

## LOAN PROMISSORY NOTE

[\$2,306,128.00]

\_\_\_\_\_, 2026

FOR VALUE RECEIVED and pursuant to that certain Loan Agreement (the "Loan Agreement") dated as of even date herewith entered by Penn Valley Pacific Associates II, A California Limited Partnership, a California limited partnership ("Maker") and County of Nevada, a Political Subdivision of the State of California ("Holder"), Maker hereby promises to pay Holder the sum of [\$2,306,128.00] (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 and in the Loan Agreement. Capitalized terms used but not defined herein shall have the same meaning as set forth in the Loan Agreement.

Section 1. Purpose. Pursuant to the Loan Agreement, Holder agreed to make the Loan in connection with development and construction of that certain 31-unit senior affordable apartment complex (the "Project") being developed by Maker in Penn Valley, Nevada County, California.

Section 2. Interest. Commencing on the date of initial disbursement of all or a portion of Loan Proceeds and continuing through the date that all indebtedness and other amounts payable under this Agreement and the Loan Note are paid in full, the interest on the Loan shall bear interest at a simple rate of three percent (3%) per year. In the Event of Default, as defined in the Loan Agreement, interest shall be five percent (5%) for the duration of such default ("Default Rate").

Section 3. Term and Repayment Requirements. The term of this Note (the "Term") shall commence upon the date of issuance of the final certificate of occupancy for the Project and shall expire upon the fifty-fifth anniversary of such date (the "Maturity Date"). The repayment of this Note shall be nonrecourse to Maker and its partners as set forth in more particularity in the Loan Agreement and shall be secured by that certain Deed of Trust and Security Agreement executed by Maker for the benefit of Holder on even date herewith.

Section 4. Repayment. This Note shall be repaid as follows:

a. Annual Payments. Until the original principal amount of this Note and interest accrued thereon is repaid in full, Maker shall make annual payments to Holder of a sum equal to the amount of Residual Receipts (as defined in the Loan Agreement) to which Holder is entitled in accordance with Section 2.2(a) of the Loan Agreement. All annual payments shall be made in arrears no later than May 1<sup>st</sup> of each year with respect to the previous calendar year. Payments made hereunder shall be credited first against accrued interest and then against outstanding principal. Notwithstanding anything herein to the contrary, Maker's obligation to make payments hereunder shall be only to the extent of Residual Receipts from the calendar year preceding such payment (and specifically, without limitation, not from proceeds of any sale or refinancing transaction) such that to the extent any payment required hereunder exceeds the amount of such Residual Receipts, any amounts that cannot be paid from Residual Receipts shall accrue and be paid from future year(s) Residual Receipts until paid.

b. Prepayments. 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.

Section 5. Acceleration. All obligations evidenced by this Note, irrespective of the maturity dates expressed herein, at the option of Holder thereof and without demand or notice, shall immediately become due and payable, if at any time during the Term of this Note, Maker fails to make any payment as required hereunder and such failure continues for ten (10) days following written notice thereof to Maker from Holder, subject to the notice and cure rights set forth in the Loan Agreement.

Section 6. Attorney's Fees. Maker agrees to pay all costs of collection when incurred, including without limitation, reasonable attorney's fees and expenses (whether or not suit is filed hereon) and court costs. Such costs shall be added to the balance of principal then due.

Section 7. Holder's Rights. Failure of Holder to assert or enforce any right or particular provision under this Note does not constitute and shall not be deemed a waiver of such right to enforce that or any other provision of this Note in the future.

Section 8. 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.

Section 9. Waivers. Maker waives presentment, demand for payment, notice of dishonor, notice of protest, protest, and all other notices or demands in connection with the delivery, acceptance, performance, default, endorsement, or guaranty of this Note, and to the extent authorized by law, any and all homestead or other exemption rights which would apply to the debt evidenced by this Note.

Section 10. Binding Obligation. This Note shall be binding upon Maker and Maker's heirs, legal representatives, successors, and assigns. In the event of any conflict or inconsistency between the terms stated in this Note and those set forth in the accompanying Loan Agreement, the provisions of the Loan Agreement, with its amendments or modifications, shall prevail and govern the rights and obligations of the parties.

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

Section 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.

Section 13. The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by the Senior Note (as defined in the applicable Subordination Agreement), to the extent and in the manner provided in: (i) that certain Subordination and Intercreditor Agreement of even date herewith among the Borrower, Citibank, N.A., a national banking association (the "Senior Lender") and the payee of this Note

(the "Subordination Agreement"). The Deed of Trust securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the deed of trust securing the Senior Note payable to the Senior Lender as more fully set forth in the applicable Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the Deed of Trust securing this Note are subject to the restrictions and limitations set forth in each Subordination Agreement. Each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the payee of this Note under each Subordination Agreement.

**SIGNATURES ON FOLLOWING PAGE**

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

MAKER:

PENN VALLEY PACIFIC ASSOCIATES II, A CALIFORNIA LIMITED PARTNERSHIP,  
a California limited partnership

By: TPC HOLDINGS IX, LLC,  
an Idaho limited liability company  
Its: Administrative General Partner

By: Pacific West Communities, Inc.,  
an Idaho corporation  
Its: Manager

By: \_\_\_\_\_  
Name: Caleb Roope  
Its: President and CEO

By: LONE OAK II-BBP, LLC,  
a California Limited Liability Company  
Its: Managing General Partner

By: Building Better Partnerships, Inc.,  
a California Nonprofit Public Benefit Corporation  
Its: Manager

By: \_\_\_\_\_  
Name: Gustavo Becerra  
Its: President