

COUNTY LOAN PROMISSORY NOTE

\$90,000

Santa Barbara, California
July 19, 2023

FOR VALUE RECEIVED, The Turner Foundation – Since 1958, a California nonprofit public benefit corporation (“Borrower”), whose address is 1206 Coast Village Circle, Unit D, Santa Barbara, CA 93108, hereby promises to pay to the order of the County of Santa Barbara, a political subdivision of the State of California (“Lender”), whose address is 123 E. Anapamu Street, 2nd Floor, Santa Barbara, California 93101, the principal amount equal to Ninety Thousand Dollars (\$90,000), or so much thereof as may be advanced by Lender to Borrower, together with interest thereon, as set forth below.

1. **PURPOSE.** In order to assist Borrower in acquiring that certain real property located at 2011 Oak Avenue in the City of Santa Barbara, in the County of Santa Barbara, in the State of California (“Property”), for the purpose of developing seven (7) permanent housing units on the Property for youth who are homeless or at-risk of homelessness using Round 3 Homekey Program funding from the State of California Department of Housing and Community Development (“Project”), Lender has agreed to loan to Borrower the amount of Ninety Thousand Dollars (\$90,000) to be used as earnest money for the acquisition of the Property (the “County Loan”), contingent upon Borrower’s receipt of Round 3 Homekey Program funding from the State of California Department of Housing and Community Development (“Homekey Funding”).

2. **BORROWER’S OBLIGATION.** This promissory note (“County Loan Promissory Note”) evidences Borrower’s obligation to pay Lender the principal amount of Ninety Thousand Dollars (\$90,000) for the specific purpose and use specified in Section 1, above.

3. **INTEREST.** Subject to Section 4, below, this County Loan Promissory Note shall bear interest at the rate of zero percent (0%) per annum from the date of this County Loan Promissory Note.

4. **DEFAULT INTEREST.** In the event of an Event of Default by Borrower of any of its obligations under this County Loan Promissory Note, interest shall accrue on the outstanding principal of this County Loan Promissory Note at an annual rate equal to the lesser of (i) ten percent (10%), or (ii) the highest interest allowed by law, in addition to the interest rate provided in Section 3, above, from the date of such Event of Default until the County Loan is repaid in full, and such default interest shall be due and payable by Borrower to Lender monthly on the first day of each month following such Event of Default.

5. **AMOUNT AND TIME OF PAYMENT.** All unpaid principal and accrued and unpaid interest hereunder shall be due and payable on the earlier of: (a) the date that Borrower’s application for Round 3 Homekey Program funding is denied by the State of California Department of Housing and Community Development; (b) the date that is 30 days after the date of award of Homekey Funding to Borrower by the State of California Department of Housing and Community Development if Borrower has not duly executed and recorded, as appropriate, loan documents approved by the Board of Supervisors memorializing a loan by the County to Borrower of Homekey matching funds, including a loan agreement, promissory note, deed of trust, and regulatory agreement (“County Homekey Matching Loan Documents”) which include the County Loan as subject to the terms and conditions set forth in such County Homekey Matching Loan Documents; or (c) December 31, 2023 (“Maturity Date”). In the event of an Event of Default by Borrower, all unpaid principal and all accrued and unpaid interest hereunder shall be due and payable in accordance with Section 9 of this County Loan Promissory Note.

6. DEFINITIONS.

- a. “Annual Financial Statement” means the audited annual financial statement of Borrower’s operating expenses and revenue, prepared at the Borrower’s expense, by an independent certified public accountant reasonably acceptable to Lender, which shall be provided as part of Borrower’s annual reporting to Lender.
- b. “Fiscal Year” means the twelve (12) month accounting period, beginning July 1 and ending June 30.

7. **PAYMENTS.** All accrued interest and principal shall be due and payable in accordance with the terms set forth in Section 5, above. On or before the day that is (90) days after the end of each fiscal year, Borrower shall submit an Annual Financial Statement to Lender for the preceding fiscal year until the County Loan is paid in full. All payments made by Borrower hereunder shall be applied as follows: first to pay current annual interest due, if any; then to the cumulative interest owed, if any; then to reduce the principal amount of the County Loan.

8. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this County Loan Promissory Note are payable at the office of Lender at the address set forth above, or at such other place as Lender may designate to Borrower in writing from time to time, in any coin or currency of the United States which on the respective Payment Dates thereof shall be legal tender for the payment of public and private debts.

9. **DEFAULT AND ACCELERATION.** The entire principal amount of this County Loan Promissory Note and all current and accrued interest hereunder, shall, at the option of Lender, be immediately due and payable upon any Event of Default. For purposes of this County Loan Promissory Note, the occurrence of any of the following shall constitute an “Event of Default”: (i) the failure of Borrower to make any payment when due; (ii) denial by the State of California Department of Housing and Community Development of Borrower’s application for Round 3 Homekey Program funding; (iii) Borrower’s failure to duly execute and record, as appropriate, the County Homekey Matching Loan Documents within 30 days of award of Homekey Funding to Borrower by the State of California Department of Housing and Community Development; (iv) Borrower’s use of County Loan funds for costs other than as the County-approved earnest money payment for purchase of the Property as reflected in the Letter of Intent between Borrower and the owner of the Property as of the date hereof, or for uses inconsistent with any other terms or restrictions in this County Loan Promissory Note; (v) Borrower’s failure to pay taxes; (vi) Borrower’s default under any other debt secured by the Property; (vii) Borrower’s failure to comply with any applicable federal, state, or local laws, including, but not limited to, those pertaining to affirmative action and equal employment opportunity, discrimination, disabled access, lead-based paint, hazardous materials, and provision or relocation benefits and assistance; (viii) any non-compliance with Homekey Program requirements, or (ix) Borrower’s (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after the filing, (2) making a general assignment for the benefit of creditors, (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing, (4) insolvency, (5) failure, inability or admission in writing of its inability, to pay its debts as they become due. Upon the occurrence of any Event of Default, Lender may exercise any right or remedy permitted under this County Loan Promissory Note or under applicable law.

10. **PREPAYMENT OF COUNTY LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County Loan prior to the Maturity Date. However,

prepayment of the County Loan prior to the Maturity Date shall not affect Borrower’s obligations under the Homekey Program.

11. **NO OFFSET.** Borrower hereby waives any and all rights of offset it now has or may hereafter have against Lender, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this County Loan Promissory Note.

12. **WAIVERS.** All presentments, notices of dishonor, and protests are waived by all makers, sureties, guarantors, and endorsers of this County Loan Promissory Note, if any. Borrower hereby waives presentment, demand for payment, protest, notice of dishonor, notice of protest or nonpayment, notice of intent to accelerate, notice of acceleration of maturity, and diligence in connection with the enforcement of this County Loan Promissory Note or the taking of any action to collect sums owing hereunder.

13. **CONSENTS AND APPROVALS.** Any consent or approval of Lender required under this County Loan Promissory Note shall not be effective unless in writing duly executed by Lender.

14. **NOTICES.** Notices to a party hereto shall be delivered to such party at the address set forth below for such party, or at such other address as such may designate in writing, from time to time, in accordance with the provisions of this Section 14.

Lender: County of Santa Barbara
Housing and Community Development
123 E Anapamu Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Deputy Director

With copy to: Office of County Counsel
County of Santa Barbara
105 E Anapamu Street, Room 201
Santa Barbara, CA 93101

Borrower: **The Turner Foundation**
1206 Coast Village Circle
D
Santa Barbara, CA 93108

15. **ASSIGNMENT; BINDING UPON SUCCESSORS.** All provisions of this County Loan Promissory Note shall be binding upon and inure to the benefit of the permitted successors-in-interest, transferees, and assigns of Borrower and Lender; provided, however, that Borrower shall not assign or transfer, directly or indirectly, whether by operation of law or otherwise, this County Loan Promissory Note or any of Borrower’s rights or obligations hereunder without the prior written consent of Lender in each instance.

16. **GOVERNING LAW.** This County Loan Promissory Note shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

17. **SEVERABILITY.** Every provision of this County Loan Promissory Note is intended to be severable in the event that any provision of this County Loan Promissory Note shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, in which case, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

18. **TIME.** Time is of the essence in this County Loan Promissory Note.

19. **WAIVER.** No waiver by Lender of any provision of this County Loan Promissory Note shall be effective unless in writing signed by Lender. No waiver will be implied from any delay or failure by Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under applicable law. Any extension of time granted to Borrower to perform any obligation hereunder shall not operate as a waiver of or release from any of the Borrower's obligations hereunder. Consent by Lender to any act or omission by Borrower shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for Lender's written consent to future waivers.

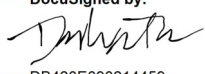
20. **AMENDMENTS AND MODIFICATIONS.** No amendment or modification to or of this County Loan Promissory Note shall be effective unless in writing and duly executed by both Borrower and Lender.

BORROWER:

The Turner Foundation – Since 1958,
a California nonprofit public benefit corporation

By:

By:

DocuSigned by:

DB420E690214459
Name: Dean Wilson
Title: President & CEO