

PROMISSORY NOTE

Rapid City, South Dakota

Date: _____

627 Saint Cloud Street, Rapid City, South Dakota 57701

(Property Address)

1. BORROWER'S PROMISE TO PAY

In return for the transfer of the legal title to the property located at 627 St. Cloud Street, Rapid City, South Dakota 57701, (hereinafter "the Property") legally described as:

West ½ of Lot 14 and all of Lot 15 of Block 17 of Flormann Addition, City of Rapid City, Pennington County, South Dakota;

Black Hills Area Habitat for Humanity ("Borrower") promises to pay U.S. **Twenty-Three Thousand Seven Hundred Dollars and 00/100 (\$23,700.00)** (this amount is called "Principal"). The "Note Holder" is the **City of Rapid City**. Borrower will make a lump sum payment under this Note in the form of cash, cashier's check or money order.

2. INTEREST

There is no interest on this loan.

3. PAYMENTS

There are no monthly payments on this loan.

The loan Principal becomes fully due and payable if one of the following occurs within 20 years of the date of execution of this Note:

1. the Property is refinanced for any reason other than rate reduction, term reduction, or term increase;
2. ownership of the Property is transferred to another person or entity, unless the transferee signs a promissory note and mortgage binding the transferee to all of the original terms (or alternative terms approved by the City of Rapid City) in this Promissory Note and the accompanying Mortgage and prior to a transfer the Community Development Director for the City of Rapid City grants written approval of the transfer;
3. the Property is no longer meeting the national objective of **benefitting low- and moderate-income persons**; or
4. the Note Holder's discovery of the Borrower's failure in any application of the Borrower to the Note Holder to disclose any fact deemed by the Note Holder to be material or of the making therein or in any other agreements entered into by the Borrower with the Note Holder (including, but not limited to, this Note and the accompanying Mortgage) of any misrepresentation by, on behalf of, or for the benefit of, the Borrower.

All the events in this section enumerated are in this Note are considered events of default.

Borrower will make Borrower's payment at:

City of Rapid City
City Hall/City Finance Department

300 Sixth Street
Rapid City, SD 57701

If none of the above actions has occurred prior to _____, the “Maturity Date,” Borrower’s loan will be fully forgiven. The Note Holder has transferred a fee simple determinable estate in the Property to the Borrower by quit claim deed. That fee simple determinable estate will automatically expire if **Twenty Thousand Dollars and 00/100 (\$20,000.00)** worth of improvements to the Property are not completed by the Borrower by **January 31, 2021**. If Borrower’s fee simple determinable estate automatically expires and the Property comes under ownership of the Note Holder, Borrower’s loan in this Note will be fully forgiven. Engineered soil sample testing is not considered an improvement.

4. BORROWER’S FAILURE TO PAY AS REQUIRED

(A) Notice of Default

If Borrower is in default, the Note Holder may send Borrower a written notice telling Borrower that Borrower is in default and that Borrower must pay the full unpaid amount of the loan Principal by a certain date. That certain date must be at least 30 days after the date on which the notice is mailed to Borrower or delivered by other means to Borrower.

(B) No Waiver By Note Holder

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

(C) Payment of Note Holder’s Costs and Expenses

If the Note Holder has required Borrower to pay the full unpaid amount of the loan as described above, the Note Holder will have the right to be paid back by Borrower for all of Note Holder’s costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys’ fees.

5. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the Property Address above or at a different address if Borrower gives the Note Holder a notice of Borrower’s different address. Any notice that must be given to the Note Holder under this 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 3 above or at a different address if Borrower is given a notice of that different address.

6. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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 persons together. This means that any such person may be required to pay all of the amounts owed under this Note. Approval by the Community Development Director for the City of Rapid City must be received in writing prior to any transfer of any ownership interest in the Property and the transferee will be obligated to sign a promissory note and mortgage binding the transferee to all of the original terms (or alternative terms approved by the City of Rapid City) in this Promissory Note and the accompanying Mortgage.

7. WAIVERS

Borrower 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.

8. 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 Mortgage (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses that might result if Borrower does not keep the promises which Borrower makes in this Note. That Security Instrument describes how and under what conditions the principal amount owing on the Note together with interest thereon and all other charges and all other amounts of money owing the Mortgagor to the Mortgagee pursuant to and secured or intended to be secured by the Mortgage, shall become fully due and payable.

BORROWER - Black Hills Area Habitat for Humanity
Signature: _____
Printed Name: R. Scott Engmann
Title: Executive Director

STATE OF SOUTH DAKOTA)
 :SS
COUNTY OF PENNINGTON)

On this the _____ day of _____, **2020**, before me, the undersigned officer, personally appeared **R. Scott Engmann**, who acknowledged himself to be the **Executive Director** of **Black Hills Area Habitat for Humanity, a non-profit corporation**, and that he, as such **Executive Director** being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public, South Dakota

My Commission Expires:

(SEAL)