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MAY 21 2004  
BY: *[Signature]*

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1829 E. Franklin Street #1200B Chapel Hill, NC 27514 919-932-7077 [ochabitat@earthlink.net](mailto:ochabitat@earthlink.net)

**ATTACHMENT 1**

May 17, 2004

Mr. Cal Horton  
Town Manager  
Town of Chapel Hill  
306 N. Columbia Street  
Chapel Hill, NC 27516

Dear Mr. Horton:

I am writing to request that Habitat for Humanity of Orange County be permitted to use the remaining Community Development Block Grant funds that were approved for the Rusch Hollow subdivision for infrastructure construction for Rusch Hollow instead of land purchase as stated in the performance agreement. Approximately \$19,500 in CDBG funds are remaining from the original allocation of \$50,000. Habitat used \$30,500 of the CDBG funds to purchase a lot at 8022 Rogers Road, and was actively seeking additional land adjacent to the property that we already owned on Rusch Road. However, we were unable to close on any of the parcels we were considering at the time of our performance agreement because we could not reach agreement with the sellers.

As you know, the Town Council approved a rezoning to the special district for affordable housing, as well as a special use permit, for Rusch Hollow in December 2003. We are now in the process of applying for our Zoning Compliance Permit, which we expect to have by the end of June 2004. We are planning to break ground in July. The remaining \$19,500, if we are given permission to do so, will be used toward the cost of extending sewer and water and/or building roads for the affordable housing development.

Habitat will be serving the same population in the same location as was originally proposed and as is described in the performance agreement (see enclosed). Therefore, I am hopeful that the staff will be able to approve a change in the performance agreement which will allow the use of the remaining funds for infrastructure construction rather than land purchase.

Please let me know if any further information is needed. I look forward to your response.

Sincerely,

*[Signature]*  
Susan Levy, Executive Director  
Habitat for Humanity, Orange County  
1829 E. Franklin Street #1200B  
Chapel Hill, NC 27514  
919-932-7077

cc: Loryn Barnes

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NORTH CAROLINA  
ORANGE COUNTY

2001 - 2002  
PERFORMANCE AGREEMENT

THIS AGREEMENT, made and entered into the 3<sup>rd</sup> day of June 2002 by and between the TOWN OF CHAPEL HILL, a North Carolina Municipal Corporation, 306 North Columbia Street, Chapel Hill, North Carolina, hereinafter referred to as "Town" and HABITAT FOR HUMANITY OF ORANGE COUNTY, P.O. Box 459, Hillsborough, North Carolina, 27278, hereinafter referred to as "Habitat."

### WITNESSETH

WHEREAS, the Town has made commitments to the promotion of affordable housing opportunities for low- and moderate-income residents in its Consolidated Plan; and

WHEREAS, Habitat works to create owner-occupied housing for low- and moderate-income families; and

WHEREAS, by Resolution 2001-4-23/R-2, the Town Council budgeted \$50,000 of Community Development Block Grant Program funds to Habitat to purchase property for the Rusch Road Subdivision; and

WHEREAS, by Ordinance 2001-6-25/O-5, the Town Council budgeted \$50,000 from the Housing Loan Trust Fund for costs related to the development of the Rusch Road site;

NOW THEREFORE, in consideration of the above and mutual covenants and conditions hereinafter set forth, the Town and Habitat agree as follows:

#### 1. Town Support

The Town will provide \$50,000 of Community Development funds to Habitat to purchase a 0.40 acre lot located at 8022 Rogers Road (Tax Map Number 7.23.D.15) as well as one or more other lots contiguous with the property Habitat currently owns on Rusch Road (2.2 acres).

The Town will provide \$50,000 from the Housing Loan Trust Fund for costs related to the development of the site including infrastructure development, site improvements, architectural and engineering costs.

Habitat will use the Town's Community Development funds to develop at least twelve (12) detached single family houses for first time homebuyers earning below 50% of the area median income by household size. The final number of units is subject to approval by the Town.

The Town does not obligate itself to provide any other support to Habitat this fiscal year or continued support in succeeding years.

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## 2. Time of Performance

Habitat shall acquire the properties, identify qualified homeowners, and complete construction of the units by June 2005.

## 3. Terms

Habitat shall provide Promissory Notes and Deeds of Trust to the Town for the total costs of acquiring the properties and for closing costs as security for the Town's investment. Upon sale by Habitat of individual lots and houses, a proportionate share of the Town's funds shall be converted into deferred loans on the single family houses. As the units are developed and sold, Habitat will provide the Town with a Promissory Note and Deed of Trust on each lot for the appropriate amount to be determined by dividing \$100,000 by the total number of single family units (i.e. if twelve single family houses are developed, each second mortgage would be \$8,333.33).

The individual deferred loan on each lot will be due and payable to the Town by the homeowner when the house is sold, refinanced, or if ownership of the house is otherwise transferred. There will be no interest charged on the loan.

The \$50,000 from the Housing Loan Trust Fund budgeted for pre-development costs shall be used for items eligible under Section 4(d) of the Housing Loan Trust Fund.

The income of eligible homebuyers must be less than 50% of the area median income by household size as determined annually by the U.S. Department of Housing and Urban Development.

In the event Habitat is unable to complete its obligations under the terms of this Agreement and/or sell all developed lots and completed houses to eligible purchasers, the Town shall have the right to acquire any of the remaining lots for the remaining pro rata amount of the Town's outstanding loan plus an amount determined to reimburse Habitat for any value of any improvements completed by Habitat as established by an independent appraisal.

The Town's loan is for the purpose of acquisition of property and costs related to the development of the site. Subordination of this loan is subject to approval by the Town Manager.

## 4. Documentation

Upon purchase of each of the properties, Habitat will provide the Town with the following documentation: the closing statements for the acquisition of the properties; copies of the Property Deeds; and Promissory Notes and Deeds of Trust for the

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acquisition of the tracts. Habitat will submit drafts of these documents to the Town for review prior to closing.

Upon sale of each individual lot and house to qualified buyers, Habitat will provide the Town with a closing statement, a copy of the Property Deed, and a Promissory Note and Deed of Trust securing the Town's deferred loan that refers to the terms described in this Performance Agreement. Habitat will also provide documentation to verify that each buyer earns less than 50% of the area median income by household size.

#### **5. Financial Records**

Habitat agrees to allow the Town to inspect its financial books and records upon reasonable notice during normal working hours. Habitat shall submit a copy of its annual audit to the Town.

#### **6. Work Statement**

Habitat agrees to provide these services as described in the Work Statement attached hereto and incorporated herein by reference and to maintain a high level of professionalism in the provision of these services.

#### **7. Termination for Convenience or Cause**

Either the Town or Habitat may terminate this contract at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least 30 days before the effective date of such termination. In the event of any termination for convenience, all unfinished documents, data, reports, or other materials prepared by Habitat under this Agreement shall, at the option of the Town, become the property of the Town and Habitat shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents or materials prior to the termination.

In the event that Habitat shall cease to exist as an organization or shall enter bankruptcy proceedings, or be declared insolvent, or liquidate all or substantially all of its assets, or shall significantly reduce its services during the term of this Agreement, or in the event that Habitat shall fail to render a satisfactory accounting as provided herein, or in the event that Habitat fails to complete construction and sale of eighteen homes consistent with the terms of this Agreement, then and in that event the Town may terminate this Agreement, and may require Habitat to return all payments already made to it by the Town for services which have not been provided or for which no satisfactory accounting has been rendered.

**8. General Conditions**

A. General Compliance

Habitat agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the Housing and Urban Development Regulations concerning Community Development Block Grants - CDBG). Habitat also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this contract. Habitat further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. Independent Contractor

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. Habitat shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The Town shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance as Habitat is an independent contractor.

C. Workers' Compensation

Habitat and all construction contractors will provide Worker's Compensation insurance for their employees involved in the performance of this contract.

D. Insurance and Bonding

Habitat and all contractors that may perform work under this contract shall carry general liability insurance and property insurance coverage to protect contract assets from loss due to theft, fraud, and/or undue physical damage.

E. Grantor Recognition

Habitat shall ensure recognition of the role of the Town in providing services through this contract. All activities, facilities and items utilized pursuant to this contract shall be prominently labeled as to funding source. In addition, Habitat will include a reference to the support provided herein in all publications made possible with funds made available under this contract.

F. Amendments

The Town or Habitat may amend this Agreement at any time provided that such amendments make specified reference to this Agreement, and are executed in writing, signed by duly authorized representatives of both organizations, and approved by the

Town Manager. Such amendments shall not invalidate this Agreement, nor relieve or release the Town or Habitat from its obligations under this Agreement.

The Town may, in its discretion, amend this Agreement to conform with Federal, state, or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both the Town and Habitat.

G. Suspension or Termination

If Habitat materially fails to comply with any term of this Agreement or with any of the rules, regulations or provisions referred to herein, the Town may suspend or terminate its agreement.

H. Conduct

Assignability

Habitat shall not assign or transfer any interest in this Agreement without the prior written consent of the Town thereto; provided, however, that claims for money due or to become due to Habitat from the Town under this contract may be assigned to a bank, trust company or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Town.

Conflict of Interest

Habitat agrees to abide by the provisions of 24 CFR 570.611 with respect to conflicts of interest, and covenants that it presently has not financial interest and shall not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance or provision of services required under this Agreement. Habitat further covenants that in the performance of this Agreement no person having such a financial interest or who will benefit from the funded activity shall be employed or retained by Habitat hereunder. These conflict of interest provisions apply to any person who is an employee, agent, consultant or officer of Habitat, or elected or appointed official of the Town, or those with whom they have business or immediate family ties. Please refer to "Conflict of Interest Regulations for Community Development Block Grant Program and HOME Program Subrecipients" that was provided to Habitat by the Town for an outline of the federal regulations.

**9. Hold Harmless**

Habitat hereby agrees to hold the Town harmless against any claims or actions from damage, injury, or death relating to or arising out of Habitat's use of Town funds or due to acts or omissions of Habitat's officers, employees, contractors or agents.

## 10. Administrative Requirements

### A. Documentation and Record-Keeping

#### 1. Records to be Maintained

Habitat shall maintain all records required by the Federal regulations specified in 24 CFR Part 570.506 that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- a. Records providing a full description of each activity undertaken;
- b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- c. Records required to determine the eligibility of activities;
- d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- f. Financial records as required by 24 CFR Part 570.502; and
- g. Other records necessary to document compliance with Subpart K of 24 CFR 570.

#### 2. Retention of Records

Habitat shall retain all records pertinent to expenditures incurred under this contract for a period of five (5) years after the termination of all activities funded under this Agreement. Records for non-expendable property acquired with funds under this contract shall be retained for five (5) years after final disposition of such property.

#### 3. Access to Records

Habitat shall furnish and cause each of its own contractors or subcontractors to furnish information and reports required hereunder and will permit access to its books, records and accounts by the Town, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

#### 4. Client Data

Habitat shall maintain client data including, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of services provided. Such information shall be made available to the Town monitors or their designees for review upon request.

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## 5. Close-outs

Habitat's obligation to the Town shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Town), and determining the custodianship of records.

### B. Procurement

#### Compliance

Habitat shall comply with 24 CFR Part 85.36 concerning procurement procedures and will have written selection procedures for procurement transactions. Please refer to "Procurement Policies and Procedures for Community Development Block Grant Program and HOME Program Subrecipients" that was provided to Habitat by the Town for an outline of the federal regulations.

"Contract Provisions for Federally-Assisted Construction/Rehab Projects," which was provided to Habitat by the Town, should be attached to every contract over \$2,000.

### **11. Nondiscrimination**

Habitat will not discriminate against any employee, applicant for employment, or beneficiary of program services because of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age marital/familial status, affectional preference, or status with regard to public assistance. Habitat will take affirmative action to ensure that all employment and beneficiary selection practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Habitat agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.

### **12. Severability**

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.



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IN WITNESS WHEREOF, the parties hereunto cause this Agreement to be executed in their respective names.

This the 3<sup>rd</sup> day of June, 2002.

TOWN OF CHAPEL HILL  
A Municipal Corporation

HABITAT FOR HUMANITY OF  
ORANGE

BY: W. Calvin Horton  
Town Manager

By: Jae H. Harwin  
Chair of the Board



Joe A. Smith  
Town Clerk (Seal)  
6-14-02

Attest: Susan Levy  
Executive Director (Seal)

ed as to form: Ralph D. Karpinos  
Town Attorney

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal and Control Act.

James M. Baker  
Town Finance Director

Roy S. Walden  
Planning Director

## WORK STATEMENT

1. Habitat will purchase a 0.40 acre lot located at 8022 Rogers Road (Tax Map Number 7.23.D.15) as well as one or more other lots contiguous with the property Habitat currently owns on Rusch Road (2.2 acres). Habitat will purchase the lot located at 8022 Rogers Road Street in accordance with the attached proposal dated November 2, 2001.
2. Upon purchase of each of the properties, Habitat will provide the Town with the following documentation: the closing statements for the acquisition of the properties; copies of the Property Deeds; and Promissory Notes and Deeds of Trust for the acquisition of the tracts. Habitat will submit drafts of these documents to the Town for review prior to closing.
3. Upon sale of each individual lot and house, Habitat will provide the Town with a closing statement, a copy of the Property Deed, and a Promissory Note and Deed of Trust securing the Town's deferred loan in the amount as determined by dividing \$100,000 by the total number of single family units.
4. Habitat will develop at least twelve (12) detached single family houses for households earning below 50% of the area median income. Prior to each closing, Habitat will submit documentation to verify that the buyer's total household incomes are below 50% of area median income.
5. Habitat shall acquire the properties, identify qualified buyers, and complete construction of the homes by June 2005.
6. Habitat will provide the Town with monthly reports on the progress of the project until all the homes are sold to qualified buyers.
7. Habitat will follow all applicable federal, state and local regulations, including the federal acquisition and relocation guidelines of the Uniform Relocation Act and federal procurement and conflict of interest regulations.
8. Habitat will obtain a minimum housing code inspection and all necessary permits from the Town of Chapel Hill Inspection Department.
9. Upon completion of the construction work, the property will meet all local housing code requirements, and receive a certificate of occupancy.
10. Habitat certifies that the activities carried out with the funds provided under this Agreement will meet one or more of the Community Development program's National Objectives - (1) benefit low / moderate income persons; (2) aid in the prevention of slums or blight; and (3) meet community development needs having a particular urgency - defined in 24 CFR Part 570.208.



## Habitat for Humanity, Orange County

### Proposal for Use of 2001-2002 Community Development Funds Rusch Road Subdivision

Habitat for Humanity, Orange County (HHOC) is requesting \$50,000 in CDBG funds to be used for engineering and design costs for a new subdivision we plan to build on approximately 2.6 acres of land on Rusch Road in the Chapel Hill planning jurisdiction. The parcel abuts residential properties on the south side of Purefoy Drive. HHOC purchased the property in January of 2001 using a combination of HOME funds (\$50,000) and Habitat's program funds.

A preliminary site plan showing as many as 16 homes has been prepared by Phil Post of Philip Post and Associates. The site plan assumes use of the Town of Chapel Hill's recently adopted zoning district for affordable housing, which allows up to 12 units per acre. To be conservative and to take into account constraints of the site and attractiveness of the homes to potential buyers, we are assuming that 12 homes will eventually be built on this site. Access to sewer lines would be from the south, at the terminus of lines constructed by HHOC for our New Homestead Place subdivision. A pump station may be required near the southeast corner of the property, since our current estimations of the elevations at the two connections would not permit use of a gravity fed system. However, we are still investigating all of our options regarding sewer to the site.

HHOC will construct the twelve affordable homes using our typical combination of volunteer and subcontracted labor. The house construction budget is based on current costs, with a 3% inflation factor added in, since house construction is not scheduled to begin until 2003. At this time, we plan for the homes to be single story detached, with approximately 1,080 square feet for a three bedroom home and 1,200 for a four bedroom plan. All will have 1 ½ or 2 baths. All will meet the NC Housing Finance Agency's Energy Efficiency Requirement. All homes will also meet Habitat for Humanity International's minimum accessibility requirements.

The twelve homes will be sold to families earning at or below 50% of the area median income. Because the site is within the Chapel Hill-Carrboro school district, and is close to services and places of employment, there will be a high demand for these homes among the buyers that HHOC serves.

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**PROPOSED TIMETABLE  
For Rusch Road Affordable Housing Subdivision**

January 2001	∂ Purchase Property
May-June 2001	∂ Begin engineering and design work
July 2001-July 2002	∂ Request Special Zoning District Approval; Subdivision Review /Zoning Compliance Permit
October 2002	∂ Competitive Bidding for Infrastructure Construction
December 2002	∂ Infrastructure Construction Begins
September 2003	∂ Home Construction Begins on First Homes
December 2004	∂ 12 Homes Completed/Sold

**HABITAT FOR HUMANITY OF ORANGE COUNTY**

**PRELIMINARY BUDGET  
For Rusch Road Subdivision  
(12 single family homes)**

**Proposed Uses of Funds**

<b>Land Acquisition</b>	<b>67,000</b>
<b>Closing Costs (legal, survey)</b>	<b>4,000</b>
<b>Design, Engineering, and Surveying</b>	<b>75,000</b>
<b>Subtotal</b>	<b>146,000</b>
<b>Infrastructure Costs</b>	
Streets, Sidewalks (includes clearing, grading, storm drainage, erosion control)	175,000
Water Lines	35,000
Sewer Lines, including pump station	90,000
Landscaping/Recreation	5,000
<b>Sub-Total, Infrastructure Costs</b>	<b>305,000</b>
Contingency (15%)	45,000
<b>Total Infrastructure Construction Costs</b>	<b>350,000</b>
<b>Total Development Cost</b>	<b>1,156,000</b>
<b>Total Cost per unit for 12 single family homes</b>	<b>96,330</b>

**HABITAT FOR HUMANITY OF ORANGE COUNTY**

**PRELIMINARY BUDGET  
For Rusch Road Subdivision  
(12 single family homes)**

**Proposed Sources of Funds**

Orange County HOME Funds (99-00)	50,000
Community Development Block Grant Funds FY 2001-2002	50,000
Community Development Block Grant Funds FY 2002-2003	150,000
Habitat for Humanity International SHOP Funds	100,000
Orange County Housing Trust Fund	100,000
Habitat for Humanity Partnership Funds	300,000
Habitat for Humanity Program Funds	406,000
<b>Total Sources of Funds</b>	<b>\$1,156,000</b>

(18)  
**PROMISSORY NOTE**  
**DEFERRED PAYMENT LOAN**

COPY

**Date:**

**Amount:** \$50,000

1. **Loan.** This Note evidences a loan made by Lender to Borrower under a Development Agreement pursuant to the Federal HOME Investment Partnership Program and the Orange County Long-Term Housing Affordability Policy. The loan is secured by a Deed of Trust, (the "Deed of Trust") dated the same date as this Note, and which is a lien on the property described in the Deed of Trust (the "Property"). The Trustee is Geoffrey E. Gledhill. All terms of the Deed of Trust are incorporated in this Note by reference, and any default under the Deed of Trust is a default under this Note.

2. **Borrower's Promise to Pay.** In return for a loan received (the "Loan"), Habitat for Humanity of Orange County, NC, Inc., a North Carolina non profit corporation ("Borrower") promises to pay FIFTY THOUSAND and No/100 Dollars (U. S. \$50,000.00) or so much of the loan as may have been disbursed and remain unpaid, with interest, if any, until paid, to Orange County, North Carolina ("Lender"). Amounts advanced by Lender to protect its interest in the Property securing this Note, if any, shall be added to the principal amount owing under this Note, shall accrue Interest at the Default Rate from the date of advance until paid and shall be due and payable on demand.

3. **Interest Rate.** Interest shall accrue on the unpaid principal balance at a rate of zero percent (0%) per year.

4. **Payments.** No monthly principal or interest payments are required. All unpaid principal amount of the loan shall be due and payable on the day of the earlier of the following dates (the "Due Date"):

- a. The date the Property is sold or transferred by the Borrower, whether voluntarily or involuntarily or by operation of law, other than to a qualified assumer under Paragraph 5;
- b. The date a default occurs under the terms of any loan secured by a lien to which the Deed of Trust is subordinated;
- c. Any date within 99 years after the date of recording of the last deeds of trust securing the Lender's investment in the dwelling units that are the Project described in the Development Agreement, if on or prior to that date, the Property ceases to provide affordable housing, as defined in the Development Agreement.

5. **Assumptions.** The Note may be assumed only on the prior written approval of the Lender. All terms and conditions of the Declaration of Restrictive Covenants, this Promissory Note and the Deed of Trust shall remain in effect for any successor to Borrower and any successor shall assume all duties and obligations to the Borrower.

6. **Place of Payments.** Borrower shall make payments to Lender at Post Office Box 8181, Hillsborough, NC 27278, or 200 S. Cameron Street, Hillsborough, NC 27278 or such other address as Lender may notify Borrower.

7. **Prepayments.** Borrower may make payments of principal, either in whole or in part, at any time before they' are due

8. **Late Charges.** If this Note is paid in installments, and Lender has not received the full amount of any installment within 15 days after it is due, Borrower shall pay a late charge of 4% of the amount overdue.

9. **Default.** If Borrower does not pay the full amount of principal and interest due under this Note within ten (10) days from the due date, this Note will be in default. If, after the applicable cure period provided, if any, there exists an Event of Default under any other document entered into in connection with the Loan, this Note will be in default.

If this Note is in default, Lender, without further notice to Borrower, may require Borrower to immediately pay the full amount of the principal which has not been paid, any accrued interest and other sums due under this Note. Even if, at a time the Note is in default, Lender does not require Borrower to pay immediately in full, Lender will still have the right to do so at a later time if the default is continuing or if the Note is in default at a later time. If this Note is in default, Lender may employ an attorney to enforce Lender's rights and remedies, Borrower agrees to pay Lender for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees based on time and expenses actually expended at normal hourly rates.

If this Note is in default the sums due under this Note shall bear interest at ten percent (10%) per year (the "Default Rate").

10. **Waiver by Lender.** Lender's rights and remedies as provided in this Note or any other document executed in connection with the Loan shall be cumulative and may be pursued singly, successively, or together. The failure to exercise any right or remedy will not be a waiver or release of such right or remedy or the right to exercise any of them at another time.

11. **Joint and Several Liability.** If more than one person or entity signs this Note, each person or entity is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person or entity who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person or entity 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 Lender may enforce its rights under this Note against each person or entity individually or against all such persons or entities together.

12. **Waivers.** Borrower and any other Person or entity who has obligations under this Note waives the rights of protest, presentment, notice of dishonor and notice of acceleration of maturity. "Presentment" means the right to require Holder to demand payment of amounts due. "Notice of dishonor" means the right to require Holder to give notice to other persons that amounts due have not been paid. Borrower and any other person or entity who has obligations under this Note agree that their obligations shall continue even if Lender has agreed to the release, modification or substitution of any security for this Note or to any extensions of time for the payment of principal and interest under this Note.



13. **Related Documents.** The following documents have also been executed in connection with the Loan (*Check those which apply*):

- Development Agreement between the Borrower and Lender dated 01/18/01.
- Declaration of Restrictive Covenants between Borrower and Lender dated 01/18/01.
- Deed of Trust from Habitat for Humanity of Orange County, NC, Inc. to Geoffrey E. Gledhill, Trustee for Lender beneficiary, dated the same date as this Note.

The terms of those documents listed above are incorporated in this Note. Default under any of the terms of the documents listed above shall be a default under this Note.

14. **Governing Law.** This note shall be governed and construed by the laws of the State of North Carolina.

15. **Assignment.** The Borrower consents to the assignment of this Note transferring the Lender's right, title and interest.

IN WITNESS WHEREOF, Borrower has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority, of its Board of Directors.

Habitat for Humanity of Orange County, NC, Inc.

(SEAL)

Steve H. Harvin  
\_\_\_\_\_, President

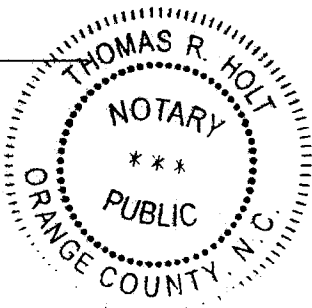
ATTEST: Marckita Garrison  
\_\_\_\_\_, Secretary

NORTH CAROLINA  
ORANGE COUNTY

I, Thomas R. Holt, Notary Public in and for the above named County and State, do hereby certify that on this day personally appeared before me \*\*Marckita Garrison with whom I am personally acquainted, who, being by me duly sworn, says at he is Secretary and that Steve H. Harvin is President of Habitat for Humanity of Orange County, NC, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested to by its Secretary.

Witness my hand and notarial seal, this the 18th day of January ~~2000~~ 2001.

Thomas R. Holt  
Notary Public Thomas R. Holt



My commission expires: September 10, 2005

