Business Days.

**20. Governing Law.** This Note shall be governed by Mississippi law.

**21. Captions.** The captions of the sections of this Note are for convenience only and shall be disregarded in construing this Note.

**22. Notices.** All notices, demands and other communications required or permitted to be given by Holder to Borrower pursuant to this Note shall be given in accordance with the notice section of the Security Instrument.

**23. Consent to Jurisdiction and Venue.** Borrower agrees that any controversy arising under or in relation to this Note shall be litigated in the Property Jurisdiction; provided, however, that at the sole discretion of Holder, Holder may institute proceedings in or transfer proceedings to the Federal and State courts in Hinds County, Mississippi. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

**24. Amendments.** This Note may not be modified except by express written agreement signed by Maker and Holder hereof, or by their respective successors or assigns.

**25. Guaranty.** By executing this Note, the Guarantor agrees to be bound by its terms as well as by the terms of the Guarantor executed simultaneously herewith. Guarantor also acknowledges that its obligations hereunder are joint and several obligations of the Borrower and Guarantor and their respective successors and assigns.

**IN WITNESS WHEREOF**, Borrower has signed and delivered this Note or has caused this Note to be signed and delivered by its duly authorized representative.

**BORROWER:**

\_\_\_\_\_

**BY:** \_\_\_\_\_

**ITS:** \_\_\_\_\_

**GUARANTOR:**

\_\_\_\_\_

**BY:** \_\_\_\_\_

**ITS:** \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Personally appeared before me, the undersigned authority in and for the said county and state, on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, within my jurisdiction, the within named \_\_\_\_\_, who acknowledged that he/she is the \_\_\_\_\_ of \_\_\_\_\_, a Mississippi \_\_\_\_\_, and that for and on behalf of said \_\_\_\_\_ and as its act and deed, he/she executed the above and foregoing instrument, after first having been duly authorized by said company so to do.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

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[S E A L]