

PROMISSORY NOTE

Contract No:
Loan No.
Effective Date:
Maturity Date:

(the "Property") See Exhibit A for Legal Description

1. For value received, the undersigned, _____ (Borrower), hereby promises to pay to the STATE OF ARIZONA, ARIZONA DEPARTMENT OF HOUSING, its successors or assigns, ("Holder") the principal sum of _____ payable at The Arizona Department of Housing, 1110 W. Washington Street, Suite 310, Phoenix, AZ 85007, or at such other place as the Holder may from time to time designate in writing, with interest at the rate of __ percent (___%) per annum, amortized for __ (__) years with a term of __ (__) years in accordance with the attached Amortization Table based on available cash flow. Annual payments are due and payable on the 31st of January, beginning January 31, 200_. In addition, Borrower shall provide to Holder copies of the annual financial statements. If the annual payment is not made by the Due Date(s) as stated on the attached Amortization Table, interest shall accrue monthly at the default interest rate of eight percent (8.0%) per annum on the outstanding principal until said payment(s) plus any and all accrued principal and interest is/are paid in full.
2. This Note is secured by:
 - a) a Deed of Trust on the Property and any improvements thereon of even date herewith naming the Holder as Beneficiary and Borrower as Trustor which shall be filed with the (Insert name of County) County Recorder;
 - b) a Declaration of Covenants, Conditions and Restrictions for the Property which shall be filed with the (Insert name of County) County Recorder.
3. Notwithstanding the above repayment terms, the Note shall be payable in full upon either of the following events:
 - a) The conveyance, sale or transfer of the Property or the placement of a mortgage or deed of trust on the Property, whether voluntary, involuntary or by operation of law. Upon such event, Holder shall have the right, in its sole and absolute discretion, to declare this Note immediately due and payable and enforce its rights under the Deed of Trust of even date herewith naming Holder as the Beneficiary and Borrower as Trustor;
 - b) Breach of any covenant, condition, or restriction set forth in the Declaration of Covenants, Conditions, and Restrictions for the Property of even date herewith, executed in connection with this Note.
4. Borrower shall notify Holder upon the occurrence of any event in paragraph 3(a) of this Note. Borrower shall mail via certified mail return receipt requested, or deliver notice of any proposed sale, conveyance, transfer, or placement of mortgage or deed of trust and a copy of related documents to Holder not less than 30 (thirty) calendar days before the proposed closing date to the following address:

Arizona Department of Housing
Attn: Finance and Accounting Administrator
1110 W. Washington Street, Suite 310
Phoenix, AZ 85007
5. Principal and interest shall be payable in lawful money of the United States of America. All or part of the amount due may be paid at any time by Borrower without premium or penalty, except that the Declaration of Covenants, Conditions, and Restrictions required hereunder shall remain in full force for the entire "period of affordability" as defined in the Declaration of Covenants, Conditions, and Restrictions.

6. This Note shall be deemed satisfied upon Borrower's full payment of the obligation set forth herein. Following satisfaction of the Note, Borrower shall be entitled to a release of the Deed of Trust that secures the Note upon payment of a reasonable fee, as determined by Holder, for preparation and recordation of the release. However, the Declaration of Covenants, Conditions and Restrictions executed concurrently herewith shall remain in full force and effect for the entire duration of the "period of affordability" as defined in the Declaration of Covenants, Conditions and Restrictions.
7. Should legal action be commenced to enforce this Note, Borrower shall pay all reasonable costs associated with said legal action, including attorney's fees.
8. Except as otherwise provided herein, maker and all sureties, endorsers and guarantors of this Note waive: (i) demand, presentment for payment, notice of non-payment, protest, notice of protest and any other notice that might otherwise be required; (ii) the filing of suit and diligence in collecting this Note; (iii) the release of any party primarily or secondarily liable hereon and any such release shall not release maker or any other surety, endorser, or guarantor who is not expressly released.
9. Failure of the holder of this Note to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default, or in the event of continuance of any existing default after demand for strict performance.
10. Nonrecourse Note. The obligation described in this Note is secured by certain Deed of Trust executed by Borrower in favor of Holder of even date herewith. Payment of this Note may be enforced solely out of the proceeds of the sale of the property.

NAME,
(Borrower)

By _____

Its _____

State of Arizona
County of _____

This instrument was acknowledged before me this _____ day of _____, _____ by _____.

My Commission Expires: _____ Notary Public

SAMPLE TEMPLATE

Exhibit "A"
Legal Description

SAMPLE TEMPLATE