

SECURED PROMISSORY NOTE

(Affordable Housing Bond Program /
HOME Program / Affordable Housing Fund: (Inclusionary Affordable Housing Program and
Expedited Conversion Program)/ ERAF Affordable Housing Production and Preservation
Fund/Low and Moderate Income Housing Asset Fund

Principal Amount: \$ 24,255,000

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **MACEO MAY APTS, 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 **TWENTY FOUR MILLION TWO HUNDRED FIFTY FIVE THOUSAND** and No/100 Dollars (\$24,255,000.00) (the "Funding 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 as provided in this Note.

1. Agreement.

A. Pursuant to a Loan Agreement dated June 19, 2018, by and between Holder and Maker, Holder previously made a loan of \$6,562,000 to Maker to conduct predevelopment activities in support of the construction of a multifamily rental housing development comprised of a 105-unit multifamily rental housing development (including one manager unit) affordable to low-income veteran households (the "Original Loan"). The Original Loan is evidenced by the following documents between City and Borrower: (1) a Loan Agreement dated as of June 19, 2018, as amended by that certain First Amendment to Loan Agreement dated March 22, 2019, and Second Amendment to Loan Agreement dated _____ (collectively, the "Original Agreement"), and (2) a Secured Promissory Note dated June 19, 2018 in the amount of \$2,000,000 payable to City, a First Amended and Restated Secured Promissory Note dated March 22, 2019, made by Borrower in the amount of \$4,200,000 to the order of the City (the "First Amended Note") and a Second Amended and Restated Secured Promissory Note dated _____, made by Borrower in the amount of \$6,562,000 to the order of the City (the "Second Amended Note"). Maker hereby acknowledges and agrees that \$_____ of the Original Loan has been previously disbursed under the First Amended Note and Second Amended Note, and that such funds were used for predevelopment expenses of the Project.

B. Holder is making an additional loan of Seventeen Million Six Hundred Ninety Three Thousand and No/Dollars (\$17,693,000.00) (the "Additional Loan") to Maker for the completion of development and construction activities, including permanent financing, such that the Original Loan is increased to Twenty Four Million Two Hundred Fifty Five Thousand and No/100 Dollars (\$24,255,000.00) (the "Loan"). This Secured Promissory Note (this "Note") reflects the Original Loan and the Additional Loan and replaces the Second Amended Note in its entirety. This Note is given under the terms of the Loan Agreement by and between Maker and Holder (the "Agreement") dated concurrently herewith, 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. Upon execution of this Note, the Second Amended Note will each be canceled and returned to the Maker.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of [one percent (1%)] per annum, simple interest, 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 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 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 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 Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker must make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first [July 1st] after the end of the calendar year of the Completion Date, and continuing each [July 1st] thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All 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 Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later (a) the fifty seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty fifth (55th) anniversary of the Conversion Date (the "Maturity Date"). Any Payment Date, including any Excess Proceeds Payment Date and the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2 Subject to Section 13.4 of the Agreement, Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds, if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"), in accordance with HCD if applicable. All Excess Proceeds 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 Loan.

4.3 If Maker is awarded AHP funding, Maker will repay the AHP Bridge Loan to the Holder on the date that Maker closes such loan for AHP funding and the AHP funds are disbursed to Maker; provided, however, that if Maker is not awarded AHP funding or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred will be due and payable at the Maturity Date according to the terms set forth in this Note.

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 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent.

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.

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 Notwithstanding Section 7.2 and 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 anything to the contrary contained herein, Holder hereby agrees that any cure of any default made or tendered by Maker's limited partner shall be accepted or rejected on the same basis as if made or tendered 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"

Maceo May Apts, L.P.,
a California limited partnership

By: CCDC-Maceo May Apts LLC,
a California limited liability company,
its co-general partner

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

By: _____
Norman Fong,
Executive Director

By: Swords-Maceo May Apts LLC,

a California limited liability company,
its co-general partner

By: Swords to Plowshares: Veterans Rights Organization,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Michael Blecker,
Executive Director