

## COUNTY HOME LOAN PROMISSORY NOTE

\$1,500,000

Santa Barbara, California  
November 7, 2023

FOR VALUE RECEIVED, Buellton Garden Apartments, L.P., a California limited partnership (“Borrower”), whose address is 1060 Kendall Road, San Luis Obispo, California 93401, 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, 2<sup>nd</sup> Floor, Santa Barbara, California 93101, the principal amount equal to One Million, Five Hundred Thousand Dollars (\$1,500,000), 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 developing a total of eighty-nine (89) residential housing units, comprised of eighty-eight (88) affordable rental housing units and one (1) manager’s unit, located at 10 and 12 McMurray Road in the City of Buellton, Santa Barbara County, California (“Project”), Lender has agreed to loan to Borrower the amount of One Million, Five Hundred Thousand Dollars (\$1,500,000) (the “County HOME Loan”), comprised of One Million, Two Hundred Fifty-Four Thousand, Three Hundred Fifty-Two Dollars (\$1,254,352) derived from funds received by the Lender from the United States Department of Housing and Urban Development through the HOME Investment Partnerships Program, and Two Hundred Forty-Five Thousand, Six Hundred Forty-Eight dollars (\$245,648) in County Permanent Local Housing Allocation (“PLHA”) funds received by the Lender from the State of California (the “State”) pursuant to Senate Bill 2 Housing and Jobs Act effective January 1, 2018.

2. **BORROWER’S OBLIGATION.** This promissory note (“County HOME Loan Promissory Note”) evidences Borrower’s obligation to pay Lender the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) for the County HOME Loan loaned to Borrower by Lender for the specific uses designated, and subject to the terms and conditions set forth, in that certain loan agreement by and between Borrower and Lender of even date herewith (“County HOME Loan Agreement”).

3. **INTEREST.** Subject to Section 4, below, this County HOME Loan Promissory Note shall bear simple interest at the rate of three percent (3%) per annum from the date of the first disbursement under the County HOME Loan Agreement and this County HOME Loan Promissory Note. Interest hereunder is not compounding.

4. **DEFAULT INTEREST.** In the event of an Event of Default by Borrower of any of its obligations under this County HOME Loan Promissory Note or any of the other County HOME Loan Documents, interest shall accrue on the outstanding principal of this County HOME 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 date that such Event of Default is cured, if subject to cure pursuant to Section 8.2 of the County HOME Loan Agreement, or the County HOME 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.

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 is fifty-five (55) years after the date of the recordation of the Notice of Completion issued for the Project, or (b) the date the Property is sold or otherwise Transferred, unless Lender expressly consents in advance in writing to such Transfer in each instance, and each such Transfer is completed in accordance with all conditions imposed by Lender in connection with such consent, including, but not limited to, such transferee expressly assuming, in writing duly executed by such transferee in form approved by Lender, all of Borrower’s obligations hereunder and under the other County HOME Loan Documents, or (c) Borrower has failed to commence construction as set forth in Section 4.1 of the County HOME Loan Agreement, or (d) an Event of Default by Borrower, as

defined in Section 8.1 of the County HOME Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County HOME Loan Agreement. Annual payments on the County HOME Loan hereunder shall be made in accordance with Section 7, below. In the event of an Event of Default by Borrower, as defined in Section 8.1 of the County HOME Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County HOME Loan Agreement, all unpaid principal and all accrued and unpaid interest hereunder shall immediately be due and payable in accordance with Section 9 of this County HOME Loan Promissory Note. In any event, all unpaid principal and all accrued and unpaid interest hereunder shall be due and payable by Borrower to Lender no later than December 31, 2081.

6. **DEFINITIONS.** All capitalized terms used but not defined in this County HOME Loan Promissory Note shall have the respective meanings ascribed to such terms in the County HOME Loan Agreement. In the event of any conflict between the provisions of this County HOME Loan Promissory Note and the provisions of the County HOME Loan Agreement, the provisions of the County HOME Loan Agreement shall control and prevail.

7. **PAYMENTS.** All accrued interest and principal hereunder shall be due and payable in accordance with the terms set forth in Section 5, above. Annual payments on the County HOME Loan shall be made from Residual Receipts in the following order: First, to the Borrower's limited partner for any unpaid tax credit adjuster amount; second, to the Borrower's limited partner to pay any limited partner loans; third, to pay borrower's limited partner an annual asset management fee of \$8,500, increasing by 3% per year; fourth, to replenish the balance of the operating reserve; fifth, to the payment of any sponsor loans and outstanding deferred developer fee; sixth, to pay any deferred management fees to the management agent; seventh, to pay the Borrower's general partner an annual general partner asset management fee in the amount of \$29,668, increasing by 3% per year; eighth, 50% of the remaining Residual Receipts shall be used to pay the remaining residual receipts loans in accordance with their relative principal amounts as follows: 73.91% shall repay the HCD MGP Loan; 20.30% shall repay the HCD Joe Serna Loan; and 5.79% shall repay the County HOME Loan. On or before the date that is 30 days prior to each Annual Payment Date, the Borrower shall submit to Lender the Annual Financial Statement for the immediately preceding Fiscal Year. 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 HOME Loan.

In the event that either of Borrower or Lender determines that there has been an understatement or underpayment of the amount of Residual Receipts reported or paid to Lender, Borrower shall promptly pay to Lender the full amount of such understatement or underpayment, but in any event, no later than the date that is twenty (20) days after the earlier of (a) the date of Borrower's determination of such understatement or underpayment, or (b) Lender's notice to Borrower of Lender's determination of such understatement or underpayment. In the event that Lender determines that there has been an overpayment of Residual Receipts to Lender, Lender shall promptly pay to Borrower the amount of such overpayment, but in any event, within twenty (20) days of such determination. If contested, Borrower has the right to pay under protest and request and pay for an audit by an independent certified public accountant.

8. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this County HOME 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 Annual Payment Dates shall be legal tender for the payment of public and private debts.

9. **DEFAULT AND ACCELERATION.** This County HOME Loan Promissory Note is secured by the County HOME Loan Deed of Trust. All covenants, conditions and agreements contained in the

County HOME Loan Deed of Trust and the County HOME Loan Agreement are hereby made a part of this County HOME Loan Promissory Note. Borrower agrees that the amount of principal and all then-accrued and unpaid interest hereunder, shall, at the option of Lender, be immediately due and payable upon any Event of Default, as defined in the County HOME Loan Agreement, which, if subject to cure in accordance with Section 8.2 of the County HOME Loan Agreement and the applicable Notice of Default, has not been cured in accordance with the County HOME Loan Agreement and the applicable Notice of Default, including, but not limited to, the failure of Borrower to make any payment when due. Upon the occurrence of any Event of Default, Lender may exercise any other rights or remedies permitted under this County HOME Loan Promissory Note, any of the other County HOME Loan Documents, or applicable law. Cure of an Event of Default made or tendered by Borrower's limited partners shall be accepted or rejected as provided in the County HOME Loan Agreement.

10. **PREPAYMENT OF COUNTY HOME LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County HOME Loan amounts prior to the end of the Term. However, prepayment of the County HOME Loan during the 20-year term of the County HOME Loan Regulatory Agreement shall require Lender's prior written approval, and shall not affect Borrower's obligations under the County HOME Loan Regulatory Agreement.

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 HOME Loan Promissory Note.

12. **WAIVERS.** All presentments, notices of dishonor, and protests are waived by all makers, sureties, guarantors, and endorsers of this County HOME Loan Promissory Note, if any.

13. **CONSENTS AND APPROVALS.** Any consent or approval of Lender required under this County HOME Loan Promissory Note shall not be unreasonably withheld or delayed.

14. **NOTICES.** Except as may be otherwise specifically provided herein, no approval, notice, or consent of Lender shall be effective unless in writing signed by Lender. Notices to Borrower hereunder may be delivered to Borrower at the address of Borrower set forth below, or at such other place or places as Borrower may designate in writing, from time to time, in accordance with the Notice provisions of the County HOME Loan Agreement, for the receipt of communications from Lender. A copy of each notice sent to Borrower by Lender hereunder shall also be sent to Borrower's Limited Partner, Wells Fargo Bank, National Association and California Community Reinvestment Corporation at the addresses set forth below.

**Lender:** County of Santa Barbara  
Housing and Community Development  
123 E Anapamu Street, 2<sup>nd</sup> 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:** Buellton Garden Apartments, L.P.  
1060 Kendall Road,  
c/o People's Self-Help Housing Corporation

San Luis Obispo, Ca. 93401  
Attention: Kenneth Trigueiro, CEO & President

With copy to: Wells Fargo Affordable Housing Corp.  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC D1086-239  
Charlotte, NC 28202-4200  
Attention: Director of Tax Credit Asset Management

With copy to: Gubb & Barshay LLP  
235 Montgomery Street, Suite 1110  
San Francisco, CA. 94104  
Attn: Erica Williams Orcharton, Esq.

With copy to: Wells Fargo Bank, National Association  
550 S. Tryon Street  
23rd Floor, MAC# D1086-4200  
Charlotte, North Carolina 28202-4200  
Attention: Manager, CLI Deal Management  
Loan No. 1021607

With copy to: Wells Fargo Bank, National Association  
Community Lending and Investment  
MAC# E2064-092  
333 S Grand Avenue, 9th Floor  
Los Angeles, CA 90071-1504  
Attention: Aaron Meyer  
Loan No. 1021607

With copy to: California Community Reinvestment Corporation  
100 W. Broadway  
Suite 1000  
Glendale, California 91210  
Attention: President

With copy to: Sheppard Mullin Richter & Hampton, LLP  
650 Town Center Drive, 10th Floor  
Costa Mesa, CA 92626  
Attention: Ken Fox, Esq.

**15. ASSIGNMENT; BINDING UPON SUCCESSORS.** All provisions of this County HOME 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 otherwise transfer, directly or indirectly, whether by operation of law or otherwise, this County HOME 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 HOME 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 HOME Loan Promissory Note is intended to be severable in the event that any provision of this County HOME 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 HOME Loan Promissory Note.

19. **WAIVER.** No waiver by Lender of any provision of this County HOME Loan Promissory Note or any of the other County HOME Loan Documents 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 any of the County HOME Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation hereunder or under and of the other County HOME Loan Documents shall not operate as a waiver of or release from any of the Borrower's obligations hereunder or under and of the other County HOME Loan Documents. 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 HOME Loan Promissory Note shall be effective unless in writing and duly executed by both Borrower and Lender.

21. **NONRECOURSE.** Except as expressly provided in the second paragraph of this Section 21, the Borrower, and the Borrower's partners, officers, directors, employees and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, this County HOME Loan Promissory Note. The sole recourse of the Lender with respect to the principal of, or interest on, the County HOME Loan Promissory Note shall be to the property securing the indebtedness evidenced by the County HOME Loan Promissory Note. However, nothing contained in the foregoing limitation of liability shall (i) limit or impair the enforcement against all such security for the County HOME Loan Promissory Note of all the rights and remedies of the Lender, or (ii) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of the County HOME Loan Promissory Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the County HOME Loan Promissory Note, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of personal liability to the extent of actual damages for (i) fraud or willful misrepresentation or misconduct by or on behalf of Borrower or any of Borrower's officers, agents, partners, or any of Borrower's partner's members, managers, officers, directors, employees, or agents; (ii) the failure to pay taxes, assessments or other charges (which are not contested by the Borrower in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the County HOME Loan Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the County HOME Loan Deed of Trust; (iv) the material misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property; (v) the Borrower's indemnification obligations under the County HOME Loan Agreement; and (vi) payment to the Lender of any rental income or other income arising with respect to the Property received by the Borrower after the Lender has given notice to the Borrower of the occurrence of an Event of Default and after the expiration of all applicable notice and cure periods, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the County HOME Loan Deed of Trust.

21. **COUNTY HOME LOAN AGREEMENT CONTROLS.** In the event that any provisions of this County HOME Loan Promissory Note and the County HOME Loan Agreement conflict, the terms of the County HOME Loan Agreement shall control.

**BORROWER:**

Buellton Garden Apartments L.P.,  
a California limited partnership

By: Buellton Garden Apartments LLC,  
a California Limited Liability Company,  
its managing general partner

By: People's Self-Help Housing Corporation,  
A California nonprofit public benefit corporation, its  
sole Member/manager

By: \_\_\_\_\_  
Kenneth Trigueiro, CEO and President

