

SECURED PROMISSORY NOTE

(PASS – Below Market Rate Loan)

Principal Amount: [\$7,422,888]

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **GOLDEN GATE APARTMENTS L.P.**, a California limited partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of [Seven Million Four Hundred Twenty Two Thousand Eight Hundred Eighty Eight and No/100 Dollars (\$7,422,888)] (the "Below Market Rate Loan Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement. This Secured Promissory Note ("Note") is given under the terms of that certain Amended and Restated Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of 1.87008% per annum, from the date of the close of escrow through the date of full payment of all amounts owing under the City Documents. Interest will be compounded monthly and computed on the basis of actual days elapsed and a 360-day year consisting of 12 months of 30 days each.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Below Market Rate Loan Amount.

4.1 Payment of Interest. Commencing on the First Payment Date (as defined in Section 6.5 below) and continuing until the earlier of (i) the fourth (4th) anniversary of the First Payment Date or (ii) the first full month following the Conversion Date, Maker will make payments of accrued and unpaid interest under this Note in monthly installments of [Two Thousand Six Hundred Seventy Nine and No/100 Dollars (\$2,679.00)] (each, an "**Interest**

Payment”). All Interest Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; and (b) accrued and unpaid interest.

4.2 Payment of Principal and Interest. Commencing on the earlier of (i) the fourth (4th) anniversary of the First Payment Date or (ii) the first full month following the Conversion Date, Maker will make payments of principal and interest in monthly installments (each, a “**Full Payment**,” and together with Interest Payment, collectively “**Payments**”) equal to the amount specified by the amortization schedule attached as **Exhibit A**. All Full Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Below Market Rate Loan. The unpaid principal balance of the Below Market Rate Loan, together with accrued and unpaid interest and unpaid fees and costs incurred, will be due and payable on the date that is the earlier of (a) the forty-fourth (44th) anniversary of the first full month following the date the Deed of Trust is recorded in the Official Records or (b) the fortieth (40th) anniversary of the Conversion Date (the “**Maturity Date**”). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 No prepayment of this Note shall be permitted except as otherwise set forth in this Note or in the Agreement. This Note may be prepaid on or after the tenth anniversary of the first day of the first full month following the date that the Deed of Trust is recorded in the Official Records (the “First Payment Date”). On or after the tenth anniversary of the First Payment Date, the Below Market Rate Loan may be prepaid, in whole but not in part, and Maker shall be required to pay a premium of: (i) 2% of the total amount being prepaid if the Market Rate Loan is prepaid prior to the eleventh anniversary of the First Payment Date; (ii) 1% of the total amount being prepaid if the Below Market Rate Loan is prepaid on or after the eleventh anniversary of the First Payment Date and prior to the twelfth anniversary of the First Payment Date; or (iii) no prepayment premium if the Below Market Rate Loan is prepaid on or after the twelfth anniversary of the First Payment Date. The Below Market Rate Loan may not be prepaid unless the Market Rate Loan, and in Holder’s sole discretion, the Deferred Loan are also all paid in full. Maker shall provide Holder with at least thirty (30) days’ prior written notice of any intended prepayments. Maker shall be required to pay any premiums, and proportionate costs and expenses associated with the redemption of the Bonds which would

result from a prepayment of the Below Market Rate Loan including, but not limited to, accrued interest on the Bonds from the date of such prepayment to the date of redemption of the Bonds.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project, including, but not limited to the Market Rate Note, Deferred Note, or LMIHAF Note.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

7.3 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

Notwithstanding the foregoing, the Limited Partner (as defined in the Agreement) will have the right, but not the obligation, to cure any Event of Default prior to Holder exercising any of its applicable remedies, and Holder will accept or reject such cure on the same terms as if rendered by Maker.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

Golden Gate Apartments L.P.,
a California limited partnership

By: CCDC Golden Gate Apartments LLC,
a California limited liability company,
its general partner

By: Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Malcolm Yeung,
Chief Executive Officer

Exhibit A
Amortization Schedule