

PROMISSORY NOTE
(Shoreline Single Family Element)

\$24,882,958

San Leandro, California
December __, 2022

FOR VALUE RECEIVED, the undersigned Cal Coast Companies LLC, Inc., a Delaware corporation doing business in California as Cal Coast Companies & Development ("Developer"), hereby promises to pay to the order of the City of San Leandro, a California charter city and municipal corporation ("City"), 835 E. 14th Street, San Leandro, California, 94577, the principal amount of Twenty-Four Million Eight Hundred Eighty-Two Thousand Nine Hundred Fifty-Eight Dollars (\$24,882,958), plus interest thereon pursuant to Section 2 below (the "City Loan").

1. Developer's Obligation. This promissory note (the "Note") evidences Developer's obligation to pay City the principal amount of the "City Loan" made by City to Developer pursuant to the Third Amendment to Purchase and Sale Agreement and Disposition and Development Agreement between Developer and City dated December 19, 2022 (the "Third Amendment"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Single Family PSA (as defined in the Third Amendment).

2. Interest. The City Loan bears interest from the date of this Note at Seven and 50/100 percent (7.5%) interest on the outstanding balance, or the prime rate charged by United States banks in effect as of the Effective Date of this Note, until full repayment of the outstanding balance of the City Loan. If the term of this Note is extended as provided in Section 3(b) of this Note, the rate of interest for each extended term of this Note shall be revised to the prime rate charged by United States banks in effect as of the first day of the extended term, as reported in the Wall Street Journal Money Rates Table.

3. Term and Repayment Requirements. Principal and interest under this Note is due and payable as follows:

a. Payment in Full. Developer shall pay all outstanding principal and accrued interest on the City Loan, in full, on the earliest to occur of (i) an Event of Developer Default for which the City exercises its right to cause the City Loan to become immediately due and payable, and (ii) the date that is six months from the date of this Note (the "Initial Term").

b. Extensions of Payment Date. In the event that Developer is in compliance with all material requirements of this Note, the City Loan Deed of Trust, the Single Family PSA and the DDA (the "City Loan Documents"), Developer may extend the Initial Term by up to six three-month periods, for a total term length of up to two years, by delivery of a written notice thereof to City not less than thirty (30) days prior to the end of the term of this Note. As a condition to the effectiveness of an extension, Developer shall pay to City the full amount of interest which has accrued under this Note through the last day of the current term of the Note (i.e., \$933,111 for the first six month term, and \$24,882,958 x the extension term interest rate x $\frac{1}{4}$ for a three month extension term).

4. Disbursements. The City Loan shall be used only for the purposes of seller financing of a portion of the purchase price of the Single Family Element Property pursuant to the Single Family PSA. The City shall not be obligated to make any cash disbursements of the City Loan.

5. Prepayment. Developer may prepay the City Loan in full or in part at any time without penalty or fee.

6. Assumption. This Note shall not be assumable by the successors and assigns of Developer without the prior written consent of City, which City may approve or disapprove in its sole discretion.

7. Security. This Note shall be secured by the City Loan Deed of Trust to be recorded on the Property, wherein Developer is the trustor and City is the beneficiary. The terms of the City Loan Deed of Trust are hereby incorporated into this Note and made a part hereof.

8. Terms of Payment.

(a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note shall be paid to City at the address set forth in the first paragraph of this Note, or to such other place as City may from time to time designate.

(c) All payments on this Note shall be without expense to City, and Developer agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of City, incurred in connection with the payment of this Note and the release of any security hereof.

(d) Notwithstanding any other provision of this Note, or any instrument securing the obligations of Developer under this Note, if, for any reason whatsoever, the payment of any sums by Developer pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that City may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall Developer be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

9. Default.

(a) Any of the following shall constitute an event of default under this Note:

(i) Any failure to pay, in full, any payment required under this Note when due following written notice by the City of such failure and ten (10) days opportunity to cure;

(ii) Any failure in the performance by Developer of any term, condition, provision or covenant set forth in this Note and Developer's failure to cure such default within thirty (30) days of receiving written notice thereof from the City; and

(iii) The occurrence of any Developer event of default under the City Loan Documents, subject to notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of one or more of the foregoing events of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the City Loan Deed of Trust, shall at the option of City become immediately due and payable upon written notice by City to Developer without further demand.

(c) City's failure to exercise the remedy set forth in Subsection 9(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by City hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of City, except as and to the extent otherwise provided by law.

10. Waivers.

(a) Developer hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. Developer expressly agrees that this Note or any payment hereunder may be extended from time to time, and that City may accept further security or release any security for this Note, all without in any way affecting the liability of Developer.

(b) Any extension of time for payment of this Note or any installment hereof made by agreement of City with any person now or hereafter liable for payment of this Note shall not operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part.

(c) The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

11. Miscellaneous Provisions.

(a) All notices to City or Developer shall be given in the manner and at the addresses set forth in the DDA, or to such addresses as City and Developer may therein designate.

(b) Developer promises to pay all costs and expenses, including reasonable attorney's fees, incurred by City in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) 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.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the City Loan Documents, contains the entire agreement between the parties as to the City Loan. It may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, Developer hereby executes this Promissory Note as of the day and year first above written.

CAL-COAST COMPANIES LLC, INC.,
a Delaware corporation

By: _____
Edward J. Miller
Title: Authorized Signatory

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