EL DORADO COUNTY
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

PROMISSORY NOTE

SECURED BY A DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT & FIXTURE FILING

(Acquisition and Administration of Real Property for Multifamily Housing Project)
(Residual Receipts Loan)

$1,498,000

Date: _____, 2022

Loan No. XXXX

FOR VALUE RECEIVED, the undersigned, Diamond Village Apartment LP, a California Limited Partnership with its principal office at 16935 W Bernardo Drive, Suite 238, San Diego, CA 92127 (the "Borrower"), hereby promises to pay to the order of the County of El Dorado (hereinafter the "County") a political subdivision of the State of California, in care of the Planning and Building Department, with its principal office at 2850 Fair Lane Court, Bldg. C, Placerville, California 95667, a principal amount equal to One Million Four Hundred Ninety Eight Thousand And 00/100 Dollars ($1,498,000) or so much thereof as may be advanced by the County to the Borrower pursuant to a Regulatory Agreement dated of even date herewith by and between the Borrower and the County (the "Regulatory Agreement"), and a Standard Agreement 21-CDBG-HKxxxx between the County and the Department of Housing and Community Development (hereinafter the "Department"), a public agency of the State of California with its principal office at 2020 W. El Camino Avenue, Suite 200, Sacramento, California 95833 (mailing address: P.O. Box 952054, Sacramento, CA 94252-2054) dated _____, 2022 (the "Standard Agreement"), 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) the Regulatory Agreement, (b) this Note, (c) the Deed of Trust and Assignment of Rents dated of even date herewith securing this Note (the "Trust Deed"), and (d) the Standard Agreement. (Hereinafter, the Trust Deed, the Regulatory Agreement and the Standard Agreement are collectively referred to as the "Loan Documents".)

1. This Note evidences the obligation of the Borrower to the County for the repayment of funds loaned to the Borrower from the County for the purpose of assisting the Borrower to develop the Diamond Springs Village Apartments which is a proposed new construction 81-unit family apartment complex. The project will consist of ten multifamily residential buildings consisting of a total 80 residential units, including 20 one-bedroom, 40 two-bedroom and 20 three-bedroom apartments. A 3,800± square foot community building will include an office, laundry room, food prep area, community room and an art room, as well as an on-site manager's apartment. The balance of the site will include paved access, 190 parking spaces (65 covered) two

play areas and landscaping, as more fully described in the Regulatory Agreement (the "Development") and to be located on that particular property described in the Trust Deed (the "Property").

2. The Borrower agrees to pay the entire unpaid principal amount advanced under the Loan Documents and this Note, together with all accrued but unpaid interest thereon, if any, as follows:

    a. The entire unpaid principal balance together with all accrued but unpaid interest thereon shall be due and payable in full on the fifty-fifth (55^{th}) anniversary of the date first set forth above.

    b. Interest on the unpaid principal balance advanced under the Loan Documents and this Note shall accrue from the date of such advance at the simple interest rate of three percent (3%) per annum. Commencing on the last day of the Initial Operating Year (as defined in the Regulatory Agreement) and thereafter on the anniversary date thereof in each subsequent year (each an "Interest Payment Date") until all amounts of interest due hereunder are paid in full, the Borrower shall pay to the County that amount of interest accrued and unpaid equal to the lesser of the (i) total amount of interest then accrued and unpaid, including deferred interest, or (ii) the amount of Residual Receipts available on such Interest Payment Date as described in the Regulatory Agreement. Interest accrued and unpaid as of any Interest Payment Date, including deferred interest, which is greater than the amount of Residual Receipts available on such Interest Payment Date shall be deferred for payment until the next succeeding Interest Payment Date.

3. The amount due and payable under this Note and the Trust Deed is payable at the principal office of the County set forth above, or at such other place or places as the County 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 Loan Documents are hereby made a part of this Note. If any installment under this Note is not paid when due or any default occurs in the agreements contained in this Note or the Loan Documents, the entire principal amount outstanding and any accrued interest thereon shall become due and payable immediately at the option of the County. All amounts past due shall bear interest at the legal rate of interest. The date specified for payment shall not be less than thirty days from the date such notice is mailed. The County may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance. In the event of default, the County 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 County may have under applicable law. If suit is brought to collect this Note, the

County shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees and costs. The following shall also constitute default under this Note: occurrence of (a) the Borrower's becoming insolvent or bankrupt or being unable or admitting in writing its' inability to pay its' debts as they mature or making a general assignment with creditors; (b) proceedings for the appointment of a receiver, trustee, or liquidator of the assets of the Borrower or a substantial part thereof, being authorized or instituted by or against the Borrower which proceedings are not dismissed within sixty (60) days of institution; (c) proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against the Borrower which proceedings are not dismissed within sixty (60) days of institution; or (d) dissolution of the corporate or partnership structure of the Borrower.

5. No delay or failure of County in the exercise of any right or remedy hereunder or under any other agreement which secures or is related hereto shall affect any 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 County or Department shall be deemed a waiver of any such right or remedy.

6. The Borrower hereby agrees to pay all costs and expenses, including reasonable attorneys' fees and costs, which may be incurred by the County in the enforcement of this Note, the Trust Deed, 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 County without notice. After the Trust Deed is executed, the obligations under this Note shall be without recourse against the Borrower and any partners, general or limited, of the Borrower.

7. Any notice to the Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to the Borrower at the address stated below, or to such other address as the Borrower may designate by written notice to the County. Any notice to the County shall be given by mailing such notice by certified mail, return receipt requested, to the County at the address stated above, or at such other address as may have been designated by written notice to Borrower.

8. This Note shall be binding upon the Borrower and its successors and assigns. The Borrower shall not make any sale, assignments, or conveyance, or transfer in any other form, of the Development referred to above or any part thereof or of any of its interest therein other than in accordance with the terms of the Loan Documents and with the prior written approval of the County.

9. The Borrower shall not be entitled to pay the indebtedness evidenced by this Note, or any part thereof, prior to or in advance of the time for payment, without the prior written consent of the County.

10. This Note shall be construed in accordance with and be governed by the laws of the State of California.

11. 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 County, the invalidity, illegality, or unenforceability of the provision negates the program purpose and/or threatens the security of the County.

12. In the event of any inconsistencies between the terms set forth in the Loan Documents and the terms of this Note, the terms of the Loan Documents shall prevail.

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

14. The Borrower and the undersigned individuals hereby represent that the undersigned individuals executing this Agreement on Borrower's behalf are fully authorized to do so by law or other appropriate instrument and to bind upon Borrower the obligations set forth herein

Executed in the County of _____, California.

BORROWER

Diamond Village Apartment LP,
a California Limited Partnership

By: _____,
Name: Sergei Oleshko,
Trustee, SNO Foundation
Its Administrative General Partner

By: _____,
Name: Robert W. Lang,
PSCDC Diamond Valley LLC
Its Managing General Partner

BORROWER'S ADDRESS

16935 W Bernardo Dr. Suite 238
San Diego CA 92127