

**COMMUNITY DEVELOPMENT BLOCK GRANT – UPPER STORY RENTAL
HOUSING CONVERSION PROGRAM (“CDBG-UPPER STORY”)
PROMISSORY NOTE (THE “CDBG-UPPER STORY NOTE”)**

CDBG-Upper Story CONTRACT: Contract Number _____, dated as of the
Contract Effective Date, by and between _____
_____, an Iowa _____, and the _____
_____ (the “Lender”)

PROJECT NAME: _____, located in _____, Iowa

LOAN AMOUNT: \$ _____

MATURITY DATE: 3(Three) years from the receipt of the Certificate of
Occupancy (CO) or a letter from the city stating the building is
complete and complies with all the State of Iowa building
codes and considered livable, if a CO is not issued. (Period of
Affordability).

FOR VALUE RECEIVED, the undersigned (hereafter called the “Maker”) promises
as of the CDBG-Upper Story Program Development Agreement Effective Date (the date
the program development agreement is executed by the Lender) to pay to the order of
the _____ (hereafter called the “Payee”), at its offices at _____
_____, or upon notice to the Maker, at such other place as may be
designated from time to time by the holder, the principal sum of _____
_____ Dollars (\$ _____), or, if less, the aggregate unpaid principal amount of such
portion thereof as shall have been advanced by the Payee to the Maker pursuant to the
Community Development Block Grant-Upper Story Program Development Agreement
between the Payee and the Maker (the “CDBG-Upper Story Contract”). Repayment to
be forgiven on the “Maturity Date”, unless repayment is required due to an Event of
Default described in the CDBG-Upper Story Contract.

1. **Payments.** All payments under this CDBG-Upper Story Note shall be
applied in this order: (1) to interest, if applicable, and (2) to principal.

2. **CDBG-Upper Story Contract; Acceleration Upon Default.** This CDBG-
Upper Story Note is issued by the Maker to evidence an obligation to repay a loan
according to the terms of the CDBG-Upper Story Contract and, at the election of the
holder of this CDBG-Upper Story Note, without notice to the Maker, shall become
immediately due and payable in the event any payment is not made when due or upon
the occurrence of any event of default under the terms of the CDBG-Upper Story Contract,
any security agreement securing repayment of this CDBG-Upper Story Note, including
the mortgage dated _____ (the “Mortgage”) and the assignment of leases and
rents dated _____ (the “Assignment of Rents”), or the Agreement for Covenants
and Restrictions delivered by Borrower to Lender and dated _____ (the

“Covenants”) (the Mortgage, the Assignment of Rents, this CDBG-Upper Story Note, the CDBG-Upper Story Contract, and the Covenants are hereinafter referred to as the “Loan Documents”).

3. **Security.** Payment of this CDBG-Upper Story Note will be secured before each disbursement of funds by recording a mortgage and an assignment of leases and rents issued pursuant to the CDBG-Upper Story Contract. The holder of the CDBG-Upper Story Note and any mortgage or assignment of leases and rents is entitled to the benefits of the security described therein.

In case of a decline in the market value of the collateral, or any part thereof, the Payee may demand that additional collateral of quality and value satisfactory to holder be delivered, pledged, and transferred to holder.

4. **Waiver.** No delay or omission on the part of the Payee in exercising any right under this CDBG-Upper Story Note shall operate as a waiver of that right or of any other right under this CDBG-Upper Story Note. A Waiver on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy on any future occasion.

5. **Waiver of Protest.** Each maker, surety, endorser, and guarantor of this CDBG-Upper Story Note expressly waives presentment, protest, demand, notice of dishonor or default, and notice of any kind with respect to this CDBG-Upper Story Note.

6. **Costs.** The Maker will pay on demand all costs incurred by holder or Payee, including, but not limited to costs of collection, costs for maintenance of collateral, legal expenses, and attorney fees incurred or paid by the holder in collecting and/or enforcing this CDBG-Upper Story Note on default.

7. **Meaning of Terms.** As used in this CDBG-Upper Story Note, “holder” shall mean the Payee or other endorsee of this CDBG-Upper Story Note, who is in possession of it, or the bearer hereof, if this CDBG-Upper Story Note is at the time payable to the bearer. The word “Maker” shall mean each of the undersigned. If this CDBG-Upper Story Note is signed by more than one person or entity, it shall be the joint and several liabilities of such persons or entities.

8. **Captions.** The captions of the paragraphs in this CDBG-Upper Story Note are for the convenience of reference only, shall not define or limit the provisions hereof and shall not have any legal or other significance whatsoever.

9. **Governing Law.** This CDBG-Upper Story Note shall be governed and construed in accordance with the laws of the State of Iowa.

Remainder of This Page Intentionally Left Blank
[Signature Page Follows]

MAKER:

By: _____

Its: _____

Date: _____

Address: _____

Telephone: _____

Attested to by:

By: _____

Date: _____