

**** THIS IS A SAMPLE DOCUMENT. THIS MAY NOT REPRESENT A FINAL FORM OF DOCUMENT. THE CITY RESERVES THE RIGHT TO REVISE ALL DOCUMENTS AT ANY TIME. ****

**CITY PROMISSORY NOTE
(ACQUISITION, REHABILITATION AND RESALE LOAN FUND)**

\$ _____

Charlotte, North Carolina
_____, 2024

FOR VALUE RECEIVED, the receipt of which is hereby acknowledged, _____, a North Carolina nonprofit corporation (the “Borrower”) promises to pay to the **CITY OF CHARLOTTE, NORTH CAROLINA** (“City”), or order, at 600 East Trade Street, Charlotte, North Carolina 28202, the principal sum of _____ **and xx/100 Dollars** (\$ _____) or such lesser amount as has actually been advanced to or for the Borrower’s acquisition of a Property (as more particularly described in the City Deed of Trust) pursuant to the Acquisition, Rehabilitation and Resell Development Agreement between Borrower and City dated _____, 2024 (the “Agreement”), at the rate of **Zero percent (0%) per annum simple interest**.

All payments shall be deferred until the earlier to occur of the following events (the “Maturity Date”):

- A. Upon the Borrower’s sale of the Property described in the City Deed of Trust to an Ultimate Purchaser (as defined in the Agreement) for the purposes described in the Contract;
- B. Upon any default (or if a cure period is allowable, upon the expiration of any allowable period of cure) hereunder, under the Agreement, the Program Guidelines, the City Deed of Trust, the Restrictive Covenants Agreement, or any other document evidencing and securing this loan, the terms of all of which are incorporated herein by reference, as more particularly provided herein below;
- C. The Project is transferred, conveyed, leased, without the City’s prior written consent;
- D. If the Project cannot be completed as approved by the City for any reason, including lack of alternative financing sources; or
- E. _____, 202[] [ONE YEAR FROM DATE OF LOAN CLOSING].

All payments hereunder shall be applied first to amounts advanced by City to protect the security hereof, then to late charges and interest on the unpaid principal balance and then to reduction of principal.

The indebtedness evidenced by this Note may be prepaid, in whole or in part, at any time without penalty.

This Note is secured by a City Deed of Trust dated _____, 2024, executed and delivered by Borrower for the benefit of City which has been duly recorded in the office of the Register of Deeds of Mecklenburg County, North Carolina delivered by Borrower to City and UCC-1 financing statements have been duly recorded in the office of the Register of Deeds of Mecklenburg County, North Carolina and the Office of the Secretary of State of North Carolina.

Upon any default hereunder beyond any applicable cure periods, under the terms of the Agreement, or under the City Deed of Trust, interest under this Note shall revert retroactively to a rate of seven percent (7%) per annum, and City shall have the right at its option and election, to accelerate the indebtedness evidenced by this Note and declare the entire principal balance immediately due and payable in full. Upon such acceleration by City, Borrower promises to pay the full principal amount unpaid hereunder in accordance with the terms of the Agreement, together with all costs and expenses incurred in connection with the collection or attempted collection hereof and the protection of the security hereof of thereof, including reasonable attorney's fees, whether or not suit is actually commenced.

Borrower agrees to pay all principal and interest and in addition to pay all costs of collection, including reasonable attorneys' fees and all costs of suit, when the unpaid principal sum of this Note or any payment of principal or interest, or premium, is not paid when due, or when it becomes necessary to protect the security for the indebtedness evidenced hereby, or for the foreclosure instituted by City or other holder under the City Deed of Trust or when City or other holder is made party to or affected by any litigation because of the existence of the indebtedness evidenced by this Note, or when the property which is security for this Note becomes subject to the jurisdiction of a bankruptcy court. This obligation shall exist regardless of whether or not suit is actually commenced.

In addition to the foregoing remedies, if City discovers (a) that Borrower has committed any act of fraud or made any false representations in any proposal to the City in connection with the Agreement or in any other statements to the City or any other documents related to the development of the Lot or other lots as described in the Agreement or (b) that Borrower has failed to timely fulfill its responsibilities in accordance with the Agreement, the City may, in its sole discretion, immediately recapture and repossess the Lot and other lots sold to Borrower (the "Recapture Remedies"). Borrower agrees that the City shall have and may exercise these Recapture Remedies, in addition to the foregoing remedies, any remedies provided in the Agreement, and any remedies provided in the City Deed of Trust, and that if the City exercises such Recapture Remedies, Borrower shall waive any rights to avoid foreclosure and any other rights Borrower may have to avoid a recapture and foreclosure under N.C. Gen. Stat. §45-21.1 *et seq.*, and Borrower will also agree to convey to the City a deed in lieu of such foreclosure to the Lot and any and all other lots affected and recaptured by the City.

The parties hereto have intended in good faith to comply with all applicable usury laws. Notwithstanding anything to the contrary contained in this Note or the Agreement, Borrower shall not be obligated or required to pay interest at a rate which would subject City to either criminal or civil liability. If, by the terms of this Note, Borrower at any time is required or obligated to pay interest on the principal made available to Borrower in an amount or at a rate in excess of the applicable legal maximum, the interest due to City shall be immediately and automatically reduced to such maximum, the interest payable shall be computed at such maximum rate, and all prior interest payments in excess of such lawful maximum shall be immediately and automatically applied, and shall be deemed to have been treated as having been applied at the time of receipt, in reduction of the principal balance due under this Note.

No delays on the part of City in exercising any right hereunder or under the Agreement shall operate as a waiver thereof or preclude the exercise thereof at any time during the continuance of any default or during the continuance of any subsequent default.

This Note may not be modified or terminated orally.

This Note shall be construed and enforced in accordance with the laws of North Carolina.

[Signatures Begin on Succeeding Page]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed under seal as of the day and year first above written.

BORROWER:

a North Carolina nonprofit corporation

By: _____ (SEAL)

Name:

Title: Executive Director

SAMPLE