

NOTE

This Note is made this 23rd day of December, 2024, by and between Guam Housing and Urban Development Authority (“GHURA” or “Borrower”) and Department of Administration, Government of Guam (“DOA” or “Lender”).

NOW, THEREFORE, the parties agree and covenant as follows:

1. **BORROWER’S PROMISE TO PAY.** In return for a loan GHURA will receive pursuant to the Loan Agreement dated December 23, 2024 (“Loan Agreement”), GHURA promises to pay \$12,500,000.00 (this amount is called “Principal”), plus interest, to the order of DOA. Funds not expended by December 31, 2025 for the purpose provided in Paragraph 1.1 of the Loan Agreement, may be reprogrammed by DOA for eligible uses consistent with the Final Rule issued by the U.S. Department of the Treasury implementing the Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act (“Final Rule”), and other applicable federal laws or regulations. In the event such funds are reprogrammed by DOA, the parties shall execute an addendum or amendment to this Note reducing the note amount by the value of the reprogrammed funds.

2. **INTEREST.** Interest will be charged on unpaid principal until the full amount of Principal has been paid. GHURA will pay interest at a yearly rate of one percent (1%), to be computed daily based on a 365-day year and the actual number of days elapsed. The interest rate required by this Paragraph is the rate GHURA will pay both before and after any default described in this Note.

3. **PAYMENTS.** GHURA will pay the principal and accrued interest on or before the Maturity Date, which is December 31, 2026. GHURA will make its payments at the Department of Administration, 590 S. Marine Corps Drive, Suite 224, Tamuning, Guam or at a different place if required by DOA.

//

//

4. **SECURED NOTE.** This Note is secured by a Mortgage on the following property granted by GHURA to DOA:

Legal Description: Lot 5280-3
Size: +/- 194.081 square meters
Zone: Agriculture ("A")
Cost: \$3,500,000

The Mortgage, dated December 23, 2024, protects DOA from potential losses arising from GHURA's failure to fulfill its obligations under this Note. The Mortgage describes the conditions under which GHURA may be required to make immediate payment in full of all amounts owed under this Note. DOA's security interest is perfected by recording the Mortgage with the Department of Land Management.

GHURA agrees to the following obligations regarding the collateral property:

- a. **Maintenance of Property:** GHURA shall maintain the property in good condition and repair, reasonable wear and tear excepted.
- b. **No Additional Liens:** GHURA shall not encumber the property with any additional liens or security interests without the prior written consent of DOA. Transferring any part of the property without DOA's prior written consent will permit DOA to require immediate payment in full of all sums secured by this Security Instrument, unless prohibited by applicable law. If DOA exercises this option, DOA will provide GHURA with a notice of acceleration, granting a period of not less than 30 days from the date of notice to pay all outstanding sums. Failure to pay within this period will allow DOA to invoke any remedies permitted by this Security Instrument.

In the event of default under this Note, including but not limited to failure to comply with any of the obligations listed above, DOA shall have the right to exercise all remedies available under the Mortgage and applicable law, including but not limited to foreclosure.

5. **BORROWER'S RIGHT TO PREPAY.** GHURA has the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When GHURA makes a Prepayment, GHURA will notify DOA in writing that it is doing so.

GHURA may make a full Prepayment or partial Prepayments without paying a Prepayment charge. DOA will use Prepayments to reduce the amount of Principal that GHURA owes under this Note. However, DOA may apply a Prepayment to the accrued and unpaid interest on the Prepayment amount, before

applying the Prepayment to reduce the Principal amount of the Note. If GHURA makes a partial Prepayment, there will be no changes in the due date or in the amount of the monthly payment unless the DOA agrees in writing to those changes.

6. **LOAN CHARGES.** If a law, which applies to the Loan Agreement and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan Agreement exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from GHURA which exceeded permitted limits will be refunded to GHURA. DOA may choose to make this refund by reducing the Principal owed under this Note or by making a direct payment to GHURA. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

7. **BORROWER'S FAILURE TO PAY AS REQUIRED.** If GHURA does not pay the full amount due on or before the Maturity Date, GHURA will be in default. Even if, at a time when GHURA is in default, DOA does not require GHURA to pay immediately in full as described above, DOA will still have the right to do so if GHURA is in default at a later time.

8. **NOTICES.** All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given and effective: (a) upon personal delivery to the intended recipient, evidenced by a signed receipt of delivery; (b) one (1) business day after deposit with a nationally recognized overnight courier service, with prepaid charges and proof of delivery requested, addressed to the intended recipient; (c) five (5) business days after deposit in the United States mail, certified or registered mail, return receipt requested, postage prepaid, addressed to the intended recipient; or (d) upon confirmed electronic transmission via email to the intended recipient's designated email address, provided that the sending party receives electronic confirmation of successful delivery. Notices shall be sent to the following addresses, or to such other address as a party may designate by written notice to the other party:

//

If to Borrower:
Guam Housing and Urban Renewal Authority
ATTN: EXECUTIVE DIRECTOR
117 Bien Venida Ave Sinajana, Guam 96910

If to Lender:
Department of Administration
ATTN: DIRECTOR
P.O. Box 7420 Tamuning, Guam 96931

9. **WAIVERS.** GHURA and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require DOA to demand payment of amounts due. "Notice of Dishonor" means the right to require the DOA to give notice to other persons that amounts due have not been paid.

10. **NON-WAIVER.** No failure or delay by DOA in exercising its rights under this Note shall be considered a waiver of such rights.

11. **SEVERABILITY.** In the event that any provision herein is determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other provision, all of which shall remain in full force and effect.

12. **AMENDMENTS.** This Note may not be amended, modified, or supplemented in any way except by a written instrument signed by both parties.

13. **GOVERNING LAW.** This Note shall be governed under the laws of Guam.

IN WITNESS WHEREOF, the Borrower and Lender have executed this Note on the date first above written.

BORROWER:



Elizabeth F. Napoli, Executive Director
Guam Housing and Urban Renewal Authority

LENDER:



Edward Birn, Director
Department of Administration