

SECURED PROMISSORY CARRY-BACK NOTE
(Balboa Reservoir)

Principal Amount: **\$11,006,965**

San Francisco, California

Date: December ____, 2022

FOR VALUE RECEIVED, the undersigned, **BHC BALBOA BUILDERS, LLC**, a California limited liability company ("**Maker**"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation ("**City**"), acting by and through its Public Utilities Commission, or holder (as the case may be, "**Holder**"), the principal sum of Eleven Million Six Thousand Nine Hundred Sixty-Five and No/100 Dollars (\$11,006,965) ("**Funding Amount**"), together with simple interest on the unpaid principal balance of this Secured Promissory Carry Back Note ("**Note**") outstanding from time to time, from the date of this Note until fully repaid at the rates hereinafter set forth, as provided in this Note.

1. Security. Maker's obligations under this Note are secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Deed of Trust**") dated as of even date with this Note, identifying this Note as an obligation secured thereby and encumbering the property described in the Deed of Trust ("**Property**"), which Property was sold to Maker as of the date of this Note by City pursuant to an Agreement for Sale of Real Estate dated as of February 18, 2021, by and between City and Reservoir Community Partners, LLC, a Delaware limited liability company ("**RHC**") as buyer, and assigned to Maker by RHC pursuant to an Assignment and Assumption Agreement Relative to Agreement for Sale of Real Estate dated as of November 30, 2021. Definitions and rules of interpretation set forth in the Deed of Trust apply to this Note. In the event of any inconsistency between the Deed of Trust and this Note, the Deed of Trust will control.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of the close of escrow through the date of full payment of all amounts owing under the Note and the Deed of Trust (together, the "**Loan Documents**"). Interest will be calculated on the basis of actual days elapsed and a 360-day year, which will result in higher interest charges than if a 365-day year were used.

3. Default Interest Rate. Upon the occurrence of an Event of Default (defined in Section 7 [Event of Default] below) under any Loan 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) four percent (4%) plus the base interest rate of three percent (3%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (i) the date on which the Event of Default is cured; or (ii) the date on which all amounts due under the Loan 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 Loan Document.

4. Repayment of Funding Amount.

4.1 Maker shall make payments of principal and interest (each, a “**Payment**”) on the dates (each, a “**Payment Date**”) and in the amounts set forth on the attached Schedule A. All Payments will be applied to the following in the following order: (i) costs and fees incurred by Holder in accordance with the Loan Documents and unpaid by Maker as of the Payment Date; (ii) accrued and unpaid interest; and (iii) reduction of the principal balance of the Loan.

4.2 The entire principal balance of the Loan, together with all accrued and unpaid default interest (if any) and other unpaid fees and costs incurred will be due and payable on December 31, 2028 (the “**Maturity Date**”). If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day.

5. Reconveyances

5.1 Provided no Event of Default shall have occurred and be continuing, from and after the date on which Maker has made the Closing Payment Phase 1 as set forth on Schedule A, Maker shall have the right to obtain the release (the “**Phase 1 Release**”) of the Phase 1 Property (as generally described on the attached Schedule B) from the lien of the Deed of Trust and the release of Maker’s obligations under the Loan Documents with respect to the Phase 1 Property (other than those expressly stated to survive in the Loan Documents), by providing Holder with thirty (30) days prior written notice of the requested Phase 1 Release, upon which Holder shall require and instruct Trustee (as defined in the Deed of Trust) to reconvey the Phase 1 Property (subject to the Phase 1 Property being a legal parcel) pursuant to Section 11 of the Deed of Trust on the date set forth in such notice.

5.2 Provided no Event of Default shall have occurred and be continuing from and after the date on which Maker has repaid the Loan in full, Maker shall have the right to obtain the release (the “**Full Release**”) of the Property (or such portions of the Property not previously so released) from the lien of the Deed of Trust and the release of Maker’s obligations under the Loan Documents with respect to the Property (other than those expressly stated to survive in the Loan Documents), by providing Holder with thirty (30) days prior written notice of the requested Full Release, upon which Holder shall require and instruct Trustee to reconvey the Property pursuant to Section 5(c) of the Deed of Trust on the date set forth in such notice.

6. Terms of Payment.

6.1 All Payments must be made in the 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 the San Francisco Public Utilities Commission, Real Estate Services Division, 525 Golden Gate Avenue, 10th Floor, San Francisco, California 94102, Attention: Real Estate Director, or to any other place Holder from time to time designates. Payments may also be sent by wire using current wire instructions as provided by Holder upon request for such instructions.

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 applied so as to automatically reduce 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, subject to Section 4.1 above.

6.5 Except as provided in this Section 6.5, Holder will not seek or obtain a 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 Property as the sole 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, or acceptance of a deed-in-lieu, following an Event of Default in any legal proceeding on the grounds that the Loan Documents are not valid and enforceable under California law. In addition, Holder shall be made a co-obligee of any bond security provided under any Public Improvement Agreement or Infrastructure Permitting Agreement between City and Maker relating to the Project, which bond security shall be sufficient for the restoration of the Property or the completion of improvements on the Property. 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, or misapplication of funds (including Rents (as defined in the Deed of Trust)); Maker's failure to obtain and maintain the required insurance under the Deed of Trust; or failure of Maker to pay charges for labor or other materials that create a lien on the Property (subject to notice and cure provisions and Maker's right to contest the same under the Deed of Trust).

6.6 The Loan may be prepaid in whole or in part at any time without the imposition of a prepayment charge or premium.

6.7 Notwithstanding anything to the contrary in this Note or the Deed of Trust, at any time prior to delivering the Closing Payment Phase 1 indicated on Schedule A, so long as no Event of Default is continuing under the Loan Documents, Maker shall have the option, to be exercised in Maker's sole discretion, to convey the Property without warranty to Holder in full satisfaction of this Note. Maker shall pay all escrow and recording costs arising from the conveyance of the Property to Holder under this Section 6.7 and shall reimburse Holder for its actual and reasonable costs incurred by Holder in performing its obligations under this Section 6.7, including reasonable attorneys' fees and costs, and at Holder's election Maker shall cause any construction, equipment, or services contracts entered into in connection with Maker's development of the Property to be terminated at Maker's sole cost and expense as of the date of conveyance of the Property to Holder pursuant to this Section 6.7. Upon recordation of a quitclaim deed conveying the Property to Holder, which conveyance is conditioned on Maker providing title to Property that is reasonably acceptable to Holder (i.e., the Property may be conveyed subject to the Permitted Exceptions in existence at the time Maker acquired title and any amendments thereto, to any encumbrances

permitted by the Deed of Trust or previously approved by the Holder, and to exceptions on title that are otherwise reasonably acceptable to Holder), the Loan shall automatically be deemed paid in full, Holder shall mark this Note as "Cancelled," Holder shall fully and unconditionally release Maker from any and all obligations under this Note, and Maker shall have no further rights or obligations under the Loan Documents; provided, however, that Holder shall have access, as a co-obligee, to any bond security provided under any Public Improvement Agreement or Infrastructure Permitting Agreement between City and Maker relating to the Project as necessary for the restoration of the Property or the completion of improvements on the Property.

7. Event of Default.

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

Maker fails to make any Payment required under this Note within when due, and such failure continues uncured for five (5) business days after receipt of written notice thereof from Holder to Maker; or

(a) the occurrence of any other Event of Default following the expiration of any applicable notice and cure periods under the Deed of Trust or other instrument securing the obligations of Maker under this 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 Loan Documents), Holder may exercise all rights and remedies available under this Note and the Deed of Trust. Maker acknowledges and agrees that Holder's remedies include judicial or nonjudicial foreclosure of the Deed of Trust and 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.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due under this Note 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 Deed of Trust, or to the addresses Holder and/or Maker hereafter designate in accordance with the Deed of Trust.

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 Deed of Trust.

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 or rules of the State.


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

[SIGNATURE ON FOLLOWING PAGE]

“MAKER”

BHC BALBOA BUILDERS, LLC,
a California limited liability company

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation
its manager

By: 
Name: BRAD WEBLIN
Title: VP

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Francisco)

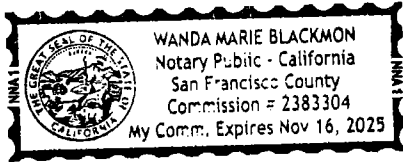
On November 14, 2022 before me, Wanda Marie Blackmon, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Brad Wiblin
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Wanda Marie Blackmon
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

SCHEDULE A

Payment Schedule

Payments and interest at the rate of three percent (3%) per annum will be due as follows:

1. Between the Closing and December 31, 2026:
 - a. Annual Payments of \$400,000 on each anniversary of February 18, 2021 applicable to the loan balance;
 - b. A balloon payment representing 50% of the Funding Amount, minus post-Closing loan payments, plus accrued interest, by December 31, 2026.
 - c. City will release the Phase 1 portion of the Property from the Deed of Trust after the balloon payment described in Section (1)(b) is made.

2. Between January 1, 2027 and December 31, 2028:
 - a. An Annual Payment of \$600,000 on February 18, 2027, applicable to the loan balance; and
 - b. A balloon payment representing the remaining unpaid Funding Amount, plus accrued interest, by December 31, 2028.

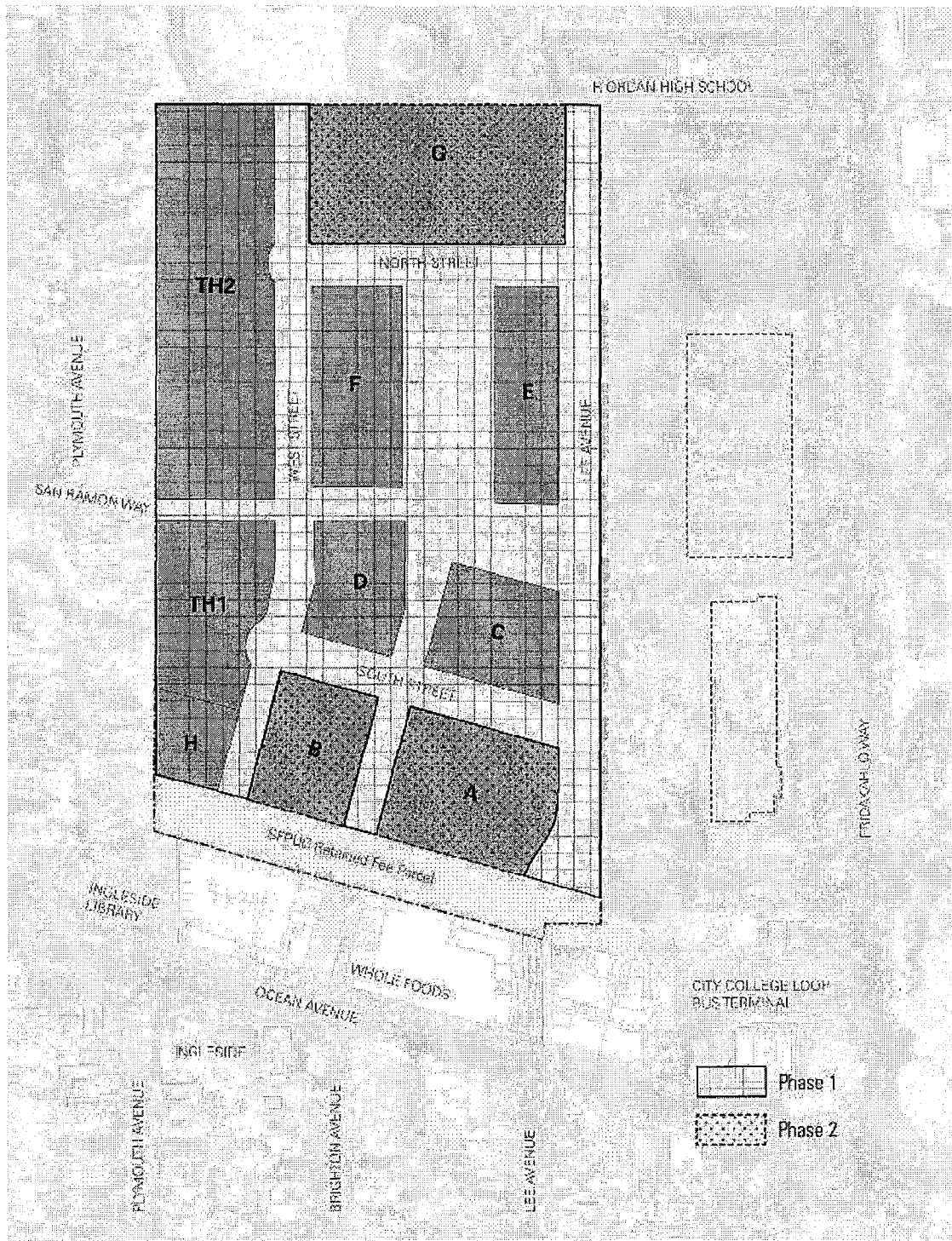
Pre-Closing Payments*	Initial Deposit	Effective Date February 18, 2021	\$500,000
	Annual Payment 1	February 18, 2022	\$400,000
Loan Payments	Annual Payment 2	February 18, 2023	\$400,000
	Annual Payment 3	February 18, 2024	\$400,000
	Annual Payment 4	February 18, 2025	\$400,000
	Annual Payment 5	February 18, 2026	\$400,000
	Balloon Payment Phase 1 **	December 31, 2026	\$5,160,943
	Annual Payment 6	February 18, 2027	\$600,000

	Balloon Payment Phase 2 ***	December 16, 2028	\$5,166,314
<p>* The Funding Amount of \$11,006,965 is calculated as \$11,400,000 minus \$900,000 in pre-Closing payments (Initial Deposit and Annual Payment 1 as shown above), minus \$100,000 in Exclusive Negotiating Agreement extension fees paid to City, plus \$606,965 in pre-Closing accrued interest, calculated at three percent (3%) per annum as per the terms of the Agreement for Sale of Real Estate.</p> <p>** A balloon payment of \$3,903,482 in principal, plus an estimated \$1,257,460 in accrued interest, calculated at three percent (3%) per annum as per the terms of the Note.</p> <p>*** A balloon payment of \$4,903,482 in principal, plus an estimated \$262,831 in accrued interest calculated at three percent (3%) per annum as per the terms of the Note.</p>			

SCHEDULE B

Illustrative Diagram of Phase 1 Property and Phase 2 Property

[See attached]



PHASING DIAGRAM

