

**ALLONGE
TO
PROMISSORY NOTE
(CDBG Loan)
Dated: May 23, 2002**

Original Principal Amount: \$35,000.00

This ALLONGE is attached to and made a part thereof of that certain Promissory Note (CDBG Loan) (“**Note**”) dated May 23, 2002, and drawn in the amount of \$35,000.00 by the Housing Authority of the County of Monterey (“**Original Maker**”).

The undersigned, Castroville FLC, LP, a California limited partnership, hereby assumes the obligations of said Note as of June _____, 2017 (the “**Assignee**”) with the County of Monterey’s (“**Holder’s**”) approval and in connection with the Assignee’s purchase and refinancing of the Property, as such term is defined in the Deed of Trust and Security Agreement dated May 1, 2002 (“**Deed of Trust**”) and which secures the repayment obligations of this Note.

As of the effective date of this Allonge, below, the principal balance of the Note is Ten Thousand, Five Hundred and no/100ths Dollars (\$10,500.00).

The provisions of Section 2 of the Note are deleted and replaced with the following provisions:

2. Interest. Commencing with the issuance of Certificates of Occupancy or their equivalent, the remaining principal balance of the Note shall bear interest at the rate of Three percent (3%) per annum; provided however, if a default occurs, interest on the principal balance shall begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or at the highest rate permitted by law.

The provisions of Section 3 (a) and (b) of the Note are deleted and replaced with the following provisions:

(a) Term. The term of this Note (“**Term**”) shall commence with the date of the Note and shall expire if not sooner paid on July 1, 2072 (“**Maturity Date**”).

(b) Repayment. In connection with the refinancing, the Assignee assumes all the obligations of the Original Maker. Commencing on the first day of July, 2017, the outstanding principal balance and interest if any on the Loan shall be paid in annual payments (Yearly Payments) due and payable on July 1st of each calendar year to Holder in an amount no less than 50% of the annual residual receipts (“**Annual Residual Receipts Payment**”) remaining to the account of the Assignee following the payment of amounts owing on any USDA secured debt (and any other senior secured debt) and any and all project operating expenses as determined by the annual audit completed for the Project, as defined in the Assignee’s Amended and Restated Limited Partnership Agreement. Provided that, the Annual Residual Receipts Payment shall be allocated by the County on a pro rata basis between the amounts owing on this Note and that certain Promissory Note (HOME loan) in the original sum of \$341,000 (collectively, the “**County Promissory Notes**”) until all amounts due and owing on both notes are paid in full.

Notwithstanding the foregoing or anything in this Note to the contrary, on the Maturity Date, all amounts then owing on this Note, if any, shall be immediately due and payable.

The following nonrecourse provision is added to the Note as Section 10:

10. **Nonrecourse Provision:**

Notwithstanding anything to the contrary contained herein, the Note is a nonrecourse obligation of Borrower. Neither Borrower, nor any of its general or limited partners, shall have personal liability for repayment of the Loan. In the event of a default by Maker under this Note, the sole recourse of the County for repayment of the Loan shall be limited to the exercising its rights under the Deed of Trust, including without limitation the exercise of the Power of Sale or other rights granted therein, but shall not include a right to proceed directly against the Maker or any of its partners, or the right to obtain a deficiency judgment after foreclosure against the Maker or any of its partners.

ASSIGNEE:

CASTROVILLE FLC, LP,
a California limited partnership

By: Housing Authority Limited Liability Company,
a California limited liability company
Its: General Partner

By: Monterey County Housing Authority Development Corporation,
a California nonprofit public benefit corporation,
Its: Manager

By: _____
Starla Warren, President/CEO

ASSIGNOR:

HOUSING AUTHORITY OF THE COUNTY OF MONTEREY,
a California public body politic and corporate

By: _____
Jean L. Goebel, Executive Director

HOLDER:

COUNTY OF MONTEREY,
a political subdivision of the State of California

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Name: Brian Briggs
Title: Deputy County Counsel

Dated and made effective as of the _____ day of June, 2017