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PROMISSORY NOTE

\$1,700,000.00

JANUARY 10, 2011

**FIRST:** FOR VALUE RECEIVED, the undersigned NEVADA RURAL HOUSING AUTHORITY (NRHA), a political subdivision of the State of Nevada, promises and agrees to refund the sum of \$1,700,000.00 (One Million, Seven Hundred Thousand Dollars and 00/100 cents) to EUREKA COUNTY, a political subdivision of the State of Nevada.

**SECOND:** This sum, a refundable grant received by NRHA from EUREKA COUNTY, shall be repaid as follows:

- A. The sum of \$1,700,000.00, plus interest, at the rate of 5% (five percent) per annum. Interest on the \$1,700,000.00 shall accrue daily on the unpaid principal balance outstanding commencing on the date of this NOTE. Interest shall be calculated on the basis of a 365 (three hundred sixty-five) day year and the actual number of days elapsed in any partial calendar month. The \$1,700,000.00 with interest shall be repaid within no more than twenty-one (21)

1 months, and no later than September 30, 2012.

2 B. Payments of accrued interest only are due quarterly, on or before  
3 the 10<sup>th</sup> (tenth) day of the months of March, June, September, and  
4 December. Payments of the principal sum of \$1,700,000.00 may  
5 be made at any time.

6 C. The entire unpaid balance of principal and interest shall be due  
7 and payable no later than September 30, 2012. Full or partial pre-  
8 payments of the amounts owed may be made without penalty. All  
9 interest ceases to accrue after this NOTE has been paid in full.

10 **THIRD:** This NOTE is secured by the obligation of NRHA to obtain clear title to  
11 50 (fifty) townhome units from Guerdon Homes in Boise, Idaho,  
12 NRHA's obligation to locate these townhome units elsewhere if  
13 EUREKA COUNTY refuses to allow NRHA to place these units at the  
14 site commonly referred to as the Eureka Canyon subdivision in Eureka,  
15 Eureka County, Nevada, NRHA's obligation to hold these units at least  
16 until March 7, 2011 to allow EUREKA COUNTY time to accept or  
17 refuse these units, and NRHA's obligation to work in good faith with  
18 EUREKA COUNTY to place the units at the Eureka Canyon  
19 subdivision if EUREKA COUNTY allows. All of the obligations of the  
20 undersigned under this NOTE shall be joint and several, and the failure  
21 by NRHA to fulfill any one or all of these obligations does not discharge  
22 this NOTE.

23 **FOURTH:** In the event that any payment under this NOTE is not made at the time  
24 and in the manner required (whether before or after maturity), NRHA  
25 agrees to pay any and all reasonable costs and expenses (regardless of  
26 their nature and whether incurred before or after the initiation of

1 enforcement or action or before or after judgment) which may be  
2 incurred by EUREKA COUNTY in connection with the enforcement of  
3 any of its rights under this NOTE, including but not limited to attorney's  
4 fees and all costs and expenses of collection.

5 **FIFTH:** All past due principal and past due interest shall, both before and after  
6 judgment, bear interest at the per annum rate of 7.5% (seven and one  
7 half percent).

8 **SIXTH:** This NOTE is delivered in the State of Nevada and shall be governed by  
9 and construed in accordance with the laws of the State of Nevada.  
10 NRHA agrees to venue for any action under this NOTE to be before the  
11 Seventh Judicial District Court in Eureka, Nevada.

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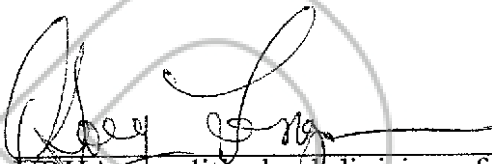
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1 SEVENTH: All notices, payments, or other information regarding this NOTE  
2 shall be sent regular mail or hand delivered to the addresses  
3 listed:  
4

5 EUREKA COUNTY NRHA  
6 c/o Board of County Commissioners 3695 Desatoya Drive  
7 10 S. Main Street - P.O. Box 677 Carson City, Nevada 89701  
8 Eureka, Nevada 89316

9 IN WITNESS WHEREOF, the undersigned has executed this NOTE on or as  
10 of the 10<sup>th</sup> day of January, 2011.

11 

12 NRHA, a political subdivision of the  
13 State of Nevada  
14 By: D. Gary Longaker  
15 Its: Executive Director

16 STATE OF NEVADA }  
17 COUNTY OF CARSON } ss:

18 On this 10<sup>th</sup> day of January, in the year 2011, before me, Melanie M. Evans,  
19 notary public, personally appeared D. GARY LONGAKER, known or identified to  
20 me to be the Executive Director of the Nevada Rural Housing Authority, the political  
21 subdivision of the State of Nevada that executed the instrument and acknowledged  
22 to me that NRHA executed the same.

23 IN WITNESS WHEREOF, I have set my hand and affixed my official seal the day  
24 and year in this certificate first above written.



26 Melanie M. Evans  
Notary Public