

PROMISSORY NOTE
(MHSA-HHAP Loan)

\$1,449,144.13

Nice, California
[_____, 2023]

FOR VALUE RECEIVED, the undersigned, Collier Avenue Associates LP, a California limited partnership (the "Borrower"), hereby promises to pay to the order of the Lake County Housing Commission, a public body, corporate and politic (the "Holder"), whose address is 255 N. Forbes Street, Lakeport, CA 95453, or the Holder's assignee, the principal amount equal to One Million Four Hundred Forty-Nine Thousand One Hundred Forty-Four Dollars and Thirteen Cents (1,449,144.13), plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation. This promissory Note (the "Note") evidences the Borrower's obligation to pay the Holder the principal amount of One Million Four Hundred Forty-Nine Thousand One Hundred Forty-Four Dollars and Thirteen Cents (1,449,144.13) (the "Loan"), pursuant to the Loan Agreement between Borrower and the Holder dated as of the date of this Note (the "Loan Agreement"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. Interest.

(a) Interest. Subject to the provisions of Section 2(b) below, the outstanding principal balance of the Loan shall bear simple interest at a rate of three percent (3%) per annum. Interest on the Loan shall accrue commencing on the date of this Note.

(b) Default Interest. In the event of a Default, interest on the Loan shall begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the Default Rate.

3. Terms of Repayment Requirements. Borrower shall repay the Loan as follows:

(a) Annual Payments. Commencing on [____], and on [____] of each calendar year thereafter through the end of the Term, Borrower shall make repayments of the Loan equal to the Lender Loan Pro Rata Percentage of the Lenders' Share of Residual Receipts. Payments made shall be credited first against accrued interest and then against outstanding principal.

(b) Due in Full. All principal and accrued interest on the Loan shall be due in full on the earlier to occur of: (i) the date of any Default, or (ii) the expiration of the Term.

(c) Right to Prepay. Borrower may prepay, in whole or in part, the Loan at any time without premium or penalty. However, the Loan Agreement and the Regulatory Agreement shall remain in effect for the entire Term regardless of any prepayment. Payments made shall be credited first against accrued interest and then against outstanding principal.

4. No Assumption. This Note shall not be assumable by the successors and assigns of Borrower without the prior written consent of the Holder, other than as set forth in the Loan Agreement.

5. Security. This Note is secured by the Deed of Trust.

6. Terms of Payment.

(a) U.S. Currency. All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) Location. All payments on this Note shall be paid to Holder at 255 N. Forbes Street, Lakeport, CA 95453, or to such other place as the Holder of this Note may from time to time designate.

(c) No Expense to Holder. All payments on this Note shall be without expense to the Holder, and the Borrower agrees to pay all costs and expenses, including reasonable attorney's fees and other professional service fees and costs of the Holder, incurred in connection with the payment of this Note and the release of any security hereof.

(d) No Unlawful Interest. Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Holder may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

(e) Nonrecourse. This Note shall be nonrecourse to the Borrower, pursuant to, and except as provided in, Section 2.9 of the Loan Agreement.

7. Default.

(a) Events of Default. Any of the following shall constitute an event of default under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice from the Holder to the Borrower that such payment is due;

(ii) Any failure in the performance by the Borrower of any term, condition, provision or covenant set forth in this Note subject to the notice and cure period set forth in the Loan Agreement;

(iii) The occurrence of any event of default under any of the Loan Documents or other instrument securing the obligations of the Borrower under this Note or under

any other promissory note(s) hereafter issued by the Borrower to the Holder pursuant to the Loan Agreement or the Deed of Trust, subject to notice and cure periods, if any, set forth therein.

(b) Balance Due. Upon the occurrence of one or more of the foregoing events of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Holder become immediately due and payable upon written notice by the Holder to the Borrower without further demand.

(c) No Waiver. Holder's failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by Holder hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Holder, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Borrower's Waivers. The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Holder may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) Extension is no Release of Liability. Any extension of time for payment of this Note or any installment hereof made by agreement of the Holder with any person now or hereafter liable for payment of this Note shall not operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) No Offset. The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

(a) Notices. All notices to the Holder or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Holder and the Borrower may therein designate.

(b) Holder's Costs. The Borrower promises to pay all costs and expenses, including reasonable attorney's fees and other professional service fees and costs, incurred by the Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) Amendment in Writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) California Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) 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.

(f) Time. The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(g) Entire Agreement. This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan.

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BORROWER:

COLLIER AVENUE ASSOCIATES LP, a California
limited partnership

By: Collier Avenue Associates LLC, a California
limited liability company, its managing general
partner

By: Rural Communities Housing Development
Corporation, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Ryan LaRue
Chief Executive Officer