

**PROMISSORY NOTE**

**El Dorado County Habitat for Humanity, Inc.**

\$130,000.00

\_\_\_\_\_, 2009

PLACERVILLE, EL DORADO COUNTY, CALIFORNIA

FOR VALUE RECEIVED, EL DORADO COUNTY HABITAT FOR HUMANITY, INC., a California nonprofit public benefit corporation (the "Maker") promises to pay to the COUNTY OF EL DORADO ("Payee") the principal sum of ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000), or so much of such principal as may be advanced (the "Loan"). The loan shall bear simple interest at a per annum rate of 1 percent.

1. This Loan is made pursuant to that certain Loan Agreement between Maker and Payee of even date herewith. The Loan will be used by Maker for the development (the "Development") of the property described in the Loan Agreement and pursuant to the terms and conditions contained therein.
2. Maker agrees to pay the sum of \$130,000 with interest from the date of execution on unpaid principle at the rate of 1% per annum. Payments shall be made according to the following terms:

Principle and interest payable in 60 monthly installments of \$2,222.19 beginning 30 days of the execution of this Note and the Loan Agreement of same date and continuing until

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This Note shall become immediately due and payable in full with accrued interest:

- i. Upon 90 days written notice to Maker, at any time after \_\_\_\_\_, if the County determines, at its sole discretion, that the developer cannot produce the housing described in Recital C of the Loan Agreement; or
- ii. Five years from the date of execution of the Loan Agreement.

In the event any payment is not paid within fifteen (15) days of its due date, a late charge of 6% shall immediately become due and payable.

3. Beginning with the first year after execution of the Loan Agreement, Maker shall deliver to Payee each year an annual audited financial statement. Payee shall have the right to inspect and audit Maker's books and records.
4. Payment shall be made in lawful money of the United States to Payee at 937 Spring Street, Placerville, CA 95667, Attn: Housing Programs. The place of payment may be changed from time to time as the Payee may designate in writing.
5. Maker shall have the right to prepay this Note in whole or in part without penalty or premium.

6. The occurrence of any of the following shall constitute an event of default under this Note: (i) Maker fails to pay any amount due hereunder within fifteen (15) days of its due date; (ii) any default by Maker under the Loan Agreement; or (iii) any sale, exchange, transfer, assignment or other conveyance of the Development to any party other than an affiliate of Maker.
7. Upon the occurrence of any event of default, or at any time thereafter, at the option of the Payee hereof, the entire unpaid principal and accrued interest owing on this Note shall become immediately due and payable. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of such option with respect to any subsequent event. Payee's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.
8. Payee shall not exercise any right or remedy provided for herein because of any default of Maker unless, in the event of a monetary default, Maker shall have failed to pay the outstanding sums within a period of thirty (30) calendar days after notice that payment was due, or in the event of a nonmonetary default, Payee shall have first given written notice thereof to Maker and Maker shall have failed to cure the nonmonetary default within a period of thirty (30) days and the giving of such notice of such default; provided that if the nonmonetary default cannot be cured within (30) days and Maker proceeds diligently with effort to cure such default until it shall be fully cured within no more than sixty (60) days after the giving of such notice, Payee shall not exercise any right or remedy provided for herein until such sixty (60) days period shall expire; provided, however, Payee shall not be required to give any such notice or allow any part of the grace period if Maker shall have filed a petition in bankruptcy or for reorganization or a bill in equity or otherwise initiated proceedings for the appointment of a receiver of its assets, or if Maker shall have made an assignment for the benefit of creditors, or if a receiver or trustee is appointed for Maker and such appointment or such receivership is not terminated within forty-five (45) days.
9. Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.
10. Maker agrees to pay immediately upon demand all costs and expenses of Payee including reasonable attorneys' fees, (i) if after default this Note be placed in the hands of an attorney or attorneys for collection, (ii) if after default hereunder or under the Loan Agreement, Payee finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against maker, any guarantor or any other party liable therefore or to the protection of its rights under this Note, the Loan Agreement, or other loan document, or (iii) if Payee seeks to have the Development abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

11. If Payee shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental agency, affecting the Development or the title thereto or the interest of the Payee, including without limitation, any form of condemnation or eminent domain proceeding, Payee shall be reimbursed by Maker immediately upon demand for all costs, charges, and attorneys' fees incurred by Payee in any such case.
12. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the addresses set forth in the Loan Agreement or at such address as either party may designate by written notice.
13. This Note shall be binding upon Maker, its successors and assigns.
14. This Note shall be construed in accordance with and be governed by the laws of the State of California.
15. 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.

PAYEE:

County of El Dorado

BY: \_\_\_\_\_  
Doug Nowka, Director  
Department of Human Services

MAKER:

El Dorado County Habitat for Humanity, Inc.

BY: \_\_\_\_\_  
Candy Alexander  
President

BY: : \_\_\_\_\_  
Scott Saitman  
Treasurer