

COUNTY CPF LOAN PROMISSORY NOTE

\$1,000,000

Santa Barbara, California

March 26, 2026

FOR VALUE RECEIVED, Sanctuary Centers, Inc., a California nonprofit public benefit corporation, whose address is 117 West Anapamu Street, Santa Barbara, California 93101, 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 One Million Dollars (\$1,000,000), or so much thereof as may be advanced by Lender to Borrower, together with interest thereon, as set forth below ("CPF Loan").

1. **PURPOSE.** In order to assist Borrower in developing a total of thirty-four (34) residential housing units, including twenty-four (24) affordable CPF designated apartments, located at 117 West Anapamu Street, in the City of Santa Barbara, Santa Barbara County, California ("Project"), Lender has agreed to loan to Borrower the amount of One Million Dollars (\$1,000,000), comprised of Community Project Funds ("CPF"), received by the Lender from the United States Department of Housing and Urban Development through the Economic Development Initiative ("HUD EDI").

2. **BORROWER'S OBLIGATION.** This promissory note ("County CPF Loan Promissory Note") evidences Borrower's obligation to pay Lender the principal amount of One Million Dollars (\$1,000,000), for the CPF Loan 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 CPF Loan Agreement").

3. **INTEREST.** Subject to Section 4, below, this County CPF Loan Promissory Note shall bear simple interest at the rate of zero percent (0%) per annum from the date of the first disbursement under the County CPF Loan Agreement and this County CPF 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 CPF Loan Promissory Note or any of the other County CPF Loan Documents, including the CPF Deed of Trust and CPF Loan, interest shall accrue on the outstanding principal of this County CPF 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 of the County CPF Loan Agreement, or the CPF 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 August 31, 2032, 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 CPF Loan Documents, or (c) an Event of Default by Borrower, as defined in Section 8.1 of the County CPF Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County CPF Loan Agreement. Payments on the County CPF 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 CPF Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County CPF 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 CPF 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 September 30, 2032; provided, however, that in the event of continuous compliance with all of the provisions of all of the County CPF Loan Documents by the Project, the Property, Borrower, and all of Borrower's successors and assigns and transferees with respect to the Property or any part or interest thereof through the period of August 31, 2032, this County CPF Promissory note shall be forgiven.

6. **DEFINITIONS.** All capitalized terms used but not defined in this County CPF Loan Promissory Note shall have the respective meanings ascribed to such terms in the County CPF Loan Agreement. In the event of any conflict between the provisions of this County CPF Loan Promissory Note and the provisions of the County CPF Loan Agreement, the provisions of the County CPF 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. Provided that the Project, the Property, Borrower, and all of Borrower's successors and assigns and transferees with respect to the Property or any part or interest thereof remain in compliance with all of the provisions of each of the County CPF Loan Documents at all times during the Term, Borrower shall not be required to make annual payments on the County CPF Loan.

8. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this County CPF 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 CPF Loan Promissory Note is secured by the County CPF Loan Deed of Trust. All covenants, conditions and agreements contained in the County CPF Loan Deed of Trust and the County CPF Loan Agreement are hereby made a part of this County CPF 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 CPF Loan Agreement, which, if subject to cure in accordance with Section 8.2 of the County CPF Loan Agreement and the applicable Notice of Default, has not been cured in accordance with the County CPF 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 CPF Loan Promissory Note, any of the other County CPF Loan Documents, or applicable law. Cure of an Event of Default made or tendered by Borrower shall be accepted or rejected as provided in the County CPF Loan Agreement.

PREPAYMENT OF COUNTY CPF LOAN. No prepayment penalty will be charged to Borrower for payment of all or any portion of the County CPF Loan amounts prior to the end of the Term. However, prepayment of the County CPF Loan prior to August 31, 2032, shall require Lender's prior written approval

10. **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 CPF Loan Promissory Note.

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

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

13. **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 CPF Loan Agreement, for the receipt of communications from Lender.

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

Owner: Sanctuary Centers of Santa Barbara, Inc.
115 West Anapamu Street
Santa Barbara, CA 93101
Attention: Executive Director

With copy to: Brownstein Farber Hyatt and Schreck LLP
1020 State Street
Santa Barbara, CA 93101
Attn: Janae N. Magee

14. **ASSIGNMENT; BINDING UPON SUCCESSORS.** All provisions of this County CPF Loan Promissory Note shall be binding upon and inure to the benefit of the 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 CPF Loan Promissory Note or any of Borrower's rights or obligations hereunder (each a "Transfer") without the prior written consent of Lender in each instance. Any purported Transfer without the prior written consent of Lender shall constitute an Event of Default.

15. **GOVERNING LAW; VENUE.** This County CPF 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. Any litigation arising out of this County CPF Loan Promissory Note shall be filed in the County of Santa Barbara, if in State court, or in the Federal District court nearest to the County of Santa Barbara, if in Federal court.

16. **SEVERABILITY.** Every provision of this County CPF Loan Promissory Note is intended to be severable in the event that any provision of this County CPF 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.

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

18. **WAIVER.** No waiver by Lender of any provision of this County CPF Loan Promissory Note or any of the other County CPF 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 CPF Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation hereunder or under and of the other County CPF 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 CPF 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.

19. **AMENDMENTS AND MODIFICATIONS.** No amendment or modification to or of this County CPF 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 CPF Loan Promissory Note. The sole recourse of the Lender with respect to the principal of, or interest on, the County CPF Loan Promissory Note shall be to the property securing the indebtedness evidenced by the County CPF 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 CPF 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 CPF Loan Promissory Note as demand for money within the meaning and

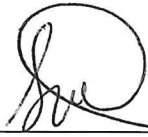
intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

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 CPF 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 CPF 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 CPF 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 CPF 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 CPF Loan Deed of Trust.

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

BORROWER:

SANCTUARY CENTERS OF SANTA BARBARA, INC.,
a California nonprofit public benefit corporation

By  _____
Stephanie R. Drake, Ph.D, CEO