

**Exhibit B**

**FIRST TIME HOME BUYERS PROGRAM**

**PROMISSORY NOTE**

Secured by a Subordinate Second Mortgage

\_\_\_\_\_  
[Date]

\_\_\_\_\_  
[City or Village]

\_\_\_\_\_  
[State]

\_\_\_\_\_, (the "Property")  
\_\_\_\_\_  
[Property Address]

**1. BORROWER'S PROMISE TO PAY**

I/We **Insert Name(s), Insert marital status** (collectively "Borrower"), in return for a loan in the amount of **\$1,000** that we have received (the "Loan") from the **COUNTY OF LAKE** ("Lender"), through its First Time Homebuyers Program, promise to pay to the order of Lender **\$1,000** (this amount is called "principal balance") on the Maturity Date (as defined in this Note). Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

(A) Loan Authority

The Loan evidenced by this Note is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder [(Title II, the Cranston-Gonzalez National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), 24 C.F.R. Part 92).]

(B) Use of Funds

The Loan is being made in order to assist me with the purchase of the Property under Lender's First Time Home Buyer's Program.

I/We represent to Lender that the true and actual sales price of the Property is **\$** \_\_\_\_\_ and we intend to occupy the Property as our principal residence; and that we qualify as "borrowers" under the guidelines that Lender has established for participation in the First Time Home Buyers Program.

2. **INTEREST**

There will be no interest charged on this Loan provided the principal balance is paid in full on the Maturity Date. If the principal balance is not paid on the Maturity Date, interest at the rate of six percent (6 %) per annum shall be due ("Default Interest") which Default Interest shall accrue and be paid to Lender (together with all costs and expenses of collection, including reasonable attorneys fees) prior to Lender's release of the Subordinate Mortgage (as herein defined).

3. **PAYMENT ON MATURITY DATE**

We agree to pay the total principal balance of this Note on the Maturity Date. The Maturity Date shall be the date upon which: (i) all or any part of the Property, or any interest in the Property, is sold or transferred; (ii) we cease to occupy the Property as our principal place of residence; (iii) any default occurs under the Subordinate Mortgage, which default remains uncured even after we have received notice of default; (iv) any default occurs under the First Mortgage Loan Documents (as herein defined) which default remains uncured even after we have received notice of default; (v) it is determined, if ever, that we have made a material misrepresentation to Lender in this Note or in any other documentation delivered to Lender in connection with the making of the Loan.

We will make our payments to the County of Lake, at the offices of the Affordable Housing Corporation of Lake County at 1590 S. Milwaukee Avenue, Ste. 312, Libertyville, IL 60048, or to such other address as Lender may designate in writing or at a different place if required by the Note Holder.

4. **BORROWERS' RIGHT TO PREPAY**

We shall have the right to pay the principal balance, in whole or in part, at any time before the Maturity Date. A payment of the principal balance only is known as a "prepayment." When we make a prepayment, we will tell the Note Holder in writing that we are doing so.

We may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of our prepayments to reduce the amount of principal balance that we owe under this Note.

5. **REFINANCING OF FIRST MORTGAGE**

In the event that the Borrower refinances the First Mortgage on the subject property, the Lender will not subordinate its lien on the property except under the following conditions:

- The Borrower takes out no cash; and
- The refinancing is for a lower interest rate than the existing First Mortgage; and
- The Borrower's new monthly mortgage payment (including principal and interest) will be less than the current monthly payment.

6. **OCCUPANCY REQUIREMENT**

We understand that we must occupy the Property as our principal place of residence for so long as the principal balance of the Note is outstanding and that the Property may not be used as a rental property. We further understand that if we fail to occupy the Property as our principal residence, such failure shall constitute default under this Note and that the entire principal balance shall then become immediately due and payable.

7. **GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to us under this Note will be given by delivering it to us personally or by mailing it to us by first class mail at the address of the Property set forth above or at a different address if we give the Note Holder a notice of our different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3 above or at a different address if we are given a notice of that different address.

8. **OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. **WAIVERS**

We and any other person, who has obligations under this Note, waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. **UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a second subordinate mortgage (the "Subordinate Mortgage"), dated the same date as this Note, protects the Note Holder from possible losses which might result if we do not keep the promises which we make in this Note. The Subordinate Mortgage is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of a first mortgage which has also been recorded against the title to the Property (that first mortgage, and all documents executed to evidence the debt secured by the First mortgage are referred to herein as the "First Mortgage Loan Documents"). The Subordinate Mortgage describes how and under what conditions we may be required to make immediate payment in full of all amounts we owe under this Note.

\_\_\_\_\_  
**Borrower's Signature**

\_\_\_\_\_  
**Borrower's      Signature**

\_\_\_\_\_  
Witness:

\_\_\_\_\_  
Date: