

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
EMERGENCY HOUSING AND ASSISTANCE PROGRAM CAPITAL DEVELOPMENT**

NOFA «NOFA_DATE»

PROMISSORY NOTE SECURED BY DEED OF TRUST

LOAN NUMBER «Loan_No»

Loan Amount: «Loan_Amount»

Date:

Maturity Date: «Loan_Term» years from the date of recordation by the County Recorder of the Notice of Completion or issuance of the Certificate of Occupancy, whichever occurs last.

Borrower: «Applicant_Name»
«Auth_Rep_Address»
«Auth_Rep_City», CA «Auth_Rep_Zip»

FOR VALUE RECEIVED, the undersigned, (hereinafter referred to as the "Borrower") hereby promises to pay to the order of the Department of Housing and Community Development (hereinafter referred to as the "Department") a public agency of the State of California, whose mailing address is Emergency Housing and Assistance Program Capital Development, P.O. Box 952054, Sacramento, CA 94252-2054, and whose principal place of business is 2020 W. El Camino Ave. Sacramento, CA 95833, the principal amount of write out dollar amount and 00/100s Dollars («Loan_Amount»), or so much thereof as may be advanced by the Department to or on behalf of the Borrower pursuant to a Standard Agreement executed on SA execution date, by and between the Borrower and the Department, together with interest thereon as specified herein. The obligation of the Borrower in respect of all such advances is subject to the terms of (a) a Regulatory Agreement (the "Department Regulatory Agreement"), (b) the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, securing this Note, recorded in the official records of the County Recorder of «Shelter_County» County, California (the "Department Deed of Trust") and (if applicable) (c) the Development Agreement (the "Department Development Agreement), all by and between the Borrower and the Department and of even date hereof, (d) this Note and (e) the Standard Agreement, which together with all other loan related documents and instruments required by the Department are collectively referred to as the Department Loan Documents. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Regulatory Agreement.

1. This Note evidences the obligation of the Borrower to the Department for the repayment of funds loaned to the Borrower by the Department for the purpose of assisting the Borrower in the development of an emergency shelter or transitional housing development on the real property located in the county indicated above and more fully described in the Deed of Trust and the Regulatory Agreement (the "Development").
2.
 - a. Interest on the unpaid principal balance advanced under the Department Loan Documents and this Note shall accrue from the date of such advance at the simple interest rate of three percent (3%) per annum. Repayment of principal and interest shall be deferred as long as the Development is operated as an emergency shelter or transition housing in compliance with the terms of the Regulatory Agreement.
 - b. All outstanding principal and accrued interest shall be forgiven on the Maturity Date indicated above.
 - c. Notwithstanding Paragraph 2.b. above, all outstanding principal and accrued interest shall be immediately due and payable should the Development cease to be operated as an emergency shelter or transitional housing, in compliance with the Regulatory Agreement, prior to the Maturity Date indicated above, whether as the result of a transfer or conveyance of the Development or otherwise, as determined in the sole discretion of the Department.
3. The amount due and payable under this Note and the other Department Loan Documents is payable at the principal office of the Department set forth above, or at such other place or places as the Department may designate to the Borrower in writing from time to time, in any coin or currency of the United States of America which on the respective date of payment thereof shall be legal tender for the payment of public and private debts.
4. All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note. If any payment due under this Note is not paid when due and remains unpaid or any other default occurs under the terms of this Note or the other Department Loan Documents, the Department, at its option, may declare the entire principal amount then outstanding and any and all accrued interest thereon due and payable immediately, upon the expiration of not less than thirty (30) days after the date written notice of the Department's decision to accelerate is mailed to Borrower. Such written notice shall be given as provided herein. All such amounts due after acceleration shall bear interest at the rate of ten percent (10%) per annum. The Department may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance. In the event of default, the Department may, at its option, exercise all of its rights and remedies enumerated herein, which rights are in addition to and not in limitation of any other rights the Department may have under applicable law. The following events shall also constitute default under this Note:

- a. the Borrower becoming insolvent or bankrupt, being unable or admitting in writing its inability to pay its debts as they are due, or making a general assignment with creditors;
 - b. institution by or against the Borrower of proceedings for the appointment of a receiver, trustee, or liquidator of all or a substantial part of the assets of the Borrower, which proceedings are not dismissed within sixty (60) days of institution;
 - c. institution by or against the Borrower of proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction, which proceedings are not dismissed within sixty (60) days of institution; or
 - d. dissolution of the corporate or partnership structure of the Borrower or death of the Borrower, if Borrower is an individual.
5. The Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the Department in the enforcement of this Note, the Deed of Trust, or any term or provision thereof. Each maker, endorser, surety, and guarantor of this Note hereby jointly and severally waives demand, protest, presentment, notice of nonpayment, notice of protest, notice of dishonor, and diligence in bringing suit against any party and does hereby consent that time of payment of all or any part of said amount may be extended from time to time by the Department without notice.
6. The obligations under this Note shall be without recourse against the Borrower and any partners, general or limited, of the Borrower. Notwithstanding anything in this Paragraph 6 to the contrary, Borrower, and any general partner of Borrower, shall be liable for each and all of the following:
- a. any fraud, intentional misrepresentation or omission, or other cause of action, that is independent of liability under the Department Loan Documents;
 - b. any waste or intentional destruction of the Development or of any collateral secured by the Deed of Trust;
 - c. all insurance proceeds, condemnation awards, or other sums or payments attributable to the Development not applied in accordance with the terms of the Department Loan Documents, except to the extent that such sums were not applied in accordance with the Department Loan Documents solely because Borrower did not have the legal right to so apply such sums because of a bankruptcy, receivership, or similar judicial proceeding;

- d. all rents, lease payments, profits, issues and other income from the Development received by or on behalf of the Borrower following any event of default and not applied in accordance with the terms of the Department Loan Documents, except to the extent that such sums were not applied in accordance with the Department Loan Documents solely because Borrower did not have the legal right to so apply such sums because of bankruptcy, receivership, or similar judicial proceeding; and
 - e. any liability arising under or pursuant to any Borrower indemnity contained in the Department Loan Documents.
- 7. No delay or failure of Department in the exercise of any right or remedy hereunder or under any other agreement which secures or is related hereto shall affect any such right or remedy, and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof, and no action taken or omitted by the Department shall be deemed a waiver of any such right or remedy.
 - 8. Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the parties hereto shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as indicated in the Regulatory Agreement, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.
 - 9. This Note shall be binding upon the Borrower and its successors and assigns. The Borrower shall not make any sale, assignment, or conveyance, or transfer in any other form, of the Property or the Development or any part thereof or of any of its interests therein other than in accordance with the terms of the Deed of Trust and the Regulatory Agreement and with the prior written approval of the Department.
 - 10. The Borrower shall be entitled to voluntarily pay the indebtedness evidenced by this Note, or any part thereof, prior to or in advance of the Maturity Date, only upon the prior written consent of the Department. No such approved prepayment shall relieve Borrower from its obligations under the Regulatory Agreement.
 - 11. This Note shall be construed in accordance with and be governed by the laws of the State of California.
 - 12. 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 unless, in the sole discretion of the Department, the invalidity, illegality

or unenforceability of the provision negates the Program purpose and/or threatens the security of the Department.

13. The Borrower hereby certifies to the Department that this is the Note described in and secured by the Deed of Trust covering the real and personal property therein described.

This Promissory Note is to be executed as of the date first set forth above in the city of _____, California.

(Insert city name - to be completed in escrow)

BORROWER:

«Applicant_Name»

«Organization_Status»

BORROWER'S ADDRESS:

«Auth_Rep_Address»

«Auth_Rep_City», CA «Auth_Rep_Zip»

By: _____

«Auth_Rep_First_Name»«Auth_Rep_Last_Name»

Title: «Job_Title»