

**THDA STIMULUS LOAN PROGRAM
SECOND PROMISSORY NOTE**

\$ _____, Tennessee
_____, 20__

Property Address: _____

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I, the undersigned ("Borrower(s)") do promise to pay U.S. \$ _____ (this amount is called "Principal") to the order of the Lender. The Lender is TENNESSEE HOUSING DEVELOPMENT AGENCY, 404 James Robertson Parkway, Suite 1200, Nashville, TN 37243-0900 ("Lender"). I will make all payments under this Second Promissory Note in the form of cash, check or money order. This Second Promissory Note is secured by a deed of trust ("Second Deed of Trust"). Borrower has also signed a promissory note ("First Note") and deed of trust ("First Deed of Trust") in conjunction with a first mortgage loan to be assigned to THDA (the "First Mortgage Loan") for the purchase of the property defined in the Second Deed of Trust. The First Note and the First Deed of Trust and related documents are referred to as the "First Mortgage Loan Documents."

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of zero percent (0%) until June 1, 2010 (the "Amortization Start Date"), and if I do not pay the full amount of Principal by the Amortization Start Date, I will pay interest thereafter at a yearly rate of _____%.

3. PAYMENTS

If I do not pay the full amount of Principal by the Amortization Start Date, I will pay principal and interest by making a payment of \$ _____ every month. I will make my monthly payment on the first day of each month beginning on the first day of July, 2010. I will make these payments every month until I have paid all of the Principal and interest that I may owe under this Second Promissory Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on June 1, 2020, I still owe amounts under this Second Promissory Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at the address of Lender noted above, or at a different place if required by the Note Holder.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Second Promissory Note. If I make a partial Prepayment, there will be no changes in the due date unless the Note Holder agrees in writing to those changes.

5. INDEBTEDNESS SUBORDINATE

I acknowledge that the indebtedness evidenced by this Second Promissory Note is subordinate in right of payment to the First Mortgage Loan.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

A. Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 4% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

B. Default

If I do not make any payment on a date it is due, I will be in default. I will also be in default if: (i) I default in the payment of any sums due under the First Mortgage Loan and such default is not made good prior to the due date of the next installment thereunder, or any cure period provided; or (ii) I refinance, sell or otherwise transfer all or part of the Property (other than by devise, descent or operation of law), without the Lender's prior written consent; or (iii) I fail to occupy the Property during the term hereof; or (iv) I omit or misrepresent a material fact in an application for the First Mortgage Loan or in any of the First Mortgage Loan Documents or in any documents executed in connection with this Second Promissory Note; or (v) I change the use of the Property, or any part thereof, to a use other than for single-family occupancy by me; or (vi) I default under any of the covenants, terms or conditions contained in this Second Promissory Note or in the Second Deed of Trust, or in any of the First Mortgage Loan Documents, or in any other document concerning or given as security for the indebtedness evidenced hereby. Notwithstanding the foregoing, a default under the First Note or First Deed of Trust shall not constitute a default under this Second Promissory Note until the holder of the First Note has either (a) accelerated the maturity thereof, or (b) has taken affirmative action to foreclose on the First Deed of Trust.

C. Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that the Note Holder may require me to pay immediately the full amount of Principal which has not been paid. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

D. No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

E. Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Second Promissory Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Second Promissory Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address. Any notice that must be given to the Note Holder under this Second Promissory Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 1 above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS SECOND PROMISSORY NOTE

If more than one person signs this Second Promissory Note, each person is fully and personally obligated to keep all of the promises made in this Second Promissory Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Second Promissory 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 Second Promissory Note, is also obligated to keep all of the promises made in this Second Promissory Note. The Note Holder may enforce its rights under this Second Promissory 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 Second Promissory Note.

9. WAIVERS

I and any other person who has obligations under this Second Promissory 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 Second Promissory Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Second Promissory Note, a Second Deed of Trust, dated the same date as this Second Promissory Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Second Promissory Note. The Second Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Second Promissory Note.

BORROWER(S) SIGNATURE:

Borrower

Borrower

Borrower

[Sign Original Only]