

RETURN TO: A&E SERVICES GROUP, LLC
609 WEST JOHNSON AVE SUITE 408
CHESHIRE, CT 06410

SMALL CITIES PROMISSORY NOTE

\$XXXXXXX

Date

The words "you", "your" refer to the Town of Ledyard The words "I", "me", "my" or "us" refer to each person who signs below as a "Borrower" or a "Co-Borrower".

1. AMOUNT OF PAYMENT

For Value Received, I promise to pay you on your order, **On Demand**, the principal amount of XXXXXX and 00/100 Dollars (\$XXXXXXX) **should I default as defined below**.

2. DEFAULT

I'll be in default if I **die, sell or remortgage the property, transfer title, the property is no longer my principal place of residence or if any of the property which secures this loan is damaged, lost or destroyed**. I will also be in default if I violate any term of any other mortgage note or deed I have to the property or any term of the Memorandum of Agreement between us dated XXXXXX, a copy of which is attached as Exhibit A.

I understand you retain the right to waive any default provision upon your review and approval.

3. WHAT SOME OF THE WORDS MEAN

"Security Interest": Your "security interest" in any property means that you have the right to take and/or sell it to help pay what I owe under this note. You can do that, but only if I default. The mortgage which secures this note is a "type" of "security interest".

What I owe under this note: What I owe under this note is the sum of my remaining payments, and unpaid late charges, any interest you charge me after I default, and your collection expenses.

Collection expenses: Your "collection expenses" are the sum of the cost of taking and/or selling any of the property in which you have a security interest, the fees of your collection agency and, if you sue me, your court costs and attorney's fees as awarded by the court.

4. DEMAND/DEFAULT

I understand that you can demand payment at any time when I default. If you do demand payment, you can do one, some or all of the following things:

- (a) You can ask me to pay what I owe under this note at once.
- (b) You can charge me interest each day on that portion of my remaining balance which I haven't paid. The amount of this interest will be figured by you at a rate of 12% per annum.
- (c) You can take and/or sell any property in which you have a security interest.
- (d) You can give this note to a collection agency for collection. If you do that, I'll pay the fees of your collection agency.
- (e) You can sue me. If you do that and get a judgment against me, I'll pay your court costs and attorney's fees awarded by the court.

Initials _____
Initials _____
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5. LIABILITY OF SIGNERS

This note may be signed by more than one person. If a default occurs, you can ask one of us, some of us, or all of us to pay. If a default occurs, you can also sue any one of us, or all of us for what I owe under this note.

6. ACKNOWLEDGMENT OF RECEIPT

I state that I have received a completed filled in copy of this note.

In addition to all terms and conditions contained in this note, I also agree to be bound by all terms and conditions contained in the mortgage deed securing this note.

Witness:

Owner: «Owner_1»

Witness:

Owner: «Owner_2»

This note is Secured
By a Mortgage of Real
Property Located at:

XXXXXXXX, Ledyard, CT 06335

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609 WEST JOHNSON AVE. SUITE 408
CHESHIRE, CT 06410

EXHIBIT A

TOWN OF LEDYARD

**OWNER - MEMORANDUM OF AGREEMENT
WITH RESPECT TO A
HOUSING REHABILITATION LOAN**

OWNER OCCUPIED

This Agreement made this Second day of XXXXXXXX, by and between XXXXXXXXXX, residing at XXXXXXXXXX, Ledyard, CT 06335, hereinafter throughout called the "Owner" and the Town of Ledyard a municipal corporation having its corporate limits and existence in the County of New London and State of Connecticut, hereinafter throughout called the "Municipality", acting herein by and through its Small Cities Community Development Program of the Town of Ledyard hereinafter referred to as "CDP".

WITNESSETH

WHEREAS, the Municipality, acting by and through its Small Cities Community Development Program (hereinafter "CDP") has received funding pursuant to a Small Cities Community Development Block Grant to carry out and administer a Housing Rehabilitation Program Income Loan program ("HRPILP"); and,

WHEREAS, the Owner intends and agrees to repair and rehabilitate their property located at XXXXXXXXXX Ledyard, CT 06335, pursuant to the requirements of Title I of the Housing and Community Development Act of 1974 (PL 93-383) and HUD Community Development Block Grant Regulations of 24 CFR Part 570, as amended, including environmental, historical and program rehabilitation guidelines issued pursuant thereto; and,

WHEREAS, this Agreement may be subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701 U) as amended, the HUD regulations issued pursuant thereto at 24 CFR 135, et seq, and any applicable rules and orders of HUD issued thereunder as well as all Federal, State of Connecticut, and Local Regulations; and

WHEREAS, XXXXXXXXXX, (the Owner) hereinafter "the Owner" has been found eligible to participate in the HRP based on information provided by the Owner; and

WHEREAS, the Owner has been approved for receipt of a 0% interest Deferred Payment loan in an amount not to exceed \$XXXXXX0, for the purpose of rehabilitating/converting residential property located at XXXXXXXXXX, Ledyard, CT 06335; and,

WHEREAS, it is necessary under the rules and regulations of the HRPILP that the CDP and the Owner mutually agree to certain conditions relative to the financial assistance provided hereto,

NOW, THEREFORE, the Owner and the CDP for the consideration hereinbefore and hereinafter named, agree as follows:

1. The Owner agrees to repair and renovate their property located at XXXXXXXXXX, Ledyard, CT 06335 in conformance with the Construction Contract including subsequent change orders incorporated therein as approved by the CDP.
2. The Construction Contract shall consist of the general conditions, technical specifications, if any, and drawings.

Initials _____
Initials _____
Rev. 11/25/2020

3. The Owner agrees to execute and abide by all the terms and conditions of the Construction Contract in the form to be furnished by the CDP.
4. The CDP agrees to provide to the Owner an amount not to exceed XXXXXXXXXXXX and 00/100 Dollars (\$XXXXXXXXX) in the form of a loan and the Owner agrees to execute a Promissory Note and a Mortgage Deed to secure the Municipality's loan in the form furnished by the CDP. Said funds will be disbursed by the Municipality to the Owner as a construction progress payment in the form of a two-party check made payable to the contractor and the property owner after approval of payment by the Owner. The execution of any Partial Payment Requisition or the Certificate of Completion form by the Owner shall constitute full and complete acceptance and approval of the work performed by the Contractor.

It is further agreed to by the Owner that the Promissory Note and/or Mortgage Deed, due to Change Orders in the Construction Contract, may be increased or decreased by Addendum to the Promissory Note and/or Mortgage Deed until execution of the Certificate of Completion form by the Owner and Contractor. The execution of the Certificate of Completion form shall constitute completion of the rehabilitation project. Such increase shall be allowed, subject to funding availability, and only in the event of unforeseeable construction requirements.

Owner's signature or the Final Payment Requisition shall constitute full and complete approval and acceptance by the Owner for project work, subject to warranty requirements, and the release of the Town and its agents.

5. If the Owner should fail to live up to any provision of the Construction Contract contained herein, the CDP may, at its option, demand payment from the Owner for any funds expended by the CDP in the undertaking of this Project including, but not limited to, costs incurred including financial and technical assistance.
6. The Owner agrees that all identified code violations will be corrected as a primary condition of participating in the Housing Rehabilitation Program, and further, in order of priority for financial and technical assistance from the CDP, hazardous material and weatherization shall be secondary priority and general improvements tertiary.
7. Any notice required by this Agreement may be delivered to the party personally, or mailed to him at the address stated herein, until he gives notice to the other party of a change of address.
8. This Agreement shall not be assigned or transferred by the Owner without the prior written consent of the CDP.
9. The Owner agrees for himself, his heirs and successors and assigns that there shall be no discrimination upon the basis of race, color, religious creed, age, marital status, national origin, sex, sexual orientation, gender identity, mental retardation or physical disability, including but not limited to blindness, unless it is shown by the Owner, his heirs, successors and assigns that such disability prevents performance, in the sale, lease or rental or in the use or occupancy of such real property or of any improvements erected thereon or to be erected thereon.
10. During the period of rehabilitation, all loan proceeds shall be retained by the CDP until such time as a construction progress payment is to be made. Timing of the payment to the Contractor shall be made in the manner set forth in the Construction Contract, subject to approval by the CDP as provided for in said Construction Contract.
11. The Owner shall occupy a housing unit in the premises as their primary residence if she is the recipient of a Deferred Payment Loan for that housing unit.

12. In order for the Owner to be eligible to participate in the Housing Rehabilitation Program, the Owners shall provide to the CDP certification and verification of their income in a form required by the CDP and shall remain as primary occupant as a condition of the favorable financing.
13. The Owner acknowledges that the Municipality has entered into a Professional Service Contract with A&E Services Group, LLC, (hereinafter referred to as the "Program Manager") by which the Program Manager shall provide certain services to the Municipality regarding the administration of a Small Cities Community Development Program which may directly benefit the Owner.

The Owner agrees that all services offered by the Municipality through the Program Manager which may affect the Owner, are offered by the Municipality in order to assist in the project implementation and the necessary program compliance. The Owner agrees to indemnify, defend, save and hold harmless the Municipality and Program Manager, their officers, agents and employees from and against any and all damage, liability, loss, expense, judgment of deficiency of any nature whatsoever (including, without limitation, reasonable attorney's fees and other costs and expenses incident to any suit, action or proceeding) incurred or sustained by Municipality or Program Manager which shall arise out of or result from Program Manager performance in good faith of services pursuant to the Professional Services Contract. The Owner agrees that the Program Manager shall not be liable to the Owner, its heirs, successors or assigns, for any act performed within the duties and scope of employment pursuant to Professional Services Contract.

The Owner understand and agrees that the Program Consultant is not an agent of the Owner and not responsible for the work of any contractor(s), subcontractor(s), material and equipment suppliers, their agents or employees or other persons or entities performing portions of the Work.

14. Neither the Municipality nor the Program Manager shall have control over, or responsibility for the construction means, methods, techniques, sequences or procedures, or for the safety precautions and progress in connection with the Work, nor shall the Municipality or Program Manager be responsible for the Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. The Municipality or Program Manager shall not have control over, or charge of, and shall not be responsible for, acts or omissions of the Contractor or of any other persons or entities performing portions of the Work.

The Program Manager shall visit the site at intervals appropriate to the stage of construction, or as otherwise required by the Municipality or Owner, to become generally familiar with the progress and quality of the portion of the Work completed, and to determine, in general, if the Work observed is being performed in a manner indicating that the Work, when fully completed, will be in accordance with the Contract Documents. However, the Program Manager shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. On the basis of the site visits, the Program Manager shall keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and report to the Owner (1) known deviations from the Contract Documents and from the most recent construction schedule submitted by the Contractor, and (2) defects and deficiencies observed in the Work.

The Program Manager has the authority to reject Work or materials that do not conform to the Contract Documents. Whenever the Program Manager considers it necessary or advisable, the Program Manager shall have the authority to require inspection or testing of the Work in accordance with the provisions of the Contract Documents, whether or not such Work is fabricated, installed or completed. However, neither this authority of the Program Manager nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of the Program Manager to the Owner, Contractor, Subcontractors, material and equipment suppliers, their agents or employees or other persons or entities performing portions of the Work.

Interpretations and decisions of the Program Manager shall be consistent with the intent of and reasonably inferable from the Contract Documents and shall be in writing. When making such interpretations and decisions, the Program Manager shall endeavor to secure faithful performance by both Owner and Contractor, shall not show partiality to either, and shall not be liable for results of interpretations or decisions rendered in good faith.

The Program Manager shall review the amounts due the Contractor and shall issue payment certificates in such amounts with the Owner's approval. The Program Manager's certification for payment shall constitute a representation to the Municipality, based on the Owner's approval and acceptance of the Work, that, to the best of the Program Manager's knowledge, information and belief, the Work has progressed to the point indicated and that the quality of the Work is in accordance with the Contract Documents. The foregoing representation are subject (1) to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, (2) to results of subsequent tests and inspections, (3) to correction of minor deviations from the Contract Documents prior to completion, (4) to specific qualification expressed by the Program Manager, and (5) subject to the approval of payment by the Owner and work invoiced.

The issuance of a Certificate for Payment shall not be a representation that the Program Manager has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work, (2) reviewed construction means, methods, techniques, sequences or procedures, (3) reviewed copies of requisitions received from Subcontractors and material suppliers or other data requested to substantiate the Contractor's right to payment, or (4) ascertained how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

15. The Owner agrees to uphold and/or carry-out all of the provisions covered in this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date first above written.

Signed sealed and delivered
In the presence of:

Witness: Peter J. Testa, Jr.

Owner: XXXXXXXXXX

Witness: XXXXXXXXXX

SMALL CITIES HOUSING REHABILITATION PROGRAM

Truth-in-Lending Disclosure Statement for Deferred Loans

The words "we", "us" or "our" refer to the Town of Ledyard The words "you", "your, or "I" refer to XXXXXXXXXXXX of Ledyard, CT 06335

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your loan as a yearly rate.	The dollar amount your loan will cost you.	The amount of your loan provided to you or on your behalf	The amount you will have paid after you have made all payments as scheduled.
-0-	-0-	\$XXXXXXXX	\$XXXXXXXX

PAYMENT SCHEDULE:

Your payment schedule will be:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE
1	\$XXXXXXXX	As noted in Promissory Note default provisions

Late Charge:

Only applicable upon demand/default at an interest rate of 12% per annum.

See Contract Documents:

See your promissory note for any additional information about non-repayment, default, any required repayment in full before the schedule date, and repayment refunds

Security:

We are getting a security interest in

Ledyard, CT 06335

(describe property)

I received a copy of these disclosures at the closing.

Date

Signature - XXXXXXXXXXXX