

# PROMISSORY NOTE

September 3, 2003

[REDACTED]

[REDACTED] a principal amount equal to FIFTY THOUSAND AND NO/100 Dollars (\$50,000.00) (the "Principal Amount"). The obligations of the Borrower and the Holder being upon and subject to the terms of the deed of trust of even date herewith (the "Deed of Trust"). Said Deed of Trust will secure performance under this Note. The Borrower also promises to pay to the order of the Holder the "Interest and Appreciation Payment" as defined in paragraph 2 below.

1. Borrower's Obligation. This Note evidences the obligation of the Borrower to the Holder for the payment of the Principal Amount and the Interest and Appreciation Payment given in connection with the purchase of the property (the "Residence") as part of a program of the Holder to assist low and moderate income persons to purchase homes (the "Agency Loan").

2. Interest and Appreciation Payment. The Interest and Appreciation Payment shall be determined by calculating the lesser of the following two amounts: (a) simple interest on the Principal Amount at the rate of five percent (5%) of the Principal Amount per annum for the first year (or portion of a year) after the date of this Note; plus four percent (4%) of the Principal Amount per annum for the second year (or portion of a year) after the date of this Note; plus three percent (3%) of the Principal Amount per annum for the third year after the date of this Note and for each additional year (or portion of a year) through the Term of this Note, or (b) the percentage of the total down payment and closing costs paid by the Borrower that was comprised of the Agency Loan where the Agency Loan is the numerator and the total of the down payment and closing costs is the denominator. For purposes of calculating the Interest and Appreciation Payment, the Borrower's closing costs shall include title and escrow fees, legal fees, loan fees, transfer tax, title insurance costs, and any other costs reasonably related to the close of escrow on the Residence and approved by the Holder. In no event shall the Interest and Appreciation Payment exceed fifty percent (50%) of the Residence's Appreciation as defined in subparagraph 2A below.

A. Residence's Appreciation Definition. The Residence's Appreciation shall mean the amount the Residence has increased in value since the Borrower purchased the Residence, decreased by (1) closing costs attributable to the purchase of the Residence by the Borrower, (2) expenses borne by the Borrower in connection with the transfer of the residence, (provided, however, if the Borrower pays off the Agency Loan