

1PROMISSORY NOTE
SAGE TOWER – AFFORDABLE HOUSING REHABILITATION PROJECT

\$750,000.00

Billings, Montana

FOR VALUE RECEIVED, **Homeword, Inc.**, herein after referred to as the “Borrower” promise to assign to the City of Billings, herein after referred to as “Lender,” the sum of **\$750,000**, to be provided as determined through the provisions contained within the Deed Restriction Agreement and Trust Indenture dated **DATE**. Such amounts will be calculated using the requirements contained within said Deed Restriction Agreement and Trust Indenture of the total assistance provided by the lender to the Borrower. Said sums shall be in proper form of assignment, without interest, said assignment being effective through the Period of Affordability, 15 years, upon sale, transfer or other disposition or change of use as described in the above-mentioned Deed Restriction Agreement and Trust Indenture dated **DATE**, wherein the City of Billings is the Lender.

This promissory is secured by a Trust Indenture on certain real property located in the jurisdictional boundaries of the City of Billings commonly known as 115 North 24th Street, Billings, Montana, 59101 and legally described as:

Parcel A: Lots 13, 14, 15, 16, 17 and 18, Block 88, of Original Town of Billings, in the City of Billings, Yellowstone County, Montana, according to the official plat on file in the office of the Clerk and Recorder of said County under Document No. 16312.

Parcel B: A leasehold interest created by that certain Parking Space Lease, a memorandum of which was recorded March 19, 2008 under Document No. 3458313 in Lots 5, 6, 7, 8 and 9, Block 88, Original Town of Billings, in the City of Billings, Yellowstone County, Montana, according to the official plat on file in the office of the Clerk and Recorder of said County under Document No. 16312.

The Borrower shall transfer or assign the property herein described only with the written consent of Lender. Such consent shall not be unreasonably withheld provided Lender security interest herein is adequately protected. Lender may, at their option, declare immediately due and payable all sums secured by the Mortgage / Trust Indenture upon the sale or transfer of all or any part of the real property described in the Mortgage / Trust Indenture without the Borrower’s prior knowledge and written consent.

During the term of this Promissory Note, the Borrower shall keep the subject property free from all liens or encumbrances of any kind, except those expressly consented to in writing by the Lender. Any such liens or encumbrances shall constitute a default herein and Borrower agrees to indemnify and hold the Lender harmless from any liability for such liens and encumbrances.

The Borrower covenants and agrees that they will commit no waste that will lessen the value of the premises nor shall they cause any damage thereto which shall reduce the value of the premises and property as security for the payment of the purchase price as herein provided.

During the life of this Promissory Note, and until the Period of Affordability has been met, and until full payment, Borrower shall secure and maintain, if insurable, the premiums for premises comprehensive and fire loss coverage covering full replacement cost covering both Borrower and Lender. Property taxes, first mortgage and all other financial obligations must be maintained.

If default be made in the payment of said principal, or in any of the covenants of the Deed Restriction Agreement and Trust Indenture securing this Promissory Note, then, at the holder’s election, upon notice as provided in the Deed Restriction Agreement and Trust Indenture dated as noted herein, the entire principal option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default or at any other time. The undersigned agree to pay reasonable attorney fees, in addition to other costs, in case of the collection of this Promissory Note by an attorney, either with or without suit.

The undersigned shall always comply with the use, occupancy and recapture restrictions affecting the property described in the Deed Restriction Agreement and Trust Indenture securing this Promissory Note and set forth in the Deed Restriction Agreement and Trust Indenture dated as noted herein, between the borrower and the lenders. If the undersigned shall fail or refuse to comply with such use, occupancy and recapture restrictions, the Lenders may, at their option and with notice as provided in such Deed Restriction Agreement and Trust Indenture, declare the entire unpaid principal balance of this Promissory Note immediately due and payable and may invoke any remedies provided in such Deed Restriction Agreement, Trust Indenture or applicable law in the event of default.

The indebtedness evidenced by this Promissory Note is secured by a Deed Restriction Agreement and Trust Indenture dated as noted herein, and reference is made to the Deed Restriction Agreement and Trust Indenture for rights as to acceleration of the indebtedness evidenced by this Promissory Note.

Borrower Signature:

Karissa Trujillo, Executive Director
Homeword, Inc.

Date