

PROMISSORY NOTE

Principal Amount

_____ 20 _____
Effective Date (same for _____
Grant and Promissory _____
Note) _____ City or County _____ State

_____ (“Property”)
Property Address

1. In consideration for a grant in the amount of \$_____ (the “Grant”) received by _____ (collectively, the “Grantee”), the Grantee hereby executes this promissory note (this “Note”) as evidence of its promise to repay the Grant, in whole or in part, in accordance with the terms of the Grant, a copy of which is attached hereto as Exhibit A. The Grantee promises to pay any Principal Amount payable hereunder to the Arizona Housing Finance Authority (the “Grantor”).
2. The Principal Amount shown above (the “Principal Amount”) is equal to the initial amount of the Grant. The Principal Amount payable hereunder shall equal the Principal Amount of this Note less an amount equal to the product of (i) 20% of the Principal Amount, times (ii) the number of complete annual (365/366) periods that have elapsed from the Effective Date through the Repayment Event Date (as defined under the Grant).
3. This Note is secured by a deed of trust (the “Deed of Trust”) executed contemporaneously herewith and recorded against the Property. The Grant and the Deed of Trust describe the conditions under which the Grantee may be required to make payment of amounts owed under this Note.
4. In the event a repayment of this Note is required due to a sale of the Property described under Section 2 of the Grant or due to an event of default under the Deed of Trust, the repayment of this Note 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 the Grant, this 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.
5. So long as the Grantee is not in default under this Note or the Deed of Trust, no interest shall be charged on the principal balance of this Note. In the event the

Grantee is in default due to the Grantee's failure to use the Property as a principal residence, interest shall be computed on the principal of this Note at the default interest rate from the date of default until this Note is paid in full. The default interest rate shall be equal to 10% per annum (or such lesser maximum rate permitted under the laws of the State of Arizona).

- 6. All funds due hereunder shall be paid in United States dollars.
- 7. Grantee(s) waive(s) the rights of presentment, notice of dishonor, protest and demand and notice of protest.
- 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 Note may not be assumed
- 9. The amount repayable under this Note is subordinate in all respects to the indebtedness evidenced by one or more notes payable to one or more senior lien holders, which notes are secured by the following senior liens:

[describe senior liens]

- 10. This Note shall be governed by the law of the State of Arizona.

BY: _____
 Name of Grantee:

BY: _____
 Name of Grantee:

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

STATE OF ARIZONA } ss This instrument was acknowledged before me this _____ day of _____, 20__ by

COUNTY OF _____

Notary Public

