

PROMISSORY NOTE

(Secured by Mortgage on Real Estate)

(SAMPLE ONLY: Please have Grantee Attorney prepare in accordance with local policy.)

DATE: _____ REFERENCE #: _____

MORTGAGOR: _____ SECURED ADDRESS: _____

FUNDING SOURCE: _____ AMOUNT SECURED: \$ _____

FOR VALUE RECEIVED, the undersigned, jointly and severally promises to pay the GRANTEE, _____, at such place as the holder of this note shall designate in writing, the principal sum of _____ DOLLARS (\$ _____) immediately and without notice, upon the occurrence of any of the following:

- (1) The sale, lease, transfer or abandonment by any one or all of the undersigned of all or part of his/her/their interest (legal or beneficial) in the real property described below, except as outlined in number 3 below.
- (2) The abandonment by all of the undersigned of the aforesaid real property, as determined by the holder of this note in its sole but reasonable discretion.
- (3) The death of all of the undersigned and resulting sale, lease, transfer, assignment or abandonment. (This provision shall not apply within the City/County of _____. The death of the undersigned will activate prompt forgiveness of the Note, by order of the City/County of _____, Kentucky.)
- (4) The failure by any one or all of the undersigned to comply with the terms and conditions of the Rehabilitation Granting Agreement of even date herewith, and made a part hereto as Exhibit 1, providing for a loan of _____ DOLLARS (\$ _____) between the undersigned and the Grantee. This Promissory Note is expressly subject to and will be bound by the terms and conditions set forth in such Rehabilitation Granting Agreement as if all of such terms and conditions were expressly set forth herein.

This Promissory Note is secured by and is the same Promissory Note referenced in a Real Estate Mortgage of even date herewith executed in favor of the Grantee by the undersigned. This Promissory Note is expressly made subject to and will be bound by the terms and conditions set forth in said Mortgage as if all such terms and conditions were expressly set forth herein. This Promissory Note shall bear no interest.

It is agreed that time is of the essence of this agreement. In case of default of any payment required by the Promissory Note and Mortgage, the holder of the Note and Mortgage may, at its option, declare all of the debt due and payable and enforce its mortgage lien. Any failure to exercise said option will not constitute a waiver of right to exercise the same at a later date.

It is hereby agreed that should said indebtedness or any part thereof be collected by legal or equitable proceedings, or be paid after the initiation of such proceedings, then said mortgagors agree to pay all expenses of collection. These expenses shall include but not be limited to reasonable attorney fees and commissions incurred by the mortgagee or its assigns, and which mortgagee or its assigns may have paid or be liable to pay on account of such legal or equitable proceedings.

