HOMEOWNERSHIP EQUITY PROGRAM
PROMISSORY NOTE

$«Loan_Amount» **«SettlementMonth» ___, 2026**

FOR VALUE RECEIVED, **«Buyer_1» and «Buyer_2»** (the "Borrower" or the "Promisor") promise(s) to pay PRINCE GEORGE'S COUNTY, MARYLAND (the "County"), a body corporate and politic, the principal sum of **« Loan_Amount» ($«Loan_Amount»)** (the "**HOMEOWNERSHIP EQUITY PROGRAM** Loan" or the "Loan") to be advanced to the Borrower in accordance with the **HOMEOWNERSHIP EQUITY PROGRAM** Regulatory Agreement, Declaration of Covenants and Purchase Money Deed of Trust (the "Deed of Trust"), dated **«SettlementMonth»** ___, 2026, granted from the Borrower to Anthony D. Jones (the "Trustee"), for the benefit of Prince George's County, Maryland (the "Beneficiary" or the "Noteholder").

1. This **HOMEOWNERSHIP EQUITY PROGRAM** Promissory Note (the "Note") is secured by the Deed of Trust, covering **«Street_Address» «City_State__Zip»** (hereinafter referred to as the "Property"), which Property, the nature and extent of the security, and the rights of the County (and its successors and assigns) with respect to such security are all described more particularly in the Deed of Trust.

2. The Borrower promises to pay to the order of the County the principal sum of this Note, together with any interest, late charges, costs, advances, assessments, taxes, premiums, and other sums due under this Note and the Deed of Trust, at the times, in the manner, and subject to the forgiveness, recapture, default, and acceleration provisions set forth below:

    A. Program Purpose. The **HOMEOWNERSHIP EQUITY PROGRAM** is intended to expand the supply of decent, safe, sanitary and affordable housing, by providing down payment and closing costs assistance loans to income eligible, first-time borrowers to purchase residential properties inside the I-495 Beltway in Prince George's County, Maryland.

    B. Term; Forgiveness. The term of this Loan shall commence on the date of this Note and continue for a period of five (5) years thereafter, subject to the recapture provisions set forth below (such date, the "Maturity Date"). The principal balance shall be eligible for forgiveness at a rate of 20% on each anniversary of the settlement date and continue until the expiration of the Loan term (as described in the following schedule), provided that no Recapture Event (defined below) has occurred. The annual rate of forgiveness will **NOT** be

DRAFT

prorated. For purposes of clarification, on each full anniversary of the Settlement Date, an amount equal to twenty percent (20%) of the original principal amount of the Loan shall be forgiven, and no forgiveness shall occur unless the Borrower has continuously occupied the Property as the Borrower's principal residence through such anniversary date.

C. The following schedule shall apply to the outstanding principal balance, provided no Recapture Event has occurred and the Borrower remains in compliance with this Note and the Deed of Trust:

Length of Time Purchaser Retains Home as Primary Residence	**Balance Due (As % of Total Loan Received)**
Less than 1 year	100%
At least 1 year, but less than 2 years	80%
At least 2 years, but less than 3 years	60%
At least 3 years, but less than 4 years	40%
At least 4 years, but less than 5 years	20%
5 years or more	0%

D. Rate of Interest. Interest shall only be charged upon the occurrence of an Event of Default. The rate of interest charged on the outstanding principal balance shall be at an annual simple interest rate of **5.75%** and shall accrue on a monthly basis from the date of the Event of Default until the Loan is repaid in full.

E. Late Fees. Any payment due during the term of this Loan not paid within fifteen (15) days of the due date shall incur a late fee of five percent (5%) of the amount due.

F. Application of Payment. Any payment made on account of this Note shall be applied (i) first to the payment of late charges and interest, if any, (ii) second, to any amounts advanced by the Beneficiary pursuant to the Deed of Trust and (iii) third, to the outstanding principal balance of the Loan.

G. Place of Payments. Any payment made on account of the Note shall be made by money order, certified check, bank check, or cashier's check, which at the time is legal tender for the payment of public debt. Other forms of payment may be accepted upon prior approval by the County. Payments shall be made during

DRAFT

regular business hours at such offices designated by the County or any other place as the County may designate in writing.

3. Use of Funds. The Borrower confirms that the proceeds of the Loan will be expended solely for the purposes described in Section 2, paragraph 15 of the Deed of Trust.

4. Affordability Period/Recapture. The **HOMEOWNERSHIP EQUITY PROGRAM** loan, being secured by the Deed of Trust, shall be forgiven upon the 5th anniversary of the Note (the "Affordability Period"), in accordance with the schedule provided in paragraph 2.B above, PROVIDED THAT no Recapture Event occurs prior to the Maturity Date. If a Recapture Event does occur prior to the Maturity Date, then the full Recapture Amount shall become immediately due and payable. The Borrower certifies that there is no lien, security interest or other encumbrance on the Borrower's right, title or interest in the Property other than the purchase money financing used to acquire the Property.

5. Recapture Event/Recapture Amount. During the term of the Loan, in addition to the provisions governing acceleration upon an Event of Default, the entire outstanding principal balance of the Loan, together with any unpaid accrued interest and late charges, and any other sums due under the Loan Documents (collectively, the "Recapture Amount"), shall become due and payable on the first to occur of:

   (i) The senior mortgage loan (secured by the deed of trust in first-lien position) is refinanced, where the County has consented to such refinance upon the condition that the Borrower repay the Loan with cash available from the settlement.

   (ii) The Property is sold, assigned, leased (in its entirety), or otherwise transferred during the term of this Loan.

   (iii) The Property ceases to be the Borrower's principal residence.

   (iv) An Event of Default occurs, and the Trustee or the Beneficiary (as applicable) declares the Recapture Amount to be immediately due and payable.

6. Limitation on Recapture. Notwithstanding anything to the contrary herein, if the Recapture Amount becomes due as a result of the sale or transfer of the Property (whether involuntary or voluntary), the Recapture Amount shall be paid only from (and to the extent of) net proceeds available upon such sale or transfer. For these purposes, "net proceeds" shall mean the sales price of the Property minus any repayment of a loan senior in priority to this Loan and any reasonable or customary closing costs of the sale of the Property.

7. Event of Default/Acceleration. The Borrower understands that any of the following listed events (which list is not exhaustive) shall constitute an Event of Default, creating a right in the Noteholder to declare the Recapture Amount immediately due and payable:

   A. The determination by the County, at any time during the life of the Loan, that the Borrower did not meet one or all of the **HOMEOWNERSHIP EQUITY PROGRAM**

DRAFT

qualifications at the time of making this **HOMEOWNERSHIP EQUITY PROGRAM** loan.

B. The refinancing, sale, transfer, conveyance or any encumbrance of the Property (or portion thereof) during the term of this Loan **without the prior written consent of the County (which consent shall not be deemed to have been given in the absence of a County-approved subordination agreement recorded in the County land records)**.

C. The use of the proceeds of this Loan for any other purpose other than down payment and closing cost assistance associated with the acquisition of the Property.

D. The Borrower defaults or otherwise fails to perform or fulfill any of his/her/their covenants or agreements under any of the Loan Documents or any documents evidencing any other loan affecting the Property, beyond any applicable notice and cure periods.

The Noteholder's failure to exercise this option in any instance shall not constitute a waiver of its right to accelerate the Loan in the event of any subsequent Event of Default.

8. Prepayment. The Note may be prepaid in whole or in part at any time. Such prepayment shall be without premium or penalty; provided however, that the foregoing shall in no way limit accruing interest charges for an Event of Default or late fees. If any Event of Default occurs, the Trustee or the Beneficiary (as applicable) shall have the right to declare the entire outstanding balance of the Loan, together with all other sums secured by this Note, due and payable immediately.

Borrower's Initials _____

9. Waiver of Conditions Precedent. As to this Note, the Deed of Trust, the HOMEOWNERSHIP EQUITY PROGRAM application, and any other documents evidencing the indebtedness (the "Loan Documents"), the Borrower severally waives all applicable exemption rights, whether under any State constitution, homestead laws or otherwise, and also severally waives valuation and appraisement, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agrees that the maturity of this Note, or any payment under this Note, may be extended from time to time without, in any way, affecting the liability of the Borrower and any guarantors.

10. Reserved

11. Joint and Several Liability. If the Borrower consists of more than one party, then the obligations and liabilities of each such party under this Note shall be joint and several.

12. Governing Law. This Note shall be governed by the laws of the State of Maryland and all applicable Federal and County laws, regulations and requirements to which the Borrower agrees to comply.

DRAFT

13. Capitalized Terms. Unless noted otherwise, every capitalized term in this Note shall have the same meaning ascribed to it in the Deed of Trust; in the event of any conflict between the terms, definitions, conditions, or provisions of the Deed of Trust and this Note, the terms of the Deed of Trust shall prevail.

[*signature(s) on following page(s)*]

DRAFT

IN WITNESS WHEREOF, the Borrower has caused this **HOMEOWNERSHIP EQUITY PROGRAM** Promissory Note to be executed and delivered on his/her behalf to Prince George's County, Maryland, on the date first written above.

BORROWER:

_____
«Buyer_1»

_____
«Buyer_2»

STATE OF MARYLAND:

COUNTY OF PRINCE GEORGE'S: to wit:

I HEREBY CERTIFY that on this _____ day of _____, 2026, before me, the undersigned Subscriber, a Notary Public of the State of Maryland in and for the County aforesaid, personally appeared **«Buyer_1» and «Buyer_2»**, who identified himself/herself/themselves as the Borrower and executed the foregoing **HOMEOWNERSHIP EQUITY PROGRAM** Promissory Note.

My Commission expires: _____

WITNESS my hand and seal.

_____
Notary Public

DRAFT