

**DEKALB HOME SECOND MORTGAGE PROGRAM
LOAN AGREEMENT**

This Loan Agreement is executed _____, 2016 between _____ “Borrower(s)”) and Atlanta Neighborhood Development Partnership, Inc (“Lender”).

RECITALS:

A. Borrower has applied to Lender for a loan (the “Loan”) to assist Borrower in purchasing a single-family home that will be Borrower’s principal residence, which home is located at _____, _____, GA [Zip] (the “Property”). The Loan is being made under the DeKalb County HOME Second Mortgage Program, which is implemented by the Atlanta Neighborhood Development Partnership, Inc. (ANDP).

B. This Agreement will set forth the parties’ agreements relating to the Loan. For good and valuable consideration, including the making of the Loan, the parties agree as follows:

1. The Loan.

(a) Terms and Security. The Loan amount shall be \$_____. and the Loan is a deferred payment loan. The payment terms, interest rate, and other requirements are specifically set forth in the Promissory Note from Borrower to Lender for the Loan amount (the “Note”), which will be executed contemporaneously with this Agreement or at the closing of the purchase of the Property (the “Closing”). The terms of the Note are incorporated in this Agreement by reference. The payment of the Note shall be secured by a Deed to Secure Debt (the “Deed”) from Borrower to Lender for the Property.

(b) Conditions for Closing and Disbursement. Lender shall not be obligated to close the Loan or disburse any of the Loan proceeds until it has received a copy of the sales contract for the Property, a satisfactory appraisal, confirmation of other funds needed to complete the purchase, and satisfactory proof or confirmation of satisfaction of all other DeKalb HOME Second Mortgage Program requirements and the NSP regulations.

2. Use of Loan Proceeds. Borrower shall use the Loan proceeds, first, for all or part of the principal reduction on the purchase of Property and second for closing cost up to \$0.

3. Restrictions.

(a) Use and Transfer Restrictions. During the entire “Affordability Period” (as defined below), Borrower or Borrower’s family shall continuously use and occupy the Property as its principal residence. Borrower shall not lease or voluntarily sell or transfer all or any part of the Property or any interest in the Property during the Affordability Period. Any abandonment of the Property, the filing of a bankruptcy petition by or against Borrower,

or other breach of this covenant shall be an “Event of Default.” As used in this section, “family” has the same meaning as in the HOME regulations (currently found at 24 CFR §92.1 *et seq.*) and the “Affordability Period” is the period starting on the date of the Deed and continuing for 5-1/2 years or 10 years from that date as indicated below. If this covenant is breached before the expiration of the Affordability Period or if Borrower refinances the debt on the Property, the percentage of the Loan amount set forth below shall be subject to recapture by Lender. This loan is subject to the following “Affordability Period” selected below:

5- ½ years “Affordability Period”

100% within the first 18 months of the Affordability period
80% from the beginning of the 19th month through the end of the 30th month
60% from the beginning of the 31st month through the end of the 42nd month
40% from the beginning of the 43rd month through the end of the 54th month
20% from the beginning of the 55th month through the end of the 66th month

Or

10 years “Affordability Period”

Before first Anniversary (months 1-12 of the affordability period)	100%
From first Anniversary and before second Anniversary (months 13-24 th)	90%
From second Anniversary and before third Anniversary (months 25-36 th)	80%
From third Anniversary and before fourth Anniversary (months 37-48 th)	70%
From fourth Anniversary and before fifth Anniversary (months 49-60 nd)	60%
From fifth Anniversary and before sixth Anniversary (months 61-72 th)	50%
From sixth Anniversary and before seventh Anniversary (months 73-84 th)	40%
From seventh Anniversary and before eighth Anniversary (months 85-96 th)	30%
From eighth Anniversary and before ninth Anniversary (months 97-109 th)	20%
From ninth Anniversary and before tenth Anniversary (months 110-121 st)	10%
0% after the 121 th month of the affordability period	

(b) Foreclosure and Revival of Restrictions. Subject to the remainder of this section, if there is an assignment of an FHA mortgage to HUD, or a VA mortgage to the Veterans Administration, or if a person forecloses Borrower's interest in the Property or takes a deed in lieu of foreclosure and such person's mortgage or security deed was prior to the Deed, the restrictions and covenants in this section shall terminate and no longer affect the Property. Notwithstanding such a foreclosure or deed in lieu of foreclosure, however, the covenants and restrictions in the Deed and this section shall be revived and shall remain in force for the remainder of the Affordability Period when and if the owner of record before such foreclosure acquires or obtains any ownership interest in the Property at any time during the Affordability Period.

4. Inspections. Until the Loan is paid in full, Borrower shall permit Lender or its representatives to enter upon the Property to inspect the Property. This provision shall not impose upon Lender any obligation to inspect the Property or any liability for the failure to detect any defect or problem with the Property or for the failure to act with respect to any such defect or problem.

5. Federal Requirements. Borrower shall comply with all regulations governing the HOME Program and all DeKalb HOME Second Mortgage requirements, and the failure to do so shall be an Event of Default. Borrower acknowledges and agrees that the following HOME requirements apply to the Loan: (a) Borrower's total household income cannot exceed 80% of the area median income (b) upon purchase of the Property and during the Affordability Period, Borrower must have fee simple title to the Property; (c) the Property must be the principal residence of Borrower; (d) the Property must comply with all environmental law, rules, and regulations; (e) Borrower must comply with the insurance requirements set forth in the Deed, including obtaining and maintaining fire and hazard insurance on the Property in an amount sufficient to cover the amount of the Loan and any other mortgage encumbering the Property.

6. Indemnification. Borrower shall indemnify Lender, and its officials, officers, agents, and employees against all claims, liabilities, losses, costs, or expenses caused by the performance of this Agreement.

7. Borrower's Representations and Warranties. Borrower warrants and represents as follows (and acknowledges that all of these warranties and representations are material): (a) The matters contained in the Application for the Loan were true and complete in all material respects as of the date of filing and remain true and complete now. (b) No official, officer, agent, or employee of Lender or any member of the immediate family of such person has any interest in this Agreement or any proceeds or benefits from it or the Property. (c) Borrower is not presently debarred, suspended, proposed for debarment, suspension, declared ineligible, or voluntarily excluded from participation in this transaction or the HOME Program by any federal department or agency. (d) Borrower will be the owner in fee simple of the Property and will use it as Borrower's principal residence. (e) All representations and warranties made in this Agreement shall survive the closing of the Loan and the closing of the purchase of the Property.

8. Event of Default. In addition to any other "Events of Default" set forth elsewhere in this Agreement, the following shall constitute Events of Default under this Agreement: (a) Borrower's breach of any covenant under this Agreement, including Borrower's failure to occupy the Property as Borrower's principal residence; (b) a default under the Note or Deed; (c) any warranty or representation in this Agreement is false or materially misleading; or (d) Borrower files or has filed against Borrower any bankruptcy proceeding.

9. Remedies. If an Event of Default occurs, Lender may, in its sole discretion, pursue any or all of the following remedies: (a) immediately suspend or terminate this Agreement; (b) declare the Note immediately due and payable and institute proceedings for its collection; (c) exercise any and all rights under the Deed; and (d) take any other action in law or equity. Lender's rights and remedies under this Agreement, the Note, and the Deed are cumulative. Any election of any right or remedy will not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

10. Miscellaneous.

(a) As used in this Agreement, "Borrower" shall mean all persons signing this Agreement and borrowing money from Lender. The word "including" means "including (but not limited to)" unless specifically stated to the contrary.

(b) This Agreement shall be construed, interpreted, and enforced in accordance with Georgia law.

(c) All notices required under this Agreement shall be in writing and addressed to Borrower at the Property address and to Lender at 229 Peachtree Street, NE, Suite 705, 7th Floor, Atlanta, GA 30303, attn: Housing Development. Notice shall be mailed by certified mail, return receipt requested, postage properly prepaid, or hand delivered. Notice shall be deemed given, received, and effective 3 days from the date of mailing or on the date of delivery. Either party may change the address for notice by giving the other party notice of the new address in compliance with this section.

(d) This Agreement, the Note, and the Deed contain the entire agreement between the parties relating to the subject matter of this Agreement.

(e) This Agreement will inure to the benefit of and be binding upon the parties and their successors, representatives, and assigns.

(f) Borrower agrees to perform any and all further acts and to execute and deliver any and all additional documents which may be reasonably necessary to carry out the terms of this Agreement or correctly set forth the terms of this Agreement.

(g) Borrower may not assign any right, benefit, or obligation of Borrower under this Agreement without Lender's prior written approval, which Lender may grant or deny in its sole and absolute discretion.

(h) Neither party is an agent or representative of the other. Borrower is solely responsible for procuring and providing all personnel, facilities, materials, and services necessary to perform Borrower's obligations under this Agreement. Nothing in this Agreement shall be construed to create a partnership or joint venture between the Borrower and Lender, and Borrower acknowledges and agrees that the sole relationship of the parties is that of borrower and lender.

IN WITNESS WHEREOF, the parties have executed this Agreement on the above date.

BORROWER:

[Insert Name]

BORROWER:

SELLER:

ATLANTA NEIGHBORHOOD
DEVELOPMENT PARTNERSHIP,
INC.

By: _____

Name:

Title: