

14th Street, San Leandro, California 94577, Attention: Finance Department. The place of payment may be changed from time to time as the City may from time to time designate in writing.

Notwithstanding anything to the contrary in this Note, provided that Borrower is not in default under this Note, Borrower may terminate this Note under the circumstances set forth below by giving written notice of such termination to the City on or prior to Borrower's acquisition of the Property:

(i) The Borrower is unable to acquire the Property, despite Borrower's good faith efforts.

Provided that Borrower is not in default under this Note, if Borrower elects to terminate this Note as set forth above, and upon Borrower's delivery to City of all Assigned Documents (as defined in the Assignment Agreement), the City shall forgive all amounts owed to City pursuant to this Note.

4. Prepayment. Borrower shall have the right to prepay this Note in whole or in part without penalty or premium.

5. Default. The occurrence of any of the following shall constitute an event of default under this Note, subject to the cure periods set forth in Section 6 below: (i) Borrower fails to pay any amount due hereunder within fifteen (15) days of its due date; (ii) any default by Borrower under the Deed of Trust, the Regulatory Agreement or the Loan Agreement and remains uncured beyond the expiration of the applicable cure period; and (iii) any sale, exchange, transfer, assignment or other conveyance of the Project in violation of the Loan Agreement.

Upon the occurrence of any event of default, or at any time thereafter, at the option of the City, the entire unpaid principal owing on this Note shall become immediately due and payable. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of such option with respect to any subsequent event. The City's failure in the exercise of any right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any other right or remedy, and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

6. Notice of Default; Cure Periods. The City shall not exercise any right or remedy provided herein because of any default of Borrower unless, in the event of a monetary default, Borrower shall have failed to pay the outstanding sums within thirty (30) calendar days after notice to Borrower and Borrower's limited partner that payment was due, or in the event of a nonmonetary default, the City shall have first given written notice thereof to Borrower and Borrower's limited Partner and Borrower shall have failed to cure the nonmonetary default within a period of sixty (60) days after the giving of such notice of such default; provided that, if the nonmonetary default cannot be cured within days and Borrower s proceeds diligently to cure such default until it shall be fully cured within no more than one hundred twenty (120) days after the giving of such notice, the City shall not exercise any right or remedy provided for herein until such one hundred twenty (120) period shall expire; provided however, the City shall not be

required to give any such notice or allow any grace period if Borrower shall have filed a petition in bankruptcy or for reorganization, or a bill in equity or otherwise initiated proceedings for the appointment of a receiver of its assets, or if Borrower shall have made an assignment for the benefit of creditors, or if a receiver or trustee is appointed for Borrower and such appointment or such receivership is not terminated within sixty (60) days. Notwithstanding anything to the contrary contained herein, the Beneficiary hereby agrees that any cure of any default made or tendered by one or more of Trustor's limited partners shall be deemed to be a cure by Trustor and shall be accepted or rejected on the same basis as if made or tendered by Trustor.

7. Waiver. Borrower and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

8. Attorneys' Fees. Borrower agrees to pay immediately upon demand all costs and expenses of the City including reasonable attorneys' fees if: (i) after a default hereunder or under the Deed of Trust, the Regulatory Agreement, or the Loan Agreement and following the expiration of applicable notice and cure periods, the City finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Borrower, any guarantor, or any other party liable therefor, or to the protection of its rights under this Note, the Deed of Trust, the Regulatory Agreement, or the Loan Agreement, or (ii) the City seeks to have the Project abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of the Deed of Trust or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

9. Enforcement. If the City shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental agency, affecting the Project or the title thereto or the interest of the City under the Deed of Trust, including without limitation, any form of condemnation or eminent domain proceeding, the City shall be reimbursed by Borrower immediately upon demand for all costs, charges, and reasonable attorneys' fees incurred by the City in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Project.

10. Notices. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the addresses set forth in the Loan Agreement or at such address as either party may designate by written notice.

11. Binding on Successors. This Note shall be binding upon Borrower, its successors and assigns.

12. Non-Recourse. This Note is nonrecourse and neither Borrower nor any member, officer, partner or employee of Borrower shall have any personal liability for repayment of the sums evidenced hereby, and the City must resort only to the Project for repayment should the Borrower fail to repay the sums evidenced hereby.

13. Governing Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

14. 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.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first written above.

Alameda Housing Associates, L.P., a California limited partnership

By: Alameda Housing, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____