

SECURED PROMISSORY NOTE

\$1,500,000.00

San Leandro, California
_____, 2014

FOR VALUE RECEIVED, Davis Street Family Resource Center, a California non-profit organization (“**Borrower**”) promises to pay to the City of San Leandro, a charter city formed under the laws of the State of California (“**Lender**”), in lawful money of the United States of America, the principal sum of one million five hundred thousand Dollars (\$1,500,000.00), or so much thereof as may be advanced by Lender pursuant to the Loan Agreement referred to below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein.

This Secured Promissory Note (this “**Note**”) has been executed and delivered pursuant to a Loan Agreement dated as of the date hereof by and between Borrower and Lender (the “**Loan Agreement**”), and is subject to the terms and conditions of the Loan Agreement, which are by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“**Deed of Trust**”) dated as of the date hereof, executed by Borrower for the benefit of Lender and encumbering the property described therein. Lender shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements contained herein, and in the Deed of Trust.

1. INTEREST RATE; REPAYMENT. Interest shall accrue on the outstanding principal balance of this Note at the rate of four and one-half percent (4.5%) simple interest per annum, commencing upon the date of disbursement thereof. Interest shall be calculated on the basis of a year of three hundred sixty five (365) days, and charged for the actual number of days elapsed.
2. PAYMENT DATES; MATURITY DATE. Commencing upon _____, 2014 (the “**First Payment Date**”), and on the fifth (5th) day of each calendar month thereafter, Borrower shall make monthly payments of combined principal and interest until the entire indebtedness evidenced hereby is fully paid, except that all remaining indebtedness, if not sooner paid, shall be due and payable upon the Maturity Date (defined below). The amount of the monthly payments to be paid beginning on the First Payment Date will be an amount equal to the payment necessary to fully amortize the principal amount of this Note, together with interest at the interest rate specified in Section 1 above over a 24-month period. The entire outstanding principal balance of this Note, together with accrued interest and all other sums accrued hereunder shall be payable in full on the second (2nd) anniversary of the date of this Note (the “**Maturity Date**”). Payments shall be credited first to any unpaid late charges and other costs and fees then due, then to accrued interest, and then to principal. In no event shall any amount due under this Note become subject to any rights, offset, deduction or counterclaim on the part of Borrower.

3. DUE ON SALE OR DEFAULT. The entire unpaid principal balance and all sums accrued hereunder shall be immediately due and payable upon the Transfer (as defined in Section 1.4 of the Loan Agreement) absent Lender's consent, of all or any part of the Property or the Improvements, or any interest therein, or upon the occurrence of an Event of Default under the Loan Documents, subject to the expiration of any applicable cure period. Without limiting the generality of the foregoing, this Note shall not be assumable without Lender's prior written consent, which consent may be granted or denied in Lender's sole discretion.

4. PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note provided that each such repayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such repayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal.

5. MANNER OF PAYMENT. All payments on this Note shall be made to Lender at 835 East 14th Street, San Leandro, CA 94577 or such other place as Lender shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by Lender in writing.

6. EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

(a) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after Lender notifies Borrower thereof in writing.

(b) Borrower fails to maintain insurance on the Property and the Improvements as required pursuant to the Loan Documents and Borrower fails to cure such default within ten (10) days.

(c) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Borrower (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(d) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower or substantially all of Borrower's assets, (iii) orders the liquidation of Borrower; or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Improvements, and in each case the order or decree is not released, vacated, dismissed or fully bonded within sixty (60) days after its issuance.

(e) Borrower shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(f) Borrower shall have voluntarily suspended its business or Borrower shall have been dissolved or terminated;

(g) A default arises under any debt instrument secured by a mortgage or deed of trust on the Property and remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(h) Subject to Borrower's right to contest the following charges pursuant to the Loan Documents, if Borrower fails to pay prior to delinquency taxes or assessments due on the Property or the Improvements or fails to pay when due any other charge that may result in a lien on the Property or the Improvements, and Borrower fails to cure such default within thirty (30) days of date of delinquency, but in all events upon the imposition of any such tax or other lien.

(i) Any representation or warranty contained in this Agreement or any application, financial statement, certificate or report furnished in connection with the Loan or in connection with any request for disbursement of Loan Proceeds proves to have been false or misleading in any material adverse respect when made.

(j) An event of default shall have been declared under any other Loan Document subject to the applicable cure periods set forth in such documents.

(k) Borrower defaults in the performance of any term, provision, covenant or agreement (other than an obligation enumerated in this Section 6) contained in this Note or in any other Loan Document, and unless such document specifies a different cure period for such default, the default continues for ten (10) days in the event of a monetary default or thirty (30) days in the event of a nonmonetary default after the date upon which Lender shall have given written notice of the default to Borrower (or such longer time as Lender may agree upon in writing), provided that in each case Borrower commences to cure the default within thirty (30) days and thereafter prosecutes the curing of such default with due diligence and in good faith.

7. **REMEDIES.** Upon the occurrence of an Event of Default hereunder, Lender may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, and (iii) exercise any and all rights and remedies available to Lender under this Note and the other Loan Documents, including without limitation the right to pursue foreclosure under the Deed of Trust. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lender including, without limitation, reasonable attorneys'

fees, incurred in connection with Lender's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder and all such sums shall be a part of the indebtedness secured by the Deed of Trust.

8. DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of ten percent (10%) per annum (the "**Default Rate**"); provided however, if any payment due hereunder is not paid when due, the Default Rate shall apply commencing upon the due date for such payment. When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in Section 1 of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent Lender from exercising any of its other rights or remedies Reserved.

9. MISCELLANEOUS

9.1 WAIVER. The rights and remedies of Lender under this Note shall be cumulative and not alternative. No waiver by Lender of any right or remedy under this Note shall be effective unless in a writing signed by Lender. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by Lender will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law (a) no claim or right of Lender arising out of this Note can be discharged by Lender, in whole or in part, by a waiver or renunciation of the claim or right unless in a writing, signed by Lender; (b) no waiver that may be given by Lender will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of Lender to take further action without notice or demand as provided in this Note. Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

9.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 7.1 of the Loan Agreement.

9.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

9.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. All persons and entities in any manner obligated under this Note consent to the jurisdiction of any federal or state court having jurisdiction in which the Property is located (the "**Property Jurisdiction**"). Borrower

agrees that any controversy arising under or in relation to the Note or any other Loan Document shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Note and any other Loan Document. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

9.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of Lender and its successors and assigns.

9.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

9.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make Lender the partner or joint venturer of Borrower.

9.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

9.9 JOINT AND SEVERAL OBLIGATION. If Borrower consists of two or more individuals, the obligations of such individuals hereunder shall be joint and several.

SIGNATURES ON FOLLOWING PAGE.

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

BORROWER

By: _____

Print Name: _____

Title: _____

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