

PROMISSORY NOTE  
NOT SECURED BY DEED OF TRUST

\$ \_\_\_\_\_

\_\_\_\_, 2024

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ (hereinafter referred to as "Borrowers"), hereby jointly and severally promise to pay, together with interest as provided herein, to the order of \_\_\_\_\_ ("Holder"), the sum of U.S. \_\_\_\_\_ thousand, \_\_\_\_\_ dollars and \_\_\_\_\_ cents (\$ \_\_\_\_\_) at \_\_\_\_\_, \_\_\_\_\_, California, or at such other place as Holder may designate from time to time in writing, in lawful money of the United States and in immediately available funds. As used in this Note, the "Loan" means the loan evidenced by this Note, and the "Disbursement Date" means the date on which Holder initiates the transfer of funds and provides the proceeds of the Loan.

1. Interest. Interest on the unpaid principal balance of this Note shall accrue at the annual rate of \_\_\_\_\_ hundred and \_\_\_\_\_ points (\_\_\_\_%) (but, in no event exceeding the maximum legal rate of interest) and shall be computed on the basis of a 365-day year from the date hereof. Interest shall be compounded annually.

2. Repayments. On \_\_\_\_\_, 20\_\_\_\_, Borrowers shall make a single interest only payment of \_\_\_\_\_ thousand, \_\_\_\_\_ dollars and \_\_\_\_\_ cents (\$ \_\_\_\_\_), which includes interest from \_\_\_\_\_ through \_\_\_\_\_. Beginning in \_\_\_\_\_, Borrowers shall make payments of principal and interest in the amount of \_\_\_\_\_ thousand, \_\_\_\_\_ hundred \_\_\_\_\_ dollars and \_\_\_\_\_ cents (\$ \_\_\_\_\_) each year, which shall be due by \_\_\_\_\_ of each \_\_\_\_\_ until \_\_\_\_\_, when the entire principal and accrued interest is paid.

3. Prepayment. The entire principal sum and all accrued but unpaid interest and other sums payable hereunder will be due and payable on \_\_\_\_\_. This Note may be prepaid in whole or in part, without penalty or premium.

4. Default. The entire unpaid balance of principal and accrued interest shall, at the election of Holder, become immediately due and payable upon the occurrence of any of the following events of default.

a. Any failure to make any payments in full under this Note.

b. Except as permitted by law or this Note, the sale, transfer, conveyance, exchange, hypothecation, or further encumbrance of the real property located at \_\_\_\_\_.

d. The filing by Borrowers, or either of them, of a voluntary petition in bankruptcy or for other relief under the United States Bankruptcy Act, as amended or supplanted, or for relief under the laws of any state, or the making by Borrowers, of an

assignment of all, or of substantially all, of its assets for the benefit of creditors, whether voluntarily or by operation of law.

e. The adjudication of Borrowers, as bankrupt or insolvent, or the appointment of a receiver of all or substantially all of Borrowers' assets, or the entry of any other order under the United States Bankruptcy Act, as amended or supplanted, if such adjudication or order is made upon a petition filed against Borrowers, and is not, within sixty (60) days after it is made, vacated or stayed on appeal or otherwise, or if Borrowers, by any action, or failure to act, signifies its approval thereof, consent thereto, or acquiescence therein.

Holder will in such event be entitled to collect from Borrowers all costs and expenses, including reasonable attorneys' fees, incurred by Holder in the enforcement and/or collection of this Note. In the event that the entire outstanding principal and interest balance is not paid within ten days following demand, interest on the outstanding principal balance shall be added to principal from the due date, and shall bear like interest until the outstanding balance is fully paid.

5. Governing Law. This note shall be governed by, enforced under and interpreted in accordance with the laws of the State of California.

6. Modification. This note may be amended or modified only by an instrument in writing which by its express terms refers to this Note and which is duly executed by each party sought to be bound thereby.

7. Severability. If any provision of this Note or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Note and the application of such provisions to other persons or circumstances shall not be effected thereby and shall be enforced to the greatest extent permitted by law.

8. Assignment. This note and deed of trust may not be hypothecated, transferred or assigned by Holder without the prior written consent of Borrowers.

9. Successors. This note shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

10. Time is of the Essence. Time is of the essence with respect to each and every term and provision of this Note.

11. Obligations. The obligations of each Borrower under this Note shall be joint and several.

12. Entire Agreement. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

13. Mediation. Before any action is filed in court relating to this Note, the parties must first mediate before a mediator with a minimum of five (5) years experience. If a party files suit without first mediating, that party waives their right to collect attorneys' fees and costs, as set forth herein.

14. Attorneys' Fees. If any action becomes necessary to enforce the terms of this Note, the prevailing party will be entitled to their reasonable attorneys' fees and costs. Recoverable fees and costs will be limited to those necessary to enforce the payment of the obligation set forth in the Note. Attorneys' fees and costs related to any action, claim or cross-claim regarding the Holder's or its agent's handling of the underlying transaction (ie inspections, disclosures or condition of the Property) shall not be recoverable pursuant to this provision.

BORROWERS

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HOLDERS

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