

HOME LOAN PROMISSORY NOTE

\$304,768.00

_____, 2020

FOR VALUE RECEIVED and pursuant to that certain HOME Loan Agreement (the "HOME Loan Agreement") dated as of even date herewith entered by Penn Valley Pacific Associates, 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 \$304,768.00 (the "HOME Loan") or so much thereof as may be advanced by Holder pursuant to the HOME 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 HOME Loan Agreement.

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

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

Section 3. Term and Repayment Requirements. The term of this Note (the "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"). The repayment of this Note shall be nonrecourse to Maker and its partners as set forth in more particularity in the HOME 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 HOME Loan Agreement) to which Holder is entitled in accordance with Section 2.2(a) of the HOME Loan Agreement. All annual payments shall be made in arrears no later than May 1st 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 annual 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) exceed annual operating expense for the Project 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. All unpaid principal and interest remaining at the Maturity Date shall be immediately due and payable by Maker to Holder.

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 HOME 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 any right under this Note shall not be deemed a waiver of such right.

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.

Section 11. 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.

Section 12. Amendment or Modification. The terms of this Note may only be amended or modified by a written agreement executed by Maker and Holder.

Section 13. Notices. All notices given under this Note shall be made in writing and shall be deemed received when delivered in accordance with the HOME 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:

Penn Valley Pacific Associates, a California
Limited Partnership

TPC Idaho Holdings VII, LLC, its Administrative General Partner

By: _____

Name: Caleb Roope

Title: Manager

Lone Oak 1 - BBP, LLC,
its Managing General Partner

By: Building Better Partnerships, Inc., a
California nonprofit public benefit corporation,
its sole member and manager

By: _____

Name: Gustavo Becerra

Title: President