

**PROMISSORY NOTE SECURED BY DEED OF TRUST**

\$2,108,000.00

March 9, 2017  
Sacramento, California

1. **Obligation.** FOR VALUE RECEIVED, the **Capitol Area Community Development Corporation**, a California non-profit public benefit corporation ("Borrower"), hereby unconditionally promises to pay to the **Capitol Area Development Authority**, a California joint powers agency ("Lender"), at **1522 14<sup>th</sup> Street, Sacramento, CA 95814**, or at such other place as Lender may from time to time designate in writing to Borrower, the principal sum that is borrowed by Borrower not to exceed Two Million One Hundred Eight Thousand Dollars (\$2,108,000.00), or the aggregate unpaid principal amount of each advance made by Lender to Borrower pursuant to Section 2 hereunder and remaining outstanding on the Maturity Date (hereinafter defined), whichever is less, together with interest on any principal amounts remaining unpaid from time-to-time until payment in full, to be calculated as set forth below (the "Loan").
2. **Advances on Line of Credit.** This Note evidences a line of credit on a non-revolving basis pursuant to a Loan Agreement executed by Borrower and Lender concurrently herewith (the "Loan Agreement"). The line of credit will be available and advances may be requested from time to time during the period commencing on the effective date of this Note through March 9, 2019 (the "Maturity Date"). Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. The first advance will be in the amount of \$259,000.00 and shall be used to pay off and retire that certain Unsecured Revolving Promissory Note dated March 25, 2016 ("Prior Note"), executed by Borrower in favor of Lender. Upon payment of the full outstanding principal amount of the Prior Note, the Prior Note and its affiliated Loan Agreement dated March 25, 2016, shall automatically terminate and be of no further force or effect.
3. **Interest Rate.** The interest rate per annum to be applied to the unpaid principal balance of this Note will be a fixed rate of five percent (5%). Under no circumstances shall the interest rate on this Note be more than the maximum rate allowed by applicable law.
4. **Payment of Principal.** Principal shall be paid to Lender based upon available funds, but in no event shall any unpaid principal, accrued interest and other amounts outstanding on this Note be paid later than the Maturity Date. Each payment made hereunder, including prepayments allowed under Section 6, shall be credited first on interest then due and the remainder on principal.
5. **Collateral.** This Note is secured by a Deed of Trust of even date herewith by trustor 1717 S Street Investors, LP ("LP"), an affiliated entity of Borrower, for the benefit of Lender as beneficiary, covering certain real property owned by the LP situated in Sacramento County, California, as more specifically described therein ("Property").
6. **Prepayment.** Borrower shall have the right to prepay all or any part of the principal sum hereof or interest due hereunder at any time, without penalty or premium.
7. **Notices.** Notices provided for herein may be given by delivery personally or by sending them by registered or by certified mail, with postage charged prepaid, to the parties' mailing addresses, or to any other mailing address of which written notice is given, and notices shall be deemed given upon actual receipt thereof:

**Attachment 4**

If to Borrower: Capitol Area Community Development Corporation  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814

If to Lender: Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814

Borrower shall promptly notify Lender of any change of address.

8. Assignment. Borrower may not assign any of its rights, interests, duties, or obligations under this Note without Lender's prior written consent, which consent may be given or withheld in Lender's sole discretion. Any attempted or purported assignment by Borrower in violation of this Section shall be void. Lender may, in Lender's sole discretion, assign any or all of Lender's rights, interests, duties, or obligations hereunder to any person or entity without the prior written consent of Borrower.

9. Default; Acceleration. In the event of (i) any default by Borrower in the payment of this Note when due hereunder or in the performance of Borrower's obligations under this Note or any instrument securing repayment of this Note, (ii) the breach of any representation or warranty contained in this Note or any instrument securing repayment of this Note, (iii) the filing of any petition by or against Borrower in any court, whether or not pursuant to any statute of the United States or of any state, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings, and Borrower shall thereafter be adjudicated bankrupt, or such petition be approved by the court, or the court assumes jurisdiction of the subject matter, and such proceedings not be dismissed within 90 days after the institution of the same, (iv) the appointment of a receiver or trustee in any proceeding for all or any portion of property owned by Borrower and such receivership or trusteeship not be vacated within 90 days after the appointment of the same, (v) an assignment by Borrower for the benefit of its creditors, (vi) the foreclosure upon all or any portion of property owned by Borrower or the condemnation, seizure, attachment or appropriation thereof, or (vii) the sale, conveyance, assignment or transfer of greater than 50% of Borrower's stock, then in such event the entire indebtedness hereunder shall be immediately due and payable at the option of Lender.

10. Waiver. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. Presentment, notice of dishonor or demand, protest and diligence in collection and bringing suit, including the pleading of any statute of limitations as a defense to any demand against Borrower, are hereby waived by Borrower, who consents that the time for payment of this Note may be extended from time to time without notice by Lender.

11. Default Interest Rate. From and after the Maturity Date of this Note, all sums due and owing hereunder shall earn interest at the maximum rate permitted to be charged under any applicable laws, rules and regulations limiting interest rates.

12. Attorneys' Fees and Costs. Borrower shall pay such fees, costs and expenses as may be incurred by Lender in connection with the exercise, preservation or enforcement of its rights, powers and remedies under the terms of this Note, including, without limitation, actual collection agency fees, costs and expenses, reasonable attorneys' fees and actual costs of suit and appeal incurred in any

**Attachment 4**

judicial action or proceeding and reasonable attorneys' fees and actual costs incurred in any collection attempts or non-judicial action or proceeding.

13. Binding on Heirs, Successors and Assigns. Subject to the restrictions on assignment and transfer contained in Sections 8 and 9, this Note shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of Lender and Borrower.

14. Governing Law; Venue. This Note shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law. This Note is entered into and is to be performed in Sacramento County, California, and accordingly all actions or proceedings arising in connection with this Note shall be tried and litigated in the Superior Court of California with venue in the County of Sacramento.

15. Amendments. Neither this Note nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

16. Severability. If any provision of this Note, in whole or in part, or the application of any provision, in whole or in part, is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction and such provision can be severed without substantially changing the bargain reached by the parties, such provision or part of such provision shall be severed from this Note, and such severance shall have no effect upon the enforceability, performance or obligations of the remainder of this Note, including the remainder of such provision not determined to be illegal, invalid or unenforceable.

**IN WITNESS WHEREOF**, Borrower has executed this Note as of the date first above written.

Borrower:

**Capitol Area Community Development Corporation,**  
a California non-profit public benefit corporation

By: \_\_\_\_\_  
**Wendy Saunders**, President

APPROVED AS TO FORM:

By: \_\_\_\_\_  
**Jeffery A. Mitchell**, CACDC legal counsel