

**PROMISSORY NOTE
UNSECURED**

\$207,722

April 8, 2025
Truckee, California

FOR VALUE RECEIVED and pursuant to that certain Loan Agreement dated as of even date herewith entered by Regional Housing Authority, a public body corporate and politic ("Maker") and the County of Nevada, a public entity of the State of California ("Holder"), Maker promises to pay Holder the sum of \$207,722 (the "Loan") or so much thereof as may be advanced by Holder pursuant to the Loan Agreement, together with interest on the outstanding principal balance in accordance with and on the terms set forth herein below. Capitalized terms used but not defined herein shall have the same meaning as set forth in the Loan Agreement.

1. Purpose. This Promissory Note ("Note") is associated with the lending of money by Holder to Maker in connection with the development and construction of the proposed Pacific Crest Commons Apartment project, a 55-unit affordable housing project (the "Project") located in Truckee, California, and owned by Truckee Pacific Crest Associates, a California limited partnership ("Owner"). This Note shall be unsecured.

2. Interest. Commencing on the date of initial disbursement of all or a portion of the Loan Proceeds and continuing through the date that all indebtedness and other amounts payable under the Loan Agreement and the Note are paid in full, the interest on the Loan shall bear interest at a simple rate of three percent (3%) per year.

3. Term. The term of this Note ("Term") shall commence upon the date of issuance of certificates of occupancy for the Project and shall expire upon the fifty-fifth anniversary of such date (the "Maturity Date").

4. Repayment. Maker shall make annual payments on the outstanding principal and accrued interest equal to 90% of residual receipts, as defined in the "Appendix A" attached hereto and incorporated herein, actually received from Owner (the "Owner Payments"), after bifurcating the Capital Funds that Maker is lending to Truckee Pacific Crest Associates, LP from funds that did not originate from the Holder pursuant to that certain Loan Agreement. Maker shall retain 10% of each Owner Payment as an administrative fee. The 90% residual receipts referenced above shall be shared between Holder. Total loan is equal to \$207,722. Owner Payments are expected to be made out of a portion of residual receipts from the calendar year preceding such relevant payment (and specifically, without limitation, not from proceeds of any sale or refinancing transaction). "Residual Receipts" means for each calendar year during Term, the amount by which Gross Revenue exceeds annual operating expenses for the Development (see Appendix A for full definition) To the extent any payment otherwise required hereunder exceeds 90% of any Owner Payment, any unpaid amounts shall accrue and be paid from future year(s) Owner Payments until paid. All annual payments shall be made in arrears no later than the later of: 1) May 1st of each year with respect to the previous calendar year; or 2) a date falling ten business days after receipt of the relevant Owner Payment by Maker. All

payments made shall be credited first to any accrued but unpaid interest, then to current interest due and owing, and lastly to principal. Interest not paid current shall accrue. All unpaid Loan principal and interest remaining at the Maturity Date shall be immediately due and payable.

Maker shall have the right to make full or partial prepayments under this Note without premium or penalty. Any prepayments shall be applied to reduce the principal balance of the Note.

Due on Sale, Refinance or Transfer of Property. Unless Holder agrees otherwise in writing, the entire unpaid principal balance and all interest and other sums accrued under the Loan Documents shall be due and payable upon the transfer, refinance or sale (each a "Transfer") of all or any part of, or interest in, the Property, except any Transfer after which the Property is subject to deed restrictions requiring the Property to continue to be operated as an affordable rental housing development. Notwithstanding the foregoing, following the admission of the limited partner of Borrower, the transfer of a limited partners' limited partnership interest shall not constitute an accelerating Transfer and shall not require the consent of Holder. Moreover, notwithstanding the foregoing, a limited partner of Borrower shall be permitted to remove and replace a general partner thereof for cause in accordance with the Partnership Agreement without the consent of Holder.

Audited Financial Statement. In connection with the annual repayment of the Note, no later than the later of: 1) May 1st of each year with respect to the previous calendar year; or 2) a date falling ten business days after receipt of the relevant Owner Payment by Maker. Maker shall furnish to Holder an audited statement of the Owner's records, duly certified by an independent firm of certified public accountants, setting forth in reasonable detail the computation and amount of Residual Receipts during the preceding calendar year.

5. **Waiver.** Maker and each surety, endorser, and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest. If this note or any instrument securing or collateral to it is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy or other judicial proceeding, then Maker shall pay Holder all costs of collection and enforcement, including reasonable attorney's fees and court costs, in addition to other amounts due.

6. **Acceleration.** On default in the payment of this note or in the performance of any obligation in any instrument securing or collateral to it, the unpaid principal balance and earned interest on this note shall become immediately due at the election of Holder. In the event of any default by Maker under this Note, Maker shall pay, in addition to all principal and interest, all reasonable costs and attorneys' fees necessary to collect the obligation evidenced by this Note, whether or not suit be filed. Failure of Holder to assert any right under this Note shall not be deemed a waiver of such right.

7. **Holder's Rights.** Failure of Holder to assert any right under this Note shall not be deemed a waiver of such right.

8. **Binding Obligation.** This Note shall be binding upon Maker and Maker's heirs, legal representatives, successors, and assigns.

The terms of this Note may only be amended or modified by a written agreement executed by Maker and Holder.

9. California Law. This Note and the legality, validity and performance of the terms hereof shall be governed by, enforced, determined, and construed in accordance with the laws of the State of California.

10. Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

11. Amendment or Modification. The terms of this Note may only be amended or modified by a written agreement executed by Maker and Holder.

12. Notices. All notices given under this Note shall be made in writing and shall be deemed received when delivered in accordance with the Loan Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Maker has executed this Note as of the date first written hereinabove.

MAKER:

By: _____

Gustavo Becerra, Executive Director
Regional Housing Authority

The undersigned hereby accepts the foregoing Promissory Note and agrees to perform each and all of the terms thereof on the part of Holder to be performed. Executed as of the date and place first above written.

HOLDER

By: _____

Heidi Hall, Chair
Nevada County Board of Supervisors

Attest:

Tine Mathiasen
Chief Deputy Clerk of the Board of Supervisors

Appendix A
Residual Receipts Definitions

1.1. "Annual Operating Expenses" means for each calendar year during the term of the Loans, the following costs reasonably and actually incurred for operation and maintenance of the Development to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles: all state and local property and other taxes and annual assessments imposed on the Development; premiums for property damage and liability insurance; debt service currently due and payable on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on loans that have been approved by RHASNC and which are secured by deeds of trust; utility services not paid for directly by tenants, including but not limited to water, sewer, trash collection, gas and electricity; maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, cleaning, common systems repairs, general repairs, janitorial, supplies, and others; any annual license or certificate of occupancy fees required for operation of the Development; general administrative expenses including but not limited to advertising and marketing, security services and systems, and professional fees for legal, audit and accounting; property management fees and reimbursements including on-site manager expenses, not to exceed fees and reimbursements which are standard in the industry.

1.2. "Gross Revenue" means for each calendar year during the term of the Loans, all revenue, income, receipts and other consideration actually received by Borrower from operation and leasing of the Project development. Gross Revenue includes, but is not limited to: all rents, fees and charges paid by tenants; Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Development; and condemnation awards for a taking of part or all of the Development for a temporary period. Gross Revenue shall also include the fair market value of any goods or services provided in consideration for the leasing or other use of any portion of the Development and the release of funds from replacement and other reserve accounts to Borrower other than for costs associated with the Development. Gross Revenue shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

1.3. "Residual Receipts" means for each calendar year during the Term, the amount by which Gross Revenue (as defined above) exceeds Annual Operating Expenses (as defined above) for the Development. Residual Receipts shall also include, unless otherwise provided herein and subject to the rights of senior lenders, condemnation awards for a permanent taking of part or all of the Property or the Project to the extent not utilized to repair or rebuild the Project development.