

DCHFA SUBORDINATE NOTE

_____, _____ (Closing Date)
_____, Washington, District of Columbia _____ (Property Address)

1. BORROWER'S PROMISE TO PAY

In return for a loan received, I, _____ ("Borrower"), promise to pay U.S. \$ _____ (this amount will be called "Principal") to the order of the Subordinate Lender. The Subordinate Lender is the **District of Columbia Housing Finance Agency**; this Subordinate Deed of Trust Note (herein "Subordinate Note") is secured by a Subordinate Deed of Trust (herein "Subordinate Deed of Trust"). Borrower has also signed a senior deed of trust note ("First Note") and Deed of Trust ("First Deed of Trust") in conjunction with the purchase of the property as defined in the First Deed of Trust (the "Property").

I understand that the Subordinate Lender may transfer this Subordinate Note. The Subordinate Lender or anyone who takes this Subordinate Note by transfer and who is entitled to receive payments under this Subordinate Note is called the "Subordinate Note Holder".

2. TERM

The Maturity Date of the loan shall be the earlier of the date of sale of the Property, the date of refinancing of the loan, the date of any transfer (by gift or otherwise) of the Property to another person, business or entity, the date the Property ceases to be the principal place of residence of the Borrower, or thirty (30) years from the date of the loan closing (the "Maturity Date").

3. PAYMENTS

I will not be required to make monthly payments. I will pay the Principal immediately upon the Maturity Date. The terms of the District of Columbia Housing Finance Agency DC Open Doors Program ("DC Open Doors") stipulate that the loan is deferred until the Maturity Date.

I will make the payment at 815 Florida Avenue, N.W., Washington, D.C. 20001 or at a different place if required by the Subordinate Note Holder.

4. BORROWER'S FAILURE TO PAY AS REQUIRED Payment of Subordinate Note Holder's Costs and Expenses

If I do not pay as required in this Subordinate Note, the Subordinate Note Holder will have the right to be paid back for all of its costs and expenses in enforcing this Subordinate Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

5. THIS SUBORDINATE NOTE SECURED BY A SUBORDINATE DEED OF TRUST

In addition to the protections given to the Subordinate Note Holder under this Subordinate Note, a Subordinate Deed of Trust, dated _____, protects the Subordinate Note Holder from possible losses which might result if I do not keep the promises which I make in this Subordinate Note. That Subordinate Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Subordinate Note.

6. BORROWER'S PAYMENTS BEFORE THEY ARE DUE

I have the right to make payments of Principal at any time before they are due known as a "prepayment". When I make a prepayment, I will tell the Subordinate Note Holder in a letter that I am doing so. A prepayment of the entire Principal is known as a "full prepayment". A prepayment of only part of the unpaid Principal is known as a "partial prepayment".

I may make a full prepayment or partial prepayments without paying any penalty. The Subordinate Note

Holder will use all of my prepayments to reduce the amount of Principal that I owe under this Subordinate Note. If I make a partial prepayment, there will be no delays or changes in the Maturity Date unless the Subordinate Note Holder agrees in writing to those delays or changes. I may make a full prepayment at any time.

7. BORROWER'S WAIVERS

I waive my rights to require the Subordinate Note Holder to do certain things. Those things are: (a) to demand payment of amounts due (known as "presentment"); (b) to give notice that amounts due have not been paid (known as "notice of dishonor"); (c) to obtain an official certification of nonpayment (known as "protest"). Anyone else who agrees to keep the promises made in this Subordinate Note, or who agrees to make payments to the Subordinate Note Holder if I fail to keep my promises under this Subordinate Note, or who signs this Subordinate Note to transfer it to someone else also waives these rights. These persons are known as "guarantors, sureties and endorsers".

8. GIVING OF NOTICES

Any notice that must be given to me under this Subordinate Note will be given by delivering it or by mailing it by certified mail addressed to me at the Property Address above. A notice will be delivered or mailed to me at a different address if I give the Subordinate Note Holder a notice of my different address.

Any notice that must be given to the Subordinate Note Holder under this Subordinate Note will be given by mailing it by certified mail to the Subordinate Note Holder at the address stated in Paragraph 3 above. A notice will be mailed to the Subordinate Note Holder at a different address if I am given a notice of that different address.

9. RESPONSIBILITY OF PERSONS UNDER THIS SUBORDINATE NOTE

If more than one person signs this Subordinate Note, each of us is fully and personally obligated to pay the Full amount owed and to keep all of the promises made in this Subordinate Note. Any guarantor, surety, or endorser of this Subordinate Note (as described in Paragraph 7 above) is also obligated to do these things. The Subordinate Note Holder may enforce its rights under this Subordinate Note against each of us 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 Subordinate Note. Any person who takes over my rights and obligations under this Subordinate Note will have all of my rights and must keep all of my promises made in this Subordinate Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Subordinate Note (as described in Paragraph 7 above) is also obligated to keep all of the promises made in this Subordinate Note.

10. OWNER OCCUPANCY

Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty (60) days after the execution of this Subordinate Note and the Subordinate Deed of Trust. Borrower must occupy the Property as his/her principal place of residence following the loan closing date, which may be monitored annually. If the Borrower ceases to occupy the Property as his/her principal place of residence, this Subordinate Note will be due and payable pursuant to Paragraph 3 of this Subordinate Note.

11. GOVERNING LAW; SEVERABILITY

This Subordinate Note shall be governed by the laws of the District of Columbia. The foregoing sentence shall not limit the applicability of Federal Law to this Subordinate Note. In the event that any provision or clause of this Subordinate Note conflicts with applicable law, such conflict shall not affect other provisions of this Subordinate Note which can be given effect without the conflicting provision, and to this end the provisions of this Subordinate Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

IN WITNESS WHEREOF, and intending to be legally bound, the Borrower has caused this Subordinate Note to be duly executed as of the date first above written.

BORROWER

SAMPLE