PROMISSORY NOTE
(CalHFA Zero Interest Program)
[With FHA First Loans Only]

Property Address:_____

$_____ _____ , _____

FOR VALUE RECEIVED, the undersigned, _____ _____ (the "***Borrower***"), hereby promises to pay to the order of the California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California (the "***Lender***"), its assignee or holder, whose address is 500 Capitol Mall, Suite 1400, Sacramento, California 95814 as further provided herein a principal amount equal to _____ _____ Dollars ($_____), with no interest accruing thereon (except as provided in Paragraph 9 below). The obligation of the Borrower with respect to this Note is secured by that certain deed of trust entitled "Permanent Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (CalHFA Zero Interest Program)" (the "***Deed of Trust***"), and executed by the Borrower contemporaneously herewith.

1. *The Borrower's Obligation.* This Note evidences the obligation of the Borrower to the Lender for the repayment of funds loaned to finance the purchase of that certain real property (the "***Property***") described in the Deed of Trust. The amount of principal plus deferred accrued interest shall be due and payable at the end of the Term of Note as set forth in paragraph 3 below, or upon acceleration of payment as set forth in paragraph 4 below.

2. *Occupancy.* The Borrower shall continuously occupy the Property as the Borrower's principal place of residence during the term of this Note.

3. *Repayment of Loan Principal and Interest.* This is a deferred payment obligation. The Borrower shall repay to the Lender the principal, interest (if applicable) and any other amounts due under this Note on the earliest of the following occurrences:

(1) The First note and deed of trust on the Property is paid in full or reaches its maturity date, whichever occurs first;
(2) The First note and deed of trust on the Property is refinanced; or
(3) The First note and deed of trust on the Property becomes due and payable for any reason.

4. *Acceleration of Payment.* The principal amount of this Note, together with any then outstanding accrued interest thereon, shall at the election of CalHFA become immediately due and payable upon the occurrence of any of the following events:

(1) In the event of a default under the terms of this Note or the Deed of Trust securing this Note; or
(2) In the event of a default under the terms of any superior note or deed of trust on the Property.

5. *Place and Manner of Payment.* All amounts due and payable under this Note are payable at the principal office of the Lender set forth above, or at such other place or places as the Lender may designate to the Borrower in writing from time to time.

6. *Application of Payments.* All payments received on account of this Note shall be first applied to accrued interest and the remainder shall be applied to the reduction of principal.

7. *Attorney's Fees.* The Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the Lender in the enforcement of this Note.

8. *Default and Acceleration.* All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note, and the Borrower agrees that the unpaid balance of the then principal amount of this Note, together with all accrued interest thereon and charges owing, shall, at the option of the Lender or, if so provided in this Note or the Deed of Trust, shall automatically, become immediately due and payable, and thereafter until paid bear interest at the rate of ten percent (10%) per annum, upon the failure of the Borrower to make any payment hereunder as and when due; upon the failure of the Borrower to perform or observe any other term or provision of this Note, or upon the occurrence of any event (whether termed default, event of default or similar term) which under the terms of the Deed of Trust, shall entitle the Lender to exercise rights or remedies thereunder.

9. *Notices.* Except as may be otherwise specifically provided herein, any approval, notice, direction, consent, request or other action by the Lender shall be in writing and may be communicated to the Borrower at the address of the Property, or at such other place or places as the Borrower shall designate to the Lender in writing, from time to time, for the receipt of communications from the Lender.

10. *No Prohibition Against Prepayment.* The Borrower may prepay this Note at any time without penalty.

11. *Governing Law.* This Note shall be construed in accordance with and be governed by the laws of the State of California.

12. *Severability.* If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

13. *Time.* Time is of the essence of this Note.

14. *No Waiver by the Lender.* No waiver of any breach, default or failure of condition under the terms of this Note or the Deed of Trust shall be implied from any failure of the Lender to take, or any delay by the Lender in taking action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure; and a waiver of any term of this Note, the Deed of Trust, or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

15. *Successors and Assigns.* The promises and agreements herein contained shall bind and inure to the benefit of, as applicable, the respective heirs, executors, administrators, successors and assigns of the parties.

Borrower	Borrower
Borrower	Borrower
Borrower	Borrower