

GRANT

Grantee(s): \_\_\_\_\_

Grant Amount: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Property: \_\_\_\_\_

1. This Grant (this “Grant”) is made by the Arizona Housing Finance Authority (the “Grantor”) to the Grantee(s) named above (collectively, the “Grantee”) in the Grant Amount set forth above (the “Grant Amount”). This Grant is being provided to the Grantee in connection with the purchase by the Grantee of the Property described above (the “Property”) and the Mortgage Loan entered into by the Grantee with respect to the Property, all in accordance with the requirements set forth in the Origination, Sale and Servicing Agreement dated as of December 1, 2009 (the “Agreement”), by and among the Grantor, U.S. Bank National Association (the “Servicer”) and the Lenders named therein. This Grant shall be for Down Payment Assistance (as defined in the Agreement) and shall be applied only to offset the Grantee’s down payment requirement with respect to the purchase of the Property and for closing costs, as permitted under the Agreement.

2. The Grantee agrees that this Grant shall be repayable, in whole or in part, in accordance with Section 4 below, if any of the following events (each a “Repayment Event”) occurs within five (5) years of the Effective Date set forth above (the “Effective Date”) which shall be the same date as the date of the note for the first mortgage loan:

- (1) Sale or other Transfer of Property within Five Years. If all or any part of the Property, or any interest in the Property (including a beneficial interest), is sold, conveyed or transferred within five (5) years of the Effective Date, whether voluntary, involuntary or by operation of law.
- (2) Refinancing of First Mortgage Loan. If the related first mortgage loan is refinanced in whole or in part within five (5) years of the Effective Date.
- (3) Rental of Property. If the Grantee rents or leases (whether by written or oral agreement) the Property or any portion thereof to any person or entity, provided that the Grantee may rent or lease limited space, such as a room or basement, but only to the extent permitted under the Agreement, and only if the Grantee continues to occupy the unit as his or her principal residence.

(4) Failure to Occupy Property as Principal Residence. If the Grantee is continuously absent from the Property for a period of more than sixty (60) days, or moves substantially all of his or her personal possessions from the Property, the Grantee shall be deemed not to be occupying the Property as his or her principal residence.

(5) Events of Default under the Deed of Trust. If an event of default described under Section 13 of the Deed of Trust (defined below) occurs.

3. The repayment of this Grant shall be secured by a promissory note (the "Note") and a deed of trust (the "Deed of Trust") executed contemporaneously herewith. The Deed of Trust shall be recorded against the Property.

4. The amount of this Grant that shall be repayable upon the occurrence of a Repayment Event shall be as set forth in Section 2 of the Note. The Grantor shall determine in its sole discretion the date of the Repayment Event (the "Repayment Event Date") and shall, subject to Section 19 of the Deed of Trust, also determine if any cure period shall be applicable with respect to any Repayment Event that is no longer continuing.

5. If a repayment of this Grant is required due to a sale of the Property described under Section 2 above, or as a result of a sale due to an event of default under the Deed of Trust, the repayment of this Grant shall be secured solely by the proceeds of such sale of the Property. However, the Grantor may, at its option, seek and obtain a personal judgment for all amounts payable under this Grant against any Grantee responsible for any fraud or misrepresentation that constitutes an event of default under this Grant, the Note or the Deed of Trust. This right shall be in addition to any other remedies available to the Grantor for such fraud or misrepresentation.

6. At least twenty-one (21) calendar days before any Repayment Event described under Section 2(1) or (2), Grantee shall mail certified mail, return receipt requested, or deliver notice of the proposed sale or refinancing and a copy of the sales contract or loan commitment, as applicable, to Servicer at the following address:

U.S. Bank Home Mortgage-MRBP Division  
17500 Rockside Road  
Bedford, OH 44146-2099  
Phone: 800 240 7890  
Fax: 216 475 8572

7. Consistent with the Deed of Trust, the repayment of this Grant is subordinate in all respects to the indebtedness evidenced by one or more notes payable to one or more senior lien holders as described in the Deed of Trust.

8. Except where otherwise required or permitted by Grantor in connection with a transfer on death, divorce, legal separation, or legal incapacity of a Grantee, this Grant may not be assumed

9. This Grant shall be governed by the law of the State of Arizona.

IN WITNESS WHEREOF, the Grantee has executed this Grant and agrees to its terms and conditions as of the Effective Date set forth above.

BY: \_\_\_\_\_  
[Name of Grantee]

BY: \_\_\_\_\_  
[Name of Grantee]

THE UNDERSIGNED HAS WITNESSED THE HAND(S) OF THE PERSON(S) SIGNED ABOVE.

STATE OF ARIZONA  
COUNTY OF \_\_\_\_\_

} SS

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_

\_\_\_\_\_  
Notary Public