

**AMENDED AND RESTATED PROMISSORY NOTE
SECURED BY DEED OF TRUST**
(Hillcrest Apartments – 15430 Culebra Road, Victorville, CA)

\$6,684,637.27

San Bernardino, California
Dated as of May 6, 2019

FOR VALUE RECEIVED, the undersigned Hillcrest Court Apartments, LLC, a California limited liability company ("Borrower") promises to pay to the order of The County of San Bernardino, Community Development and Housing Agency (the "Lender") located at 385 N. Arrowhead Drive, Third Floor, San Bernardino, California, or at such other location designated by Lender, the principal sum of Six Million Six Hundred Eighty Four Thousand Six Hundred Thirty-Seven Dollars and Twenty-Seven Cents (\$6,684,637.27), with interest as provided below and in accordance with the terms herein and under that certain Neighborhood Stabilization Program Agreement for Multi-Family Housing dated July 27, 2010, as amended by that certain Amendment to NSP Loan Agreement of even date herewith (the "Amendment to NSP Loan Agreement"), and as may be further amended from time to time (the "NSP Loan Agreement"), associated with the affordable housing project named Hillcrest Apartments (the "Property") located at 15430 Culebra Road, in the City of Victorville. All terms used and not defined herein shall have the meaning set forth in the NSP Loan Agreement. The NSP Loan Agreement was assigned to the Borrower pursuant to that certain Assignment and Assumption Agreement (County NSP Documents and CHAS Use Restrictions Hillcrest Apartments) dated as of January 18, 2018, and recorded in the Official Records on March 01, 2018, as Document No. 2018-0074836 (the "NSP Assignment Agreement")

1. The term of this Note is fifty five (55) years commencing on the date of this Note, dated as of May 6, 2019. The Affordability Period for the sixty-seven (67) NSP-assisted units is set forth in the Amended and Restated Affordability Covenant Agreement.

As long as the Borrower has not committed an Event of Default pursuant to Section 501 of the NSP Loan Agreement and subject to any cure period for the Event of Default, the County NSP Loan shall bear interest as follows: (i) Commencing on the effective date of the Amendment to NSP Loan Agreement, the County NSP Loan shall bear no interest until December 31, 2024; (ii) From and after January 1, 2025, the County Loan shall bear interest at a rate of one percent (1%) simple interest.

The County NSP Loan shall be repaid by Borrower as follows: (i) At the close of escrow for the Greystone Loan, the Borrower shall use up to Eight Hundred Four Thousand Four Hundred Eighty-Nine Dollars (\$804,489) of the Greystone Loan proceeds to repay the Housing Authority Loan. The Housing Authority shall cause the reconveyance of that certain Deed of Trust, dated January 01, 2018, recorded in the Official Records of the County of San Bernardino on March 01, 2018 as Instrument No. 2018-0074838); (ii) At the close of escrow for the Greystone Loan, the Borrower shall use up to One Hundred Forty-Eight Thousand Dollars (\$148,000) to make a onetime deposit into the Replacement Reserve for the Project; (iii) At the close of escrow for the

Greystone Loan, the Borrower shall use up to Sixty-Three Thousand Four Hundred Thirty Dollars (\$63,430) to pay closing costs associated with the origination of the Greystone Loan; all remaining balances of the Greystone Loan estimated to be approximately One Million Three Hundred Thousand Dollars (\$1,300,000) shall be paid by Borrower to the County to make a one-time installment payment on the County NSP Loan; and (iv) After the payment required under subsection (iii) above has been made to the County, no payments shall be due under the County NSP Loan through December 31, 2024. From and after the close of escrow for the Greystone Loan through December 31, 2024, Borrower shall be entitled to retain one hundred percent (100%) of Residual Receipts. On April 1, 2025, and annually thereafter, the Borrower shall pay to the County seventy-five percent (75%) of Residual Receipts.

On or before each annual payment date, Borrower shall submit the audited Annual Financial Statement to the County for the preceding fiscal year. County shall review and approve such statement, or request revisions, within sixty (60) days of receipt. In the event the County fails to approve or disapprove the audited Annual Financial Statement within the sixty (60) day period, Borrower may request a written determination of approval or disapproval following the expiration of such period. In the event the County fails to provide a written determination to Borrower within ten (10) days following the receipt of Borrower's request for determination; the audited Annual Financial Statement shall be deemed approved. In the event the County determines that there is an understatement in the amount and payment of Residual Receipts due to County, Borrower shall promptly pay to the County such understated amount, but in any event, within twenty (20) days of notice of such understatement. In the event the County determines that there is an overpayment in the amount and payment of the Residual Receipts due to the County, County shall promptly pay to Borrower the amount of the overpayment, but in any event, within twenty (20) days of such determination. If contested, Borrower has the right to pay under protest.

Once the amount of Residual Receipts has been finally determined, the residual Receipts shall be paid towards the County NSP Loan as described above. Any payments made by Borrower shall be applied first to pay current annual interest due, if any, then the cumulative interest owed, if any, then to reduce the principal amount of the Loan. In any event all principal owed and all current and accrued interest on the NSP Loan shall be due and payable as provided above.

2. Borrower will promptly pay all taxes, levies and assessments on the Property for the term of this Note and Affordability Period.

3. If Lender has not received a payment required herein by the end of fifteen (15) calendar days after the payment is due, Lender may collect a late charge in the amount of seven percent (7%) of the overdue amount of payment.

4. Borrower agrees that the Property shall be kept insured against loss by fire and/or other hazards in a sum of not less than the amount of all indebtedness on the Property including but not limited to, the original balance of said NSP Loan Agreement. The Lender shall be named in the loss payable clause of the policy and shall be provided with a current copy of the policy during the term of this loan.

5. Borrower or Borrower's representatives must notify Lender in writing prior to the sale, conveyance, or transfer of the Property in accordance with the terms and conditions of the NSP Loan Agreement.

6. Should Borrower agree to or actually sell, convey, transfer, or dispose of the real property described in the Deed of Trust securing this Note, or any part of it, or any interest in it or should a transfer of the Property occur by operation of law, (except as provided for in the NSP Loan Agreement) the entire remaining principal balance may become immediately due and payable as determined in writing by the Lender. Notwithstanding the generality of the foregoing, however, certain transfers permitted under the NSP Loan Agreement and the withdrawal, removal and/or replacement of a general partner shall not constitute a default hereunder or under the NSP Loan Agreement and any such action shall not accelerate the maturity of this Note providing that any transferee is either a permitted transferee as defined in the NSP Loan Agreement or that any required substitute general partner is reasonably acceptable to the Lender and is selected with reasonable promptness and that any substitute general partner agrees to be bound by any and all instruments in favor of the Lender.

7. No deficiency amount may be recovered from Borrower under the provisions of this Note, except as may be provided herein. The personal liability of Borrower or any partner of Borrower to pay the principal of and interest on the debt evidenced by this Note shall be limited to the following: (i) the real property which is encumbered by the deed of trust securing this Note (the "Deed of Trust"); and (ii) any personal property pledged under the said Deed of Trust. Lender shall not seek, (a) any judgment for a deficiency against Borrower or any partner of Borrower, or Borrower's or any of Borrower's partners members, managers, officers, directors, legal representatives, successors or assigns, in any action to enforce any right or remedy under the Deed of Trust securing this Note or under the County NSP Loan Agreement, or (b) any judgment on this Note, except as may be necessary in any action brought under the Deed of Trust or under the County NSP Loan Agreement to enforce the lien against the Property or to exercise any remedies against the Property under the County NSP Loan Agreement. Notwithstanding the generality of the foregoing, Borrower and any general partner of Borrower shall be personally liable in the amount of any loss, damage or cost (including, but not limited to, attorneys' fees) resulting from one or more of the following: (1) fraud or intentional misrepresentation by Borrower in connection with obtaining the loan evidenced by this Note or with the County NSP Loan Agreement; (2) intentional bad faith waste of the Property encumbered by the Deed of Trust which secures this Note; and (3) losses resulting from Borrower's failure to maintain insurance as required under the provisions of the Deed of Trust securing this Note and under the County NSP Loan Agreement. Borrower's obligation to indemnify the Lender as aforesaid shall be a personal, recourse obligation of Borrower, and in the event of any breach such obligation, the Lender shall have the right to proceed directly against Borrower to recover any and all such loss, damage or cost (including reasonable attorneys' fees and expenses) resulting from such breach.

8. Borrower agrees to comply with all laws, regulations, covenants, conditions and restrictions affecting the Property.

9. Borrower agrees that Lender is not to be held liable for any deficiency in the workmanship or materials supplied by any contractor(s) performing any work on the Property at any time. Lender DISCLAIMS ALL WARRANTY LIABILITY THAT ANY WORK UNDERTAKEN BY ANY CONTRACTOR(S) AT ANY TIME WILL PROPERLY CORRECT

HOUSING CODE VIOLATIONS OR MINIMUM STANDARDS OF FITNESS OR MERCHANTABILITY, expressed or implied.

10. Subject to the provisions of paragraph 9 above, Borrower shall indemnify, defend and hold harmless Lender, its officers, agents, employees and volunteers from any and all claims, losses or legal actions arising from any and all of the actions of Borrower, its employees, agents, contractors, subcontractors, tenants and volunteers arising out of this Note.

11. If any provision of this Note is found to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue with full force and effect without being impaired or invalidated in any way.

12. No waiver by either party of any of the herein terms and conditions shall constitute a continuing waiver of such terms or conditions.

13. The provisions of this Note supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Note which is not contained herein or in the Deed of Trust executed herewith, shall be valid or binding on either of the parties.

14. Borrower agrees to comply with the terms of this Note, the related Deed of Trust and the County NSP Loan Agreement. Should Borrower fail to comply with the terms of this Note, County NSP Loan Agreement or of the accompanying Deed of Trust, Borrower will be in default and the entire Loan shall immediately become due and payable subject to the conditions outlined above.

15. Borrower agrees that the improved property shall not be converted to for-sale condominium units during the terms of the Note and/or County NSP Loan Agreement.

16. Borrower agrees not to discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, State or local housing assistance program or, except for a housing project for elderly persons, on the basis that the tenants have a minor child or children who will be residing with them, for at least twenty (20) years beginning on the date of the recordation of the Notice of Completion.

17. If any action at law or in equity is brought to enforce or interpret the provisions of this Note, the prevailing party will be entitled to reasonable attorneys' fees in addition to any other relief to which it may be entitled.

18. Borrower acknowledges that Lender has furnished Borrower with a true copy of this document.

19. This Note replaces, supersedes, and makes null and void the Promissory Note executed by the Borrower's predecessor in interest, in favor of Holder, any other previously executed note, including a note dated December 10, 2010.

TO WITNESS the representations and obligations contained in this Note, the undersigned has executed this Note as of the date and year first written above.

BORROWER:

HILLCREST COURT APARTMENTS, LLC,
a California limited liability company

By: Housing Authority of the County of
San Bernardino, its managing member

By: _____
Maria Razo, Executive Director

Date: _____

DO NOT DESTROY THIS ORIGINAL NOTE: when paid the original Note, together with the original deed of trust securing this Note, must be surrendered for cancellation and retention.