About Habitat for Humanity of Washington DC (DC Habitat)

DC Habitat is a 501(c)(3) non-profit organization that fights poverty housing and homelessness in our nation's capital by building affordable, energy and resource efficient homes for those in need, in partnership with the community and the working families who will benefit from the new homes. For over 25 years, DC Habitat has built and rehabilitated over 150 homes in Washington, DC, and the organization has made a life-changing impact in the lives of families in all four quadrants of the District. DC Habitat is an affiliate of Habitat for Humanity International, an organization that seeks to bring people together to build homes, communities, and hope. A map of homes constructed and planned throughout Washington, DC is included in Attachment 1.

In the last five years, DC Habitat has built 28 single-family homes in the Ivy City neighborhood of ANC-5D, with seven of those homes currently under construction and scheduled to deliver in 2015. A list of all homes constructed and planned in ANC-5D is included in Attachment 2.

In order to achieve its mission, DC Habitat fills a combination of roles:

- DC Habitat is a construction company, using volunteer labor, and requiring each homebuyer to contribute 300 "sweat equity" hours working to build their own home and the homes of their Habitat neighbors. This enables DC Habitat to build professional quality homes at affordable prices.

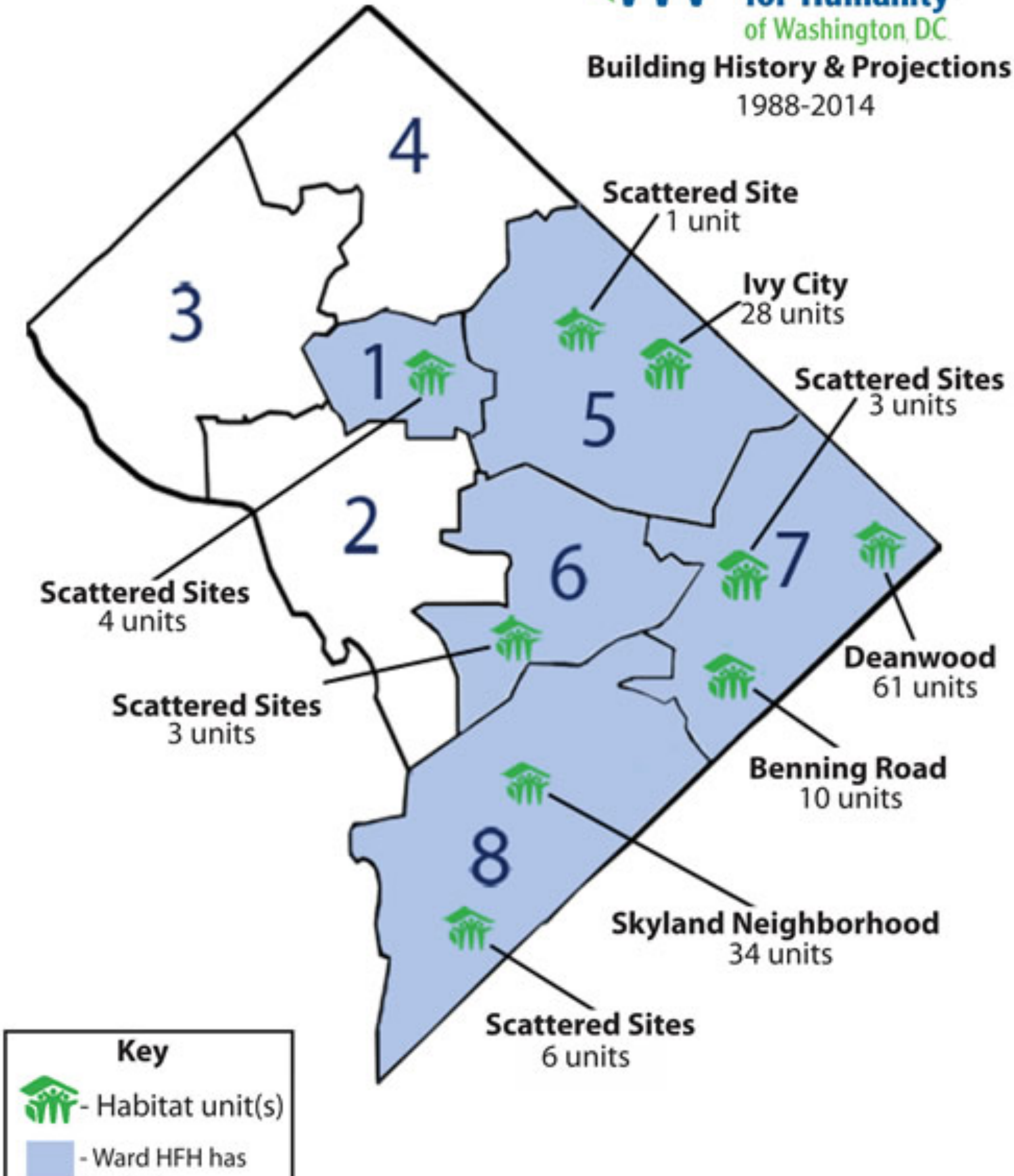
- DC Habitat is also a mortgage company. Homebuyers enter into 25-year, no-interest, no profit mortgages with DCHFH, which keeps their mortgage payments at approximately $500 per month, a fraction of comparable housing costs in DC. DCHFH reinvests revenue from mortgage payments into construction of future houses.

- DC Habitat is a social service agency, reaching out to those who need affordable housing the most. DC Habitat's volunteer Family Selection Committee uses sound criteria to select the most appropriate homebuyers.

Moreover, DC Habitat also requires that any purchaser of a DC Habitat home to sign a number of documents, including a Promissory Note and covenants granting DC Habitat a Right of First Refusal to buy back homes, which ensure the long-term affordability of the units DC Habitat develops.

Habitat for Humanity®
of Washington, DC

Building History & Projections
1988-2014



Location of Habitat for Humanity Homes Constructed or Planned in ANC-5D

#	Address	Zip	Completion Date	Sq	Lot
1	1721 Montello Ave, NE	20002	June-02	4052	0179
2	1808 Providence St, NE	20002	August-11	4044	2001
3	1833 Providence St, NE	20002	August-11	4043	0007
4	1810 Providence St, NE	20002	August-11	4044	2002
5	1817 Providence St, NE	20002	August-11	4043	0803
6	1852 Providence St, NE	20002	August-11	4044	2004
7	1850 Providence St, NE	20002	August-11	4044	2003
8	1819 Providence St, NE	20002	September-11	4043	0803
9	1941 Capitol Ave, NE	20002	January-12	4045	0025
10	1831 Providence St, NE	20002	August-12	4043	0007
11	1840 Central Pl, NE	20002	December-12	4047	0036
12	1846 Central Pl, NE	20002	February-13	4047	0039
13	1830 Providence St, NE	20002	March-13	4044	0811
14	1838 Central Pl, NE	20002	March-13	4047	0036
15	1825 Corcoran St, NE	20002	April-13	4048	0047
16	1955 (A) Capitol Ave, NE	20002	June-13	4045	2007
17	1955 (B) Capitol Ave, NE	20002	June-13	4045	2008
18	1848 Central Pl, NE	20002	November-13	4047	0039
19	1837 Central Pl, NE	20002	April-15	4044	0052
20	1839 Central Pl, NE	20002	April-15	4044	0053
21	1841 Central Pl, NE	20002	April-15	4044	0054
22	1843 Central Pl, NE	20002	April-15	4044	0055
23	1845 Central Pl, NE	20002	July-15	4044	0056
24	1860 Central Pl, NE	20002	July-15	4047	0061
25	1864 Central Pl, NE	20002	July-15	4047	0061
26	1862 Central Pl, NE	20002	July-15	4047	0062
27	1825 Central Pl, NE	20002	September-15	4044	0012
28	1827 Central Pl, NE	20002	September-15	4044	0012
29	1829 Central Pl, NE	20002	September-15	4044	0049

PROMISSORY NOTE
(Contingent Appreciation)

______________, 2014
Washington, D.C.

Property Address:

[redacted]

1. **BORROWER'S PROMISE TO PAY.**

In return for a loan that I have received, I promise to pay to the order of Habitat for Humanity of Washington, D.C., Inc., a District of Columbia nonprofit corporation, or any assignee or transferee thereof (the "**Lender**"), at 2115 Ward Court, N.W., Suite 100, Washington, D.C. 20037 (or other place as Lender may from time to time designate in writing), the following:

a. **Contingent Appreciation Payment.** In the event that, during the first fifteen (15) years after the date of this Promissory Note (Contingent Appreciation) ("**Contingent Appreciation Note**"), either (1) the real property (the "**Property**") encumbered by the deed of trust of even date herewith and securing this Contingent Appreciation Note, being the Deed of Trust (Contingent Appreciation) (the "**Contingent Appreciation Deed of Trust**"), or any interest therein, is sold, leased, encumbered, foreclosed or otherwise conveyed (other than between spouses by reason of death or divorce) or (2) the loan evidenced by this Contingent Appreciation Note becomes immediately due and payable or is prepaid in full for any reason (any of which events shall be deemed a "**transfer**"), then I agree to pay, upon the occurrence of such an event, in addition to those payments provided for in (a) the Note (defined below), (b) the [First Note] (defined below) and (c) the [HPAP Note] (defined below), a "contingent appreciation payment" (as that term is defined in Section 3 below) in an amount equal to the following percentages of the net appreciated value of the Property (as that term is defined in Section 3 below) as of the date of such transfer:

During the first five (5) years after date hereof	100%
During the sixth (6th) year hereafter	90%
During the seventh (7th) year hereafter	80%
During the eighth (8th) year hereafter	70%
During the ninth (9th) year hereafter	60%
During the tenth (10th) year hereafter	50%
During the eleventh (11th) year hereafter	40%
During the twelfth (12th) year hereafter	30%
During the thirteenth (13th) year hereafter	20%
During the fourteenth (14th) year hereafter	10%
During the fifteenth (15th) year hereafter	10%

On and after the sixteenth (16th) year hereafter 0%

provided, that if this Contingent Appreciation Note is paid in accordance with its terms and if no such transfer occurs on or before the end of the fifteenth (15th) year of the date of this Contingent Appreciation Note, then no contingent appreciation payment shall be due.

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

2. **INTEREST; PAYMENTS.**

a. No interest will be due and payable on any amounts owing or which may be owed because of this Contingent Appreciation Note, both before and after any default described in Section 6 of this Contingent Appreciation Note.

b. In the event that I transfer the Property during the first fifteen (15) years after the date of this Contingent Appreciation Note (as more fully provided in Section 1.a above), then I must pay the contingent appreciation payment upon the date of any such transfer.

3. **CONTINGENT APPRECIATION PAYMENT.**

a. For purposes of this Contingent Appreciation Note, the term "**contingent appreciation payment**" means the sum that results from multiplying the net appreciated value of the Property on the date of calculation by the percentage specified for the year in which a transfer occurs, all as more fully specified in Section 1.a above.

b. For purposes of this Contingent Appreciation Note, the term "**net appreciated value**" means the adjusted fair market value of the Property less the sum of (1) the Borrower's Cost of the Property and (2) the cost of capital improvements.

c. For purposes of this Contingent Appreciation Note, the term "**adjusted fair market value**" means:

(1) The net sale price, in the case of a bona fide sale of the Property made in good faith prior to the end of the fifteenth (15th) year after the date of this Contingent Appreciation Note, but excluding any sale upon a foreclosure or trustee's sale pursuant to the laws of the District of Columbia; or

(2) In all other cases, the amount of the fair market value of the Property specified in an appraisal or appraisals performed in accordance with the procedures set forth in Section 4 below.

d. For purposes of this Contingent Appreciation Note, the term "**net sale price**" means the gross sale price received for the Property less all expenses of the sale actually paid by me (including real estate commissions, advertising, documentary, recordation and transfer taxes, legal, escrow and recording fees, title insurance premiums and other settlement costs paid by me), and also less the amount of any federal, state and/or local tax paid or to be paid by me upon the net capital gain from the sale or other transfer.

e. For purposes of this Contingent Appreciation Note, the term "**Borrower's Cost of the Property**" means the total cost to me incident to the purchase of the Property (including documentary, recordation and transfer taxes, escrow and recording fees, title insurance premiums and other settlement costs). The Borrower's Cost of the Property for this loan is $__________________, less the amount of any recordation taxes that may be credited to me.

f. For purposes of this Contingent Appreciation Note, the term "**cost of capital improvements**" means the amount of the credit, if any, determined pursuant to Section 5 below.

4. **APPRAISALS.**

a. In the event I intend to make any transfer described in Section 1.a above that would cause the contingent appreciation payment to become due and payable, then I shall give the Lender at least sixty (60) days' prior written notice of such intent. For any transfer described in Section 1.a above, the Lender shall have the right (but not the obligation) promptly to select a qualified independent appraiser (an "**appraiser**") to perform an appraisal (the "**Lender's appraisal**") within twenty (20) days after receipt of such notice, to determine the fair market value of the Property as of the date of such notice. The Lender shall mail or deliver to me a copy of the Lender's appraisal no later than five (5) days after the Lender receives its copy of the Lender's appraisal.

b. If I dispute the Lender's appraisal, then I may at my own expense secure an independent appraisal within twenty (20) days after the date the Lender's appraisal was mailed or delivered to me, and I shall deliver a copy thereof to the Lender within five (5) days thereafter. If the Lender has not received my appraisal within twenty-five (25) days after the date the Lender's appraisal was mailed or delivered to me, then the Lender's appraisal will constitute the final and conclusive determination of the value of the Property for purposes of determining the contingent appreciation payment herein.

c. If the value determined by my appraisal is equal to the Lender's appraisal, then the Lender's appraisal will govern. If the value determined by my appraisal is higher or lower than the Lender's appraisal, then the fair market value of the Property will be one-half (1/2) the sum of the two appraisals; provided, if the value set forth in my appraisal is more than twenty percent (20%) less than the value set forth in the Lender's appraisal, then the Lender may at its option and at my expense have a third (3^{rd}) appraisal performed by another independent appraiser approved by me as soon as is feasible, in which event the fair market value of the Property shall be equal to one-third of the sum of the fair market values set forth in the three appraisals.

d. All appraisals must be made by appraisers having one or more of the following qualifications (unless waived by the Lender): (1) FNMA-approved appraiser; (2) Member of the Appraisal Institute (MAI) appraiser; (3) Society of Residential Appraisers (SRA) appraiser; or (4) Society of Real Estate Appraisers (SREA) appraiser. Copies of all appraisals allowed herein shall be mailed or delivered to the other party within five (5) days after the party ordering such appraisal receives it from the appraiser.

e. I agree to pay the cost of all appraisals performed pursuant to this Section 4 within fifteen (15) days after the date an invoice therefor is mailed to me. My failure to pay such cost shall be a default under this Contingent Appreciation Note.

5. CREDIT FOR CAPITAL IMPROVEMENTS.

The appraised value of any capital improvements that I make to the Property having an appraised value greater than Five Hundred Dollars ($500.00) will be the "**cost of capital improvements**" for the purpose of calculating the contingent appreciation payment under this Contingent Appreciation Note, and will be excluded from the net appreciated value if the following procedures are followed:

a. Within ninety (90) days following the completion of any improvements costing more than $500.00, I will send to the Lender, by first-class mail, a notice of completion of the improvements and proof of their costs and proof of payment thereof.

b. Upon the occurrence of a transfer described in Section 1.a above that will cause the contingent appreciation payment to be due and payable under this Contingent Appreciation Note, and if I have submitted any notice(s) of completion of capital improvements to the Lender, then the Lender may at its option (i) verify and accept the actual costs of the improvements paid by me as their appraised value or (ii) select a qualified, independent appraiser to determine the increase in value of the Property, if any, by reason of such improvements. For the purpose of computing the net appreciated value of the Property, the procedures, time periods and standards set forth in Section 4 above (with respect to appraisals performed to determine the value of the Property) shall apply to appraisals to determine the appraised value of any capital improvements.

c. For the purpose of such appraisals, the "**appraised value of the improvements**" means the increase in the value of the Property that results from the improvements. If the appraised value of all capital improvements equals $500.00 or less, than there will be no credit for capital improvements in computing the net appreciated value of the Property.

d. I understand that if the foregoing procedures are not followed, then the full value of my capital improvements to the Property will be reflected in the net appreciated value for the purpose of calculating the contingent appreciation payment.

e. For purposes of this Section 5, capital improvements shall mean any and all improvements of or to the Property (other than ordinary maintenance and repair) that have a useful life in excess of one (1) year.

6. ACCELERATION/DEFAULT.

Any and all amounts that may accrue and become payable under this Contingent Appreciation Note (including, without limitation, the contingent appreciation payment, appraisal costs, attorneys' fees and any other fees or charges under this Contingent Appreciation Note) shall, at the Lender's option, become immediately due and payable by me if any of the following events occurs without the prior written consent of the Lender:

(a) if all or any part of the Property or any interest in it is sold, encumbered, foreclosed or otherwise transferred or conveyed (other than between spouses by reason of death or divorce), without the Lender's prior written consent;

(b) when any lease (with or without an option to purchase the Property) of the Property is entered into;

(c) when a trust or partnership is created that affects title to the Property;

(d) if I should make an assignment for the benefit of creditors, or if a receiver is appointed for me, or if I am the subject of a bankruptcy or insolvency proceeding (voluntarily or involuntarily) under the Federal Bankruptcy Act or any successor act which shall not have been dismissed within thirty (30) days after the filing of such proceeding; or

(e) upon any other default in any of my obligations under this Contingent Appreciation Note or the Contingent Appreciation Deed of Trust, including without limitation:

  (1) my failure to make any payments when due under this Contingent Appreciation Note;

  (2) my failure to occupy the Property as my principal residence for the fifteen (15) years following the date that this Contingent Appreciation Note was signed; or

  (3) my failure to perform each and every other obligation described in this Contingent Appreciation Note, the Note, the First Note, the HPAP Note, the Contingent Appreciation Deed of Trust, the Deed of Trust (defined below), the First Deed of Trust (defined below), the HPAP Deed of Trust (defined below), or any other deed of trust encumbering the Property.

The "**[First] Note**" is that certain Promissory Note which I am signing on the same date as this Contingent Appreciation Note payable to [First Lender], which [First] Note is secured by that certain Deed of Trust of even date herewith ("**[First] Deed of Trust**"). The "**HPAP Note**" is that certain Promissory Note (Home Purchase Assistance Program) which I am signing on the same date as this Contingent Appreciation Note payable to the District of Columbia Department of Housing and Community Development, which HPAP Note is secured by that certain Subordinate Deed of Trust (District of Columbia Home Purchase Assistance Program) of even date herewith ("**HPAP Deed of Trust**"). The "**Note**" is that certain Promissory Note which I am signing on the same date as this Contingent Appreciation Note payable to Lender, which Note is secured by that certain Deed of Trust of even date herewith ("**Deed of Trust**").

IF A TRANSFER OCCURS AT ANY TIME PRIOR TO THE END OF THE FIFTEENTH (15TH) YEAR COMMENCING ON THE DATE OF THIS CONTINGENT APPRECIATION NOTE, AND AS A RESULT OF SUCH TRANSFER, EITHER A MORTGAGE, DEED OF TRUST OR OTHER SECURITY INSTRUMENT IS RECORDED AGAINST TITLE TO THE PROPERTY (OTHER THAN THE DEED OF TRUST, FIRST DEED OF TRUST, HPAP DEED OF TRUST AND CONTINGENT APPRECIATION DEED OF TRUST) OR YOU PLEDGE ANY INTEREST IN THE PROPERTY TO ANY LENDER OTHER THAN THE LENDER HEREUNDER, THEN NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY IN THIS CONTINGENT APPRECIATION NOTE OR IN THE CONTINGENT APPRECIATION DEED OF TRUST SECURING THIS CONTINGENT APPRECIATION NOTE, AND FOR SO LONG AS SUCH MORTGAGE, DEED OF TRUST, SECURITY INSTRUMENT OR PLEDGE SHALL REMAIN RECORDED AGAINST TITLE TO THE PROPERTY, THE PERCENTAGE TO BE APPLIED IN DETERMINING THE CONTINGENT APPRECIATION PAYMENT SHALL BE 100% OF THE NET APPRECIATED VALUE.

7. **LOAN CHARGES.**

If a law which applies to the loan evidenced by this Contingent Appreciation Note and that sets maximum loan charges is finally interpreted by a court of competent jurisdiction so that any loan charges collected or to be collected in connection with this Contingent Appreciation Note (including, without limitation, the contingent appreciation payment) exceeds the permitted usury limits, then (i) any such loan charges shall be reduced by the amount necessary to reduce the charges to the permitted limit and (ii) any sums that I have already paid to the Lender and which exceed the permitted limit will be refunded to me. The Lender has the option to make this refund to me either by reducing the outstanding principal balance that I owe under this Contingent Appreciation Note or by making a direct payment to me. If the Lender elects to reduce the outstanding principal balance of this Contingent Appreciation Note, then such reduction will be treated as a partial prepayment.

8. **GIVING OF NOTICES.**

a. Unless otherwise required by applicable law, any notice that must be given to me by the Lender under this Contingent Appreciation Note will be given by delivering it to me personally or by mailing it to me by first class mail, postage prepaid, at the address of the Property or at a different address if I give the Lender a notice of my different address.

b. Any notice that I must give to the Lender under this Contingent Appreciation Note will be given by delivering it personally to the office of the Lender stated above, or mailing it to the Lender by first class mail, postage prepaid, at the address stated above or at a different address if the Lender gives me a notice of that different address.

9. **OBLIGATIONS OF PERSONS UNDER THIS NOTE.**

If more than one person signs this Contingent Appreciation Note, then each person is fully and personally obligated to keep all of the promises made in this Contingent Appreciation Note, including the promise to pay the full amount of principal owed. Any person who is a guarantor, surety or endorser of this Contingent Appreciation Note is also obligated to keep all of the promises made in this Contingent Appreciation Note, including the promise to pay the full amount of principal owed. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Contingent Appreciation Note, is also obligated to keep all of the promises made in this Contingent Appreciation Note. The Lender may enforce its rights under this Contingent Appreciation 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 Contingent Appreciation Note.

10. **WAIVERS.**

I and any other person who has any obligations under this Contingent Appreciation Note hereby waive the rights of presentment and notice of dishonor. "**Presentment**" means the right to require the Lender to demand payment of the amounts due. "**Notice of dishonor**" means the right to require the Lender to give notice to other persons that the amounts due have not been paid.

11. **MISCELLANEOUS.**

a. The Lender may freely assign or transfer this Contingent Appreciation Note and the Contingent Appreciation Deed of Trust which secures it. As used in this Contingent Appreciation Note, the word "Lender" includes any assignee, transferee, or holder of this Contingent Appreciation Note.

b. Nothing contained in this Contingent Appreciation Note or the Contingent Appreciation Deed of Trust securing it shall be deemed to create any partnership or joint venture between me and the Lender.

c. This Contingent Appreciation Note shall be construed in accordance with the laws of the District of Columbia (without regard to conflicts of laws principles).

12. **SECURED NOTE.**

This Contingent Appreciation Note is secured by a Contingent Appreciation Deed of Trust on the Property made by me and dated the same date as this Contingent Appreciation Note. In addition to the protections given to the Lender under this Contingent Appreciation Note, the Contingent Appreciation Deed of Trust protects the Lender from possible losses which might result if I do not keep the promises which I make in this Contingent Appreciation Note. The Contingent Appreciation 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 Contingent Appreciation Note.

13. **PURCHASE MONEY**.

The amounts evidenced by this Contingent Appreciation Note constitute a portion of the purchase money payable by Borrower to the Lender in consideration of the transfer of the Property from the Lender to Borrower, and do not constitute interest on other consideration for the borrowing of money.

WITNESS THE HAND AND SEAL OF THE UNDERSIGNED AS OF THE DATE FIRST ABOVE WRITTEN.

BORROWER:

____

[Buyer’s Full Name]

covenants that it will execute and provide such further assurances of said Property as the Grantee may request.

THIS CONVEYANCE is made subject to the following covenants running with the land:

1. **GRANTOR'S RIGHT OF FIRST REFUSAL TO PURCHASE THE PROPERTY:**

(a) The Grantee hereby covenants and agrees that, in the event the Grantee desires to sell or convey all or any part of the Property, or any interest therein, during the first fifteen (15) years following the date of execution of this Deed (other than a transfer between spouses by reason of death or divorce), then, prior to contracting to sell to any other person or entity, the Grantee shall first inform the Grantor, in writing, at 2115 Ward Court, N.W., Suite 100 Washington, D.C. 20037 (or such other address that the Grantor designates by written notice to the Grantee) of its desire to sell the Property to enable the Grantor to exercise a right of first refusal to purchase the Property. The Grantee's written notice shall state the Grantee's intention to sell the Property and shall set forth the terms and conditions of the Grantee's offer to sell the Property. Immediately upon receipt of a bona fide written offer of purchase from any other person or entity, the Grantee shall either mail, by first-class mail, or personally deliver to the Grantor a written notice of such offer and of its price and terms, together with a copy of the written offer of purchase.

(b) Within thirty (30) days after the receipt of such written notice, the Grantor shall inform the Grantee, in writing, whether the Grantor intends to exercise its right of first refusal to purchase the Property at the same price and upon the same terms as such bona fide offer. If the Grantor exercises its right of first refusal to purchase the Property, the Grantor shall so notify the Grantee, in writing, and shall purchase the Property at the same price and upon the same terms as the bona fide offer, except that the time for closing specified in the bona fide offer may be extended for an additional thirty (30) days at the Grantor's option. If the Grantor fails to notify the Grantee of its intent to purchase the Property within thirty (30) days after receipt of a copy of the bona fide offer, the Grantor shall be deemed to have decided not to exercise its right of first refusal to purchase the Property, and the Grantee may proceed to sell the Property to a bona fide third party at the same price and upon the same terms as the bona fide offer. Any modification to the price and terms of the original bona fide offer shall constitute a new bona fide offer, which offer shall be subject to the Grantor's right of first refusal to purchase the Property which is described in this Deed.

(c) The term of the Grantor's right of first refusal to purchase the Property shall be for the first fifteen (15) years from and after the date of execution of this Deed. Grantor's right of first refusal to purchase the Property shall terminate automatically without the necessity of executing, delivering or recording any other instrument upon the earlier to occur of (a) [redacted] or (b) the sale of the Property with the prior written consent of the Grantor. For purposes of the foregoing, the Grantor's waiver of, or failure to exercise, its right of first refusal shall not constitute the Grantor's consent to any future sale of the Property.

(d) The Grantor may waive or fail to exercise its right of first refusal to purchase the Property provided in this Deed with respect to any bona fide offer without thereby waiving its right to exercise its right of first refusal to purchase the Property in accordance with the terms of this Deed at any future time during the first fifteen (15) years after the date of execution of this Deed.

(e) In the event the Grantor waives or fails to exercise its right of first refusal to purchase the Property provided in this Deed, upon receipt of a written request from the Grantee, the Grantor shall promptly furnish to the Grantee, or to any purchaser of the real property herein conveyed, a recordable statement certifying any waiver of, or failure or refusal to exercise, such right in all cases where such waiver, failure or refusal does in fact occur.

2. NON-DISCRIMINATION (SHOP PROGRAM)

During such time as the property described herein is used for a purpose for which assistance under the Housing Opportunity Program Extension Act of 1996, P.L. 104-120, was provided or for another purpose involving the provision of similar services or benefits, then no person having an interest in this property shall refuse service for or accommodation or other benefits to any person with respect to the property on account of the person's race, color or national origin or otherwise engage in discrimination conduct of any kind on account of a person's race, color or national origin with respect to the property. This covenant shall run with the land.

3. CERTIFICATE OF PURCHASER ELIGIBILITY

In accordance with Section 5.3.2 of that certain Affordable Housing Covenant, dated as of [redacted], recorded among the land records of the District of Columbia as instrument number [redacted], the Certificate of Purchaser Eligibility attached to this Deed as **Exhibit B** has been executed by the Borrower and attached to and recorded together with, this Deed.

[signatures on following pages]