

**HOME AND HOME ARP PROGRAM PROMISSORY NOTE SECURED BY DEED OF TRUST  
(Rental)**

\$ 580,286 (HOME) and \$2,321,108.60 (HOME-ARP) \_\_\_\_\_, 2025

Principal Amount Total \$2,901,394.60 Date

430 S Magnolia Avenue, Yuma, Arizona 85364 (the "Property")

Property Address

\_\_\_\_\_, 2045

Maturity Date

**Borrower:**

Arizona Housing Development Corporation  
420 S. Madison Avenue  
Yuma, AZ 85364

**Lender:**

City of Yuma, an Arizona municipal corporation  
acting on behalf of the Yuma County HOME  
Consortium  
Attention: Neighborhood Services  
One City Plaza  
Yuma, AZ 85364

In exchange for value received, the undersigned Arizona Housing Development Corporation, an Arizona domestic nonprofit corporation (BORROWER) hereby promises to pay to the City of Yuma (LENDER), the principal sum of two million nine hundred and one thousand three hundred and ninety-four and 60/100 dollars (\$2,901,394.60), in lawful money of the United States.

This Note is subject to the following terms and conditions:

- A. Loan Terms: The Loan is provided with a zero percent (0%) interest rate and no payments for a twenty-year (20) period. The Loan will be forgiven in full on the twentieth year anniversary of the date the Certificate of Completion is recorded (referred to as "Loan Term"), and not on a prorated basis, on the express condition that the BORROWER complies with all of the terms and conditions in this Note, the Deed of Trust, and the HOME and HOME-ARP Development Loan Agreement, together with all exhibits including the Declarations (referred to as the "Agreement"), executed \_\_\_\_\_, 2025. Each of the terms of the Agreement, the Declarations, and the Deed of Trust are incorporated herein by reference.
- B. Repayment: The full amount of the loan will be due and repayable if the Property is

conveyed, assigned, sold, transferred, hypothecated, subjected to an additional mortgage or deed of trust or any other type of encumbrance other than the Permitted Encumbrances as described in Section 1.24 of the Agreement, whether voluntary, involuntary or by operation of law, during term of this Note. The LENDER shall have the right, in its sole and absolute discretion, to declare the full indebtedness secured by the Deed of Trust to be immediately due and payable upon default of the terms and conditions outlined in this Note, the Deed of Trust, or Agreement. If the unpaid principal balance of the Loan shall become immediately due and payable in full, the amount due shall bear interest until paid at a default rate of interest of four percent (4%) per annum.

- C. Net Proceeds: If BORROWER fails to comply with the terms of this Note, LENDER may voluntarily or involuntarily (i.e. through foreclosure) recapture the full amount owed under the Note. Repayment of this Note will be from the “net proceeds” of the sale of the property. The “net proceeds” means sales price minus the sum of the superior loan repayment (other than HOME funds) and any closing costs. For illustration purposes only,  $\text{Net Proceeds} = \text{Sales Price} - (\text{Superior Loan Repayment} + \text{Foreclosure Costs})$ .

The LENDER will not recapture more than what is available from the “net proceeds” of the sale of the Property. The LENDER will not require the BORROWER to repay any outstanding amount owed on the Note beyond the funds available to LENDER through the net proceeds. If LENDER recaptures the entire amount of the loan from the net proceeds, any amount left over shall first be used to pay any Permitted Encumbrance of inferior priority to this Note and Deed of Trust or returned to BORROWER.

- D. BORROWER shall not sell the Property for an amount less than the value established by appraisal at the time of sale of the Property without expressed written consent of the LENDER.
- E. In order for the Loan to be forgiven at the end of the term of this Note, the Property must be in full compliance with all HOME and HOME-ARP Program requirements, local laws, and regulations during the Affordability Period. If the BORROWER receives a code violation citation, BORROWER shall remediate the violation within either 14 days or the amount of time stated on the citation, whichever is later. If the BORROWER fails to remediate the violation, the Loan Term will be extended for one additional year for each separate violation.
- F. The BORROWER may prepay this Note, in whole or part, at any time, in lawful money of the United States of America at the office of LENDER at One City Plaza, Yuma, Arizona, 85364 (or such other place as LENDER may designate in writing).
- G. Presentment, demand, protest, and notice are hereby expressly waived by the BORROWER. Should default be made in the payment of principal and interest hereon, or such other default occur in the performance of or compliance with any of the covenants

or conditions of this Note, the Deed of Trust, or the Development Loan Agreement, then in such event the LENDER may, in addition to such other remedies or combination of remedies LENDER may have under law and equity, declare the whole sum of principal and interest immediately due and payable. Should suit be brought to recover on this Note, in addition to the amount due on this Note, the BORROWER shall pay all collection costs, including without limitation, attorney's fees and court costs, incurred by LENDER.

- H. This Note and the obligations associated with the Agreement and Declarations is secured by the Deed of Trust by and between the BORROWER, as Trustor, and LENDER, as beneficiary.
- I. This Note shall be governed by and construed in accordance with the laws of the State of Arizona. Any action to enforce any provision of this Note or to obtain any remedy with respect to this Note shall be brought in the Superior Court, Yuma County, Arizona.
- J. This Note may only be amended by an agreement in writing and signed by the Party against whom enforcement or any waiver, change, modification, or discharge is sought.

Arizona Housing Development Corporation,  
an Arizona domestic nonprofit corporation

By: \_\_\_\_\_  
Fernando Quiroz                      Date  
President