



FIRST REPUBLIC BANK
It's a privilege to serve you®

PROMISSORY NOTE SECURED BY DEED OF TRUST
(Fixed Rate - Interest Only)

\$10,500,000.00

November 22, 2021

Property Address(es): 6638-6646 MacArthur Boulevard, Oakland, CA 94605

1. **Promise to Pay.** In installments and at the times stated in this Note, for value received, **California Affordable Housing Group, LP** ("Borrower"), promises to pay to **First Republic Bank** (the "Lender"), or order, at **111 Pine Street, San Francisco, California 94111, Attention: Commercial Loan Operations**, or at such other place as the Lender may from time to time designate in writing, the principal sum of **Ten Million Five Hundred Thousand and 00/100 Dollars (\$10,500,000.00)**, or so much thereof as may be disbursed by the Lender, with interest from the date of initial disbursement of all or any part of the principal of this Note (the "Disbursement Date") on unpaid principal at the interest rate or interest rates provided for in this Note.

2. **Interest Rate: Payment of Principal and Interest.**

2.1 **Certain Definitions.** For purposes of this Note, the following terms shall have the following definitions:

(a) "Note Rate" means the per annum interest rate on the principal sum of this Note which is outstanding from time to time.

(b) "Fixed Rate" means a per annum interest rate equal to **3.1%** per annum.

(c) "Installment Payment Date" means **January 1, 2022** and the first (1st) day of each month thereafter to and including the first (1st) day of the month immediately preceding the Maturity Date.

(d) "Monthly Payment" means the total amount of the monthly installment payment of interest due and payable under this Note on an Installment Payment Date.

(e) "Loan Year" means (i) the period from the Disbursement Date to the first (1st) day of the first (1st) calendar month after the month in which the Disbursement Date occurs together with the consecutive twelve (12) calendar month period following such first (1st) day; and (ii) each consecutive twelve (12) calendar month period thereafter commencing on the anniversary of such first (1st) day.

2.2 **Interest.** From the Disbursement Date to the Maturity Date, interest on the outstanding principal balance of this Note shall accrue at the Fixed Rate, subject to Section 4 below.

2.3 **Payments.** Principal and interest shall be due and payable as follows:

(a) **Initial Interest Payment.** A single installment payment of interest only for the period from the Disbursement Date to the first (1st) day of the first (1st) calendar month following the month in which the Disbursement Date occurs shall be due and payable on the Disbursement Date. If the Disbursement Date is the first (1st) day of a calendar month, then no interest only installment payment shall be payable under this Section.

(b) **Interest Only Payments.** Interest only shall be payable in arrears commencing on the first (1st) day of the second (2nd) calendar month following the month in which the Disbursement Date occurs and continuing on each Installment Payment Date thereafter until the Maturity Date; provided, however, that notwithstanding anything to the contrary contained in this Note, if the Disbursement Date is the first (1st) day of a calendar month, then the first Installment Payment Date shall be the first (1st) day of the first (1st) calendar month following the month in which the Disbursement Date occurs. The amount of the initial interest only Monthly Payment shall be **Twenty-Eight Thousand Twenty-Nine and 17/100 Dollars (\$28,029.17)**.

Loan No. 16-652469-8
Obligor No.: 021-1262600

REV. DATE 12/03/2019
PROM. NOTE - FIXED RATE - INTEREST ONLY

(c) **Payment on Maturity Date.** The entire unpaid principal balance of this Note and all accrued and unpaid interest thereon shall be due and payable on **December 1, 2031** (the "Maturity Date").

3. **Interest Computation.** Notwithstanding anything to the contrary contained in this Note (including any references in this Note to amortized payments or the calculation of monthly principal and interest payments over the Amortization Period or Remaining Amortization Period), interest at the rates provided for in this Note shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days during which the principal balance of this Note is outstanding. Borrower acknowledges and agrees that the calculation of interest on the basis described in the immediately preceding sentence may result in the accrual and payment of interest in amounts greater than those which would be payable if interest were calculated on the basis of a three hundred sixty-five (365) day year. All payments under this Note shall be made in immediately available funds and shall be credited first to accrued interest then due, thereafter to unpaid principal, and then to impound charges and other charges, fees, costs, and expenses payable by Borrower under this Note or in connection with the loan evidenced by this Note (the "Loan") in such order and amounts as the Lender may determine in its sole and absolute discretion. If any payment of interest is not made when due, at the option of the Lender of this Note, such interest payment shall bear interest at the same rate as principal from and after the due date of the interest payment. Principal and interest shall be payable only in lawful money of the United States of America. The receipt of any check or other item of payment (a "payment item") by the Lender, at its option, shall not be considered a payment until such payment item is honored when presented for payment at the drawee bank or institution, and the Lender, at its option, may delay the credit of such payment until such payment item is so honored.

4. **After Maturity/Default Rate of Interest.** From and after either (a) the occurrence of an Event of Default (whether or not the Lender has elected to accelerate unpaid principal and interest under this Note as a result of such Event of Default); or (b) the maturity of this Note (whether the stated maturity date of this Note or the maturity date resulting from the Lender's acceleration of unpaid principal and interest), then in either of such circumstances, interest on the unpaid principal balance of this Note shall accrue at a rate equal to eight percent (8%) per annum above the otherwise applicable Note Rate.

5. **Late Charge.** If any installment of interest, principal, or both principal and interest under this Note is not paid within ten (10) days after the date on which it is due, Borrower shall immediately pay a late charge equal to ten percent (10%) of such installment to the Lender to compensate the Lender for administrative costs and expenses incurred in connection with such late payment. Borrower agrees that the actual damages suffered by the Lender because of any late installment payment are extremely difficult and impracticable to ascertain, and the late charge described in this Section represents a reasonable attempt to fix such damages under the circumstances existing at the time this Note is executed. The Lender's acceptance of any late charge shall not constitute a waiver of any of the terms of this Note and shall not affect the Lender's right to enforce any of its rights and remedies against any Person liable for payment of this Note.

6. **Waivers.** Borrower and all sureties, guarantors, endorsers and other Persons liable for payment of this Note (a) waive presentment, demand for payment, protest, notice of demand, dishonor, protest and nonpayment, and all other notices and demands in connection with the delivery, acceptance, performance, default under, and enforcement of this Note; (b) waive the right to assert any statute of limitations as a defense to the enforcement of this Note and to all modifications of this Note by the Lender and Borrower without notice to and without in any way affecting the liability of any Person for payment of this Note; (c) consent to all extensions and renewals of the time of payment of this Note and to all modifications of this Note by the Lender and Borrower without notice to and without in any way affecting the liability of any Person for payment of this Note; (d) consent to any forbearance by the Lender and to the release, addition, and substitution of any Person liable for payment of this Note and of any or all of the security for this Note without notice to and without in any way affecting the liability of any Person for payment of this Note; and (e) consent to personal jurisdiction over each of them by the courts of the State of CALIFORNIA in connection with any action arising under this Note and to service of process by any means authorized by CALIFORNIA law.

7. **Default.** The Lender, at its option and without notice to or demand on Borrower or any other Person, may terminate any or all obligations which it may have to extend further credit to Borrower and may declare the entire unpaid principal balance of this Note and all accrued interest thereon to be immediately due and payable upon the occurrence of any Event of Default.

8. **Application of Payments.** Upon the occurrence of any Event of Default, the Lender, at its option, shall have the right to apply all payments made under this Note to principal, interest, impound charges, and other charges, fees, costs and expenses payable by Borrower under this Note or in connection with the Loan in such order and amounts as the Lender may determine in its sole and absolute discretion.

9. **Acceleration; Transfer of Property.** Reference is made to the DEED OF TRUST securing this Note (the "DEED OF TRUST") and the other documents executed by Borrower in connection with the Loan for additional rights of the Lender to accelerate the unpaid principal balance and accrued interest under this Note. The DEED OF TRUST provides, in part, as follows:

"Lender shall have the right, at its option and without notice to or demand on Borrower, to declare any or all Obligations to be immediately due and payable if any of the following events occurs without Lender's prior written consent: (a) the sale, conveyance, transfer, mortgage, encumbrance, lease (except for the leasing of space in the Improvements which is permitted under Section 2.19 below), or alienation of all or any part of the Property or any interest in the Property, whether voluntary or involuntary, or Borrower's grant of any option or agreement to effect any such transaction; (b) if Borrower or any General Partner or Manager of Borrower is a partnership, the admission, withdrawal, retirement or removal of any General Partner of Borrower or any of Borrower's General Partners or Managers, or the sale or transfer of more than twenty-five percent (25%) of the beneficial interests in Borrower or any of Borrower's General Partners or Managers; (c) if Borrower or any General Partner or Manager of Borrower is a corporation, the sale or transfer of an aggregate of more than twenty-five percent (25%) of any class of stock in such corporation or the issuance by such corporation of additional stock to any Person who is not a shareholder in such corporation as of the date of this DEED OF TRUST; (d) if Borrower or any General Partner or Manager of Borrower is a limited liability company, the appointment, withdrawal, retirement or removal of any Manager of Borrower or any of Borrower's General Partners or Managers or the sale or transfer of more than twenty-five percent (25%) of the beneficial interests in Borrower or any of Borrower's General Partners or Managers; (e) if Borrower or any of Borrower's General Partners or Managers is a corporation, partnership, or limited liability company, the dissolution or liquidation of Borrower or any of Borrower's General Partners or Managers; or (f) any material change in the character or use of all or part of the Property, including drilling for or the extraction of oil, gas or any other hydrocarbon substance or the lease of all or any part of the Property for any such purpose. Without limiting the generality of any provision of this DEED OF TRUST (including Section 6.8 below), Lender's consent to any or all of the events described in this Section may be withheld by Lender in its sole and absolute discretion. Lender's consent to any event described in this Section shall not be deemed to be a consent to, or a waiver of the right to require such consent for, any other event. For purposes of this Section, (i) the term 'partnership' includes a general partnership, limited partnership, limited liability partnership, and joint venture; and (ii) the term 'Manager' means any Person who is acting as a manager of a limited liability company, including any member who is acting in such capacity."

10. **Modifications; Cumulative Remedies; Loss of Note; Time of Essence.** No modification or waiver by the Lender of any of the terms of this Note shall be valid or binding on the Lender unless such modification or waiver is in writing and signed by the Lender. Without limiting the generality of the immediately preceding sentence, no delay, omission or forbearance by the Lender in exercising or enforcing any of its rights and remedies under this Note shall constitute a waiver of such rights or remedies. The Lender's rights and remedies under this Note are cumulative with and in addition to all other legal and equitable rights and remedies which the Lender may have in connection with the Loan. The headings to sections of this Note are for convenient reference only and shall not be used in interpreting this Note. If this Note is lost, stolen, or destroyed, upon Borrower's receipt of a reasonably satisfactory indemnification agreement executed by the Lender, or if this Note is mutilated, upon the Lender's surrender of the mutilated Note to Borrower, Borrower shall execute and deliver to the Lender a new promissory note which is identical in form and content to this Note to replace the lost, stolen, destroyed or mutilated Note. All terms with an initial capital letter which are used but not specifically defined in this Note shall have the respective meanings given to such terms in the DEED OF TRUST. Time is of the essence in the performance of each provision of this Note by Borrower.

11. **Attorneys' Fees.** If Borrower defaults under any of the terms of this Note, Borrower shall pay all costs and expenses, including without limitation attorneys' fees and costs, incurred by the Lender in enforcing this Note immediately upon the Lender's demand, whether or not any action or proceeding is commenced by the Lender. Without limiting the generality of the immediately preceding sentence, such costs and expenses shall include all attorneys' fees and costs incurred by the Lender in connection with any federal or state bankruptcy, insolvency, reorganization, or other similar proceeding by or against Borrower or any surety, guarantor or endorser of this Note which in any way affects the Lender's exercise of its rights and remedies under this Note or under the DEED OF TRUST or any other agreement securing payment of this Note.

12. **No Offsets.** No indebtedness evidenced by this Note shall be offset by all or part of any claim, cause of action, or cross-claim of any kind, whether liquidated or unliquidated, which Borrower now has or may hereafter acquire or allege to have acquired against the Lender. To the fullest extent permitted by law, Borrower waives the benefits of any applicable law, regulation, or procedure which provides, in substance, that where cross demands for money exist between parties at any point in time when neither demand is barred by the applicable statute of limitations, and an action is thereafter commenced by one such party, the other party may assert the defense of payment in that the two demands are compensated so far as they equal each other, notwithstanding that an independent action asserting the claim would at the time of filing the response be barred by the applicable statute of limitations.

13. **Applicable Law.** This Note shall be governed by and interpreted in accordance with the laws of the State of CALIFORNIA.

14. **Successors.** This Note shall be the joint and several obligation of all Persons executing this Note as Borrower and all sureties, guarantors, and endorsers of this Note, and this Note shall be binding upon each of such Persons and their respective successors and assigns, subject to Section 9 above. This Note shall inure to the benefit of the Lender and its successors and assigns.

15. **WAIVER OF RIGHT TO JURY TRIAL.** BORROWER IRREVOCABLY WAIVES ALL RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND DIRECTLY OR INDIRECTLY ARISING OUT OF OR IN ANY WAY RELATING TO THE LOAN, THIS NOTE, THE DEED OF TRUST SECURING THIS NOTE, OR ANY OF THE OTHER DOCUMENTS EXECUTED BY BORROWER IN CONNECTION WITH THE LOAN (COLLECTIVELY, THE "LOAN DOCUMENTS"), ANY OR ALL OF THE REAL AND PERSONAL PROPERTY COLLATERAL SECURING THE LOAN, OR ANY OF THE TRANSACTIONS WHICH ARE CONTEMPLATED BY THE LOAN DOCUMENTS. THE JURY TRIAL WAIVER CONTAINED IN THIS SECTION IS INTENDED TO APPLY, TO THE FULLEST EXTENT PERMITTED BY LAW, TO ANY AND ALL DISPUTES AND CONTROVERSIES THAT ARISE OUT OF OR IN ANY WAY RELATED TO ANY OR ALL OF THE MATTERS DESCRIBED IN THE IMMEDIATELY PRECEDING SENTENCE, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS OF ANY KIND. BORROWER ACKNOWLEDGES AND AGREES THAT (1) BORROWER HAS CAREFULLY READ AND UNDERSTANDS ALL OF THE TERMS OF THE LOAN DOCUMENTS; (2) BORROWER HAS EXECUTED THE LOAN DOCUMENTS FREELY AND VOLUNTARILY, AFTER HAVING CONSULTED WITH BORROWER'S INDEPENDENT LEGAL COUNSEL AND AFTER HAVING HAD ALL OF THE TERMS OF THE LOAN DOCUMENTS EXPLAINED TO IT BY ITS INDEPENDENT LEGAL COUNSEL OR AFTER HAVING HAD A FULL AND ADEQUATE OPPORTUNITY TO CONSULT WITH BORROWER'S INDEPENDENT LEGAL COUNSEL; (3) THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS ARE REASONABLE, NOT CONTRARY TO PUBLIC POLICY OR LAW, AND HAVE BEEN INTENTIONALLY, INTELLIGENTLY, KNOWINGLY, AND VOLUNTARILY AGREED TO BY BORROWER; (4) THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS HAVE BEEN AGREED TO BY BORROWER WITH FULL KNOWLEDGE OF THEIR SIGNIFICANCE AND CONSEQUENCES, INCLUDING FULL KNOWLEDGE OF THE SPECIFIC NATURE OF ANY RIGHTS OR DEFENSES WHICH BORROWER HAS AGREED TO WAIVE PURSUANT TO THE LOAN DOCUMENTS; (5) BORROWER HAS HAD A FULL AND ADEQUATE OPPORTUNITY TO NEGOTIATE THE TERMS CONTAINED IN THE LOAN DOCUMENTS; (6) BORROWER IS EXPERIENCED IN AND FAMILIAR WITH LOAN TRANSACTIONS OF THE TYPE EVIDENCED BY THE LOAN DOCUMENTS; AND (7) THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS ARE MATERIAL INDUCEMENTS TO THE LENDER'S EXTENSION OF CREDIT TO BORROWER, AND THE LENDER HAS RELIED ON SUCH WAIVERS IN MAKING THE LOAN TO BORROWER AND WILL CONTINUE TO RELY ON SUCH WAIVERS IN ANY RELATED FUTURE DEALINGS WITH BORROWER. THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS SHALL APPLY TO ALL SUBSEQUENT EXTENSIONS, RENEWALS, MODIFICATIONS, AND REPLACEMENTS OF THE LOAN DOCUMENTS. THIS NOTE MAY BE FILED WITH ANY COURT OF COMPETENT JURISDICTION AS BORROWER'S WRITTEN CONSENT TO BORROWER'S WAIVER OF A JURY TRIAL. BORROWER HAS INITIALED THIS SECTION BELOW TO INDICATE ITS AGREEMENT WITH THE JURY TRIAL WAIVER AND OTHER TERMS CONTAINED IN THIS SECTION.


BORROWER'S INITIALS

16. **Balloon Payment at Maturity Date.** BORROWER ACKNOWLEDGES AND AGREES THAT (1) THE LOAN EVIDENCED BY THIS NOTE IS NOT AN AMORTIZING LOAN; AND (2) THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE SHALL BE DUE AND PAYABLE IN A BALLOON PAYMENT ON THE MATURITY DATE OF THIS NOTE.

17. **Security.** This Note is secured by a DEED OF TRUST dated the same date as this Note in favor of the Lender, as beneficiary.

18. **Prepayment.** Except as expressly provided in this Section, Borrower shall not have the right to prepay all or part of the outstanding principal balance of this Note. Borrower shall have the right to prepay all or part of the outstanding principal balance of this Note upon payment to the Lender of the prepayment privilege fee described in this Section (the "Prepayment Privilege Fee"), provided that Borrower has given the Lender not less than ten (10) days prior written notice of such prepayment. Borrower acknowledges and agrees that (1) the Lender has made the Loan with the expectation that the Loan will be outstanding for the entire stated term of this Note; (2) the Lender would not have been willing to make the Loan on the terms and at the interest rate or interest rates contained in this Note for a shorter period of time; and (3) the Lender would not have been willing to make the Loan without Borrower's agreement not to prepay all or part of the principal balance of this Note, except on the terms contained in this Section. Consequently, if for any reason all or part of the outstanding principal balance of this Note is prepaid, whether voluntarily or involuntarily, prior to the date on which such principal amount is due under the terms of this Note, including without limitation any payment resulting from the Lender's acceleration of the outstanding principal balance of this Note or any full or partial payment as a result of any judicial or non-judicial foreclosure under the Deed of Trust by the Lender (any such voluntary or involuntary payment is referred to as a "Prepayment"), then the Borrower shall pay to the Lender, in addition to the principal balance of this Note or portion thereof that is prepaid, accrued interest thereon, and all other sums due to the Lender at the time of such Prepayment, a Prepayment Privilege Fee calculated as follows:

(a) A Prepayment Privilege Fee equal to **two percent (2%)** of the portion of the outstanding principal balance of this Note that is prepaid during the first **thirty-six (36)** Loan Months; Borrower may prepay 20% of the original principal balance each 12 month period without incurring a prepayment charge;

(b) A Prepayment Privilege Fee equal to **one percent (1%)** of the portion of the outstanding principal balance of this Note that is prepaid during the next **twenty-four (24)** Loan Months; Borrower may prepay 20% of the original principal balance each 12 month period without incurring a prepayment charge;


(c) Without limiting the scope of the foregoing provisions, the provisions of this paragraph shall constitute, within the meaning of California Civil Code Section 2954.10, Borrower shall have the right to prepay all or part of the outstanding principal balance of this Note without payment of any Prepayment Privilege Fee from and after the end of the last Loan Month specified above. Notwithstanding anything to the contrary in this Section, if the Lender elects to accelerate the unpaid principal balance of this Note as a result of any Event of Default under the Loan Documents or other event that entitles the Lender to declare the unpaid principal balance of this Note due and payable, then the date on which the Prepayment is made shall conclusively be deemed to be the date on which the Lender declares the unpaid principal balance of this Note due and payable (the "Acceleration Date"), and the Prepayment Privilege Fee shall be immediately due and payable by Borrower to the Lender as of the Acceleration Date. For purposes of this Section, the term "Loan Month" means (i) the period from the Disbursement Date to the numerically corresponding date of the first (1st) calendar month after the month in which the Disbursement Date occurs; and (ii) each consecutive month thereafter (ending on the date in such month which numerically corresponds to the Disbursement Date). BORROWER ACKNOWLEDGES AND AGREES THAT BORROWER WAIVES ANY RIGHT TO PREPAY THE PRINCIPAL BALANCE OF THIS NOTE, IN WHOLE OR IN PART, WITHOUT PENALTY OR PREPAYMENT CHARGE OR FEE, AND BORROWER EXPRESSLY AGREES TO THE PAYMENT OF THE PREPAYMENT PRIVILEGE FEE PROVIDED FOR IN THIS SECTION UPON ANY VOLUNTARY OR INVOLUNTARY PREPAYMENT OF THE OUTSTANDING PRINCIPAL BALANCE OF THIS NOTE, INCLUDING WITHOUT LIMITATION ANY ACCELERATION OF THE OBLIGATIONS BY THE LENDER. BORROWER ACKNOWLEDGES AND AGREES THAT THE LENDER'S AGREEMENT TO MAKE THE LOAN ON THE TERMS AND AT THE INTEREST RATE PROVIDED FOR IN THIS NOTE CONSTITUTE ADEQUATE CONSIDERATION, OF INDIVIDUAL WEIGHT, FOR BORROWER'S WAIVER AND AGREEMENT UNDER THIS SECTION.

19. No Assumption. As more particularly set forth in Section 9 above, the Property may not be transferred and the Loan may not be assumed by any third Person without the Lender's prior written consent, which consent may be withheld by the Lender in its sole and absolute discretion.

BORROWER:

California Affordable Housing Group, LP, a California limited partnership

By: U.S. Equities, LLC, an Alaska limited liability company, its General Partner

By: 
Frederick O. Lewis, III, its Manager