

EXHIBIT B**PROMISSORY NOTE SECURED BY DEED OF TRUST**

\$13,568,850

_____, 2023

FOR VALUE RECEIVED, TRIPOLI CIC, LP, a California limited partnership, with its principal office at c/o Chelsea Investment Corporation, 6339 Paseo Del Lago, Carlsbad, CA 92011, Attention: Cheri Hoffman (“Borrower”), hereby promises to pay to the order of the City Thirteen Million Five Hundred Sixty Eight Thousand Eight Hundred and Fifty Dollars (\$13,568,850) or so much, not to exceed this amount, as may be advanced by Lender to Borrower (the “Loan”) pursuant to that certain Affordable Housing Loan Agreement dated the date hereof, by and between Borrower and Lender (the “Loan Agreement”). The obligation of Borrower and Lender with respect to all such advances is subject to the terms of: (a) the Loan Agreement; (b) this Note; (c) the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“Deed of Trust”); and Regulatory Agreement recorded on the real property located in the City of Coachella, Riverside County, California and more particularly described in the Deed of Trust (the “Property”), by Borrower as Trustor, for the benefit of Lender, as beneficiary, which secures payment of this Loan (the above documents are collectively referred to as the “Loan Documents”).

1. **BORROWER’S OBLIGATION.** This Note evidences the obligation of Borrower to Lender for the repayment of funds loaned to Borrower by Lender to finance the Prepaid Special Assessments (as defined in the Loan Agreement) in connection with the Project (as defined in the Loan Agreement). The outstanding principal balance of the Loan shall accrue simple interest at a fixed interest rate equal to three percent (3.0%) per annum. Notwithstanding the foregoing, during any period with respect to which there is an uncured Event of Default, the outstanding principal balance of the Loan shall accrue interest at the rate of ten percent (10%) per annum (the “Default Rate”), compounding annually, or the highest rate allowed by law, whichever is lower.

2. **AMOUNT AND TIME OF PAYMENT.** The loan shall be repaid as follows:

A. Fifty percent (50%) of Residual Cash Flow (as defined below) shall be available for payments of the Loan and other loans obtained by Borrower to be repaid from Residual Cash Flow (“Available Residual Cash Flow”). Borrower shall make annual payments on the Loan from the Available Residual Cash Flow, based on a pro rata share with other lenders based on the percentage of each respective loan amount according to its share of the total amount of all such loans. Said payment to Lender from the Available Residual Cash Flow shall be credited first against accrued and unpaid interest and then against outstanding principal. Borrower shall provide to Lender with each said payment a report of the Residual Cash Flow for such preceding calendar year prepared by an independent certified public accountant, together with such other documentation reasonably requested by Lender to substantiate the determination of Residual Cash Flow.

B. In the event that Borrower desires to sell or refinance the Project, concurrently with any such sale or refinance of the Project (excluding the one-time refinance of

the construction loan for the Project into a term loan or “permanent loan” (which such refinancing shall include any conversion of the construction loan to a term loan pursuant to the terms of the construction loan documents)), Borrower shall pay to Lender the entire Loan amount then outstanding, including any accrued interest thereon and any other amounts owing under the Loan Documents.

C. If any payment of interest and/or principal is not received by Lender within fifteen (15) days of when such payment is due, then in addition to the remedies conferred upon Lender pursuant to the provisions of this Note and/or the Loan Documents, a late charge of six percent (6%) of the amount of the payment due will be due and owing by Borrower and will be added to the delinquent amount to compensate Lender for the costs, expenses, and damages to Lender related to the delinquency of Borrower in making such payment, regardless of any notice and/or cure periods (if any). Acceptance of any late charge will not constitute a waiver of default with respect to the overdue payment, and will not prevent or delay Lender from exercising any of its rights or remedies available under this Note and/or the Loan Documents.

D. The following definitions shall apply for purposes of Section 2.A above:

- (i) “Revenue” means with respect to any period all revenue, income, receipts, and other consideration actually received from the operation or leasing of the Project. Revenue shall include: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines, and amounts released from reserves. Revenue shall not include tenants’ security deposits, interest on security deposits, loan proceeds, capital contributions or similar advances, payments from reserves, or interest on reserves.
- (ii) “Operating Expenses” shall mean actual, reasonable, customary costs, fees and expenses directly attributable to the operation, maintenance, taxes and management of the Project; expressly including, without limitation: mandatory debt service on Senior Loans; onsite administrative costs; maintenance costs (including materials and labor); payments to the operating reserve account; reasonable and customary payments to a replacement reserve account; payments to reserves required by equity investors and/or Senior Lenders; utilities; permits and licenses; sewer charges; real and personal property taxes and assessments; insurance; security; advertising, promotion and publicity; a reasonable property management fee as approved by Senior Lenders; fees and expenses of accountants, attorneys, consultants and other professionals, to the extent directly related to the Project, including annual audits and tax return preparation costs payable to a third party; any partnership or asset management fees paid to the investor limited

partner or general partners of Borrower, which fees shall not exceed the amount approved by Senior Lenders during any annual period; deferred development fees; and incentive leasing fees.

- (iii) “Senior Loan” means the loan of any Senior Lender to the Borrower in connection with the construction, development, operation or permanent financing of the Project.
- (iv) “Residual Cash Flow” means Revenues reduced by Operating Expenses, calculated on a calendar year basis. To the extent Senior Lenders use a different definition or calculation of Residual Cash Flow, such definition shall be used instead of the definition set forth in this Section.

3. **MATURITY DATE.** Unless the maturity date is accelerated as otherwise provided in this Note, the Loan principal balance and all accrued and unpaid interest and any other amounts due under any of the Loan Documents shall be due and payable on the earliest of (a) fifty-five (55) years from the date of the issuance of the final Certificate of Occupancy for the Project, or (b) an Event of Default by Borrower which has not been cured as provided for in the Loan Agreement.

4. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this Note and any Loan Document are payable at the office of Lender as set forth above, or at such other place as Lender may designate to Borrower in writing from time to time, in any currency of the United States which on the date of payment is legal tender for the payment of public and private debts.

5. **PREPAYMENT OF LOAN.** No prepayment penalty will be charged to Borrower for payment of any portion of this Note prior to the end of the Loan term.

6. **ACCELERATION BY REASON OF TRANSFER.** The Deed of Trust contains the following limitation on the right of Borrower to transfer the Property,

“In order to induce Beneficiary to make the loan, Trustor agrees that, in the event of any Transfer (as defined below), other than a Permitted Transfer (as defined below), or other Transfer approved by Beneficiary, without the prior written consent of Beneficiary, Beneficiary shall have the absolute right, at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary may grant or deny such consent in its sole discretion and, if consent should be given, any such Transfer shall be subject to this Deed of Trust, and such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Trustor or any maker or of the Note from any liability thereunder without the prior written consent of Beneficiary. As used herein, “Transfer” shall mean:

any sale, transfer, conveyance, assignment, lease (except leases of the Property in the ordinary course of business) or vesting of the Property or any part of the Property or

interest in the Property to or in any person, firm or entity, whether voluntary, involuntary, by operation of law, or otherwise (provided, however, that the foregoing shall not include the granting of utility easements in the ordinary course of Trustor's business);

any merger or consolidation of Trustor;

any hypothecation, mortgage, or encumbrance (excepting only an encumbrance by a Senior Lender in an amount that does not exceed the original principal amount of such Senior Lender's loan);

any dissolution of Trustor or sale or transfer of substantially all of the assets of the Trustor; and

any sale, transfer, conveyance or assignment (at one time or over any period of time) of twenty-five percent (25%) or more of the ownership interests of Trustor.

Notwithstanding anything to the contrary contained herein, the following shall not be deemed a "Transfer" under this Note or under any other Loan Document and shall be a "Permitted Transfer":

- (a) A conveyance of a security interest in the Property in connection with any loan by a Senior Lender;
- (b) The inclusion of equity participation by Trustor by addition of investor limited partners, or similar mechanisms, and the purchase of any such limited partnership interests by a tax credit equity investor and any subsequent transfer of such limited partnership interests by the tax credit equity investor therewith;
- (c) the removal by the tax credit equity investor of a general partner of Trustor and its replacement by the tax credit equity investor or by an affiliate of the tax credit equity investor, which removal shall be in accordance with the terms of the limited partnership agreement of Trustor;
- (d) The granting of easements or permits to facilitate the development of the Property in accordance with this Agreement."
- (e) Transfer to a limited partnership in which Tripoli CIC, LP a California limited partnership ("Tripoli") or an affiliate of Tripoli is a general partner; to a limited liability company in which Tripoli or an affiliate of Tripoli is a general partner; a limited liability company of which Tripoli or a nonprofit affiliate is a member; or transfer to Tripoli or a Tripoli affiliated nonprofit corporation.

7. **WAIVERS BY BORROWER.** Borrower hereby waives diligence, demand for payment, presentment for payment, protest, notice of nonpayment, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor, and all other notices or demands of any kind (except notices specifically provided for in the Loan Documents, if any). Borrower

waives to the full extent permitted by law, the right to plead any and all statutes of limitations and/or any defenses relating to marshaling of assets as a defense.

8. **DEFAULT AND ACCELERATION.** This Note is secured by the Deed of Trust. All provisions in the Deed of Trust and the Loan Agreement are hereby made a part of this Note. Borrower agrees that the unpaid balance of the principal amount of this Note, together with all accrued interest thereon and charges owing, shall, at the option of Lender, become immediately due and payable upon any Event of Default as defined in the Loan Agreement which has not been cured pursuant to the applicable agreement, including without limitation the failure of Borrower to make any payment when due. Upon any Event of Default, Lender may exercise any other right or remedy permitted under the Loan Documents.

9. **NOTICES.** Any notice, communications, or demands shall be in writing and may be communicated to Lender or Borrower at the addresses set forth in the Loan Agreement.

10. **BINDING UPON SUCCESSORS.** All provisions of this Note shall be binding upon and inure to the benefit of successors and assigns of Borrower and Lender.

11. **DEFINITIONS.** Capitalized terms not defined in this Note shall have the same meaning as defined in the Loan Agreement.

12. **GOVERNING LAW.** The Loan Documents shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law.

13. **CONFLICTS.** In the event that any provisions of this Note conflict with provisions of the Loan Agreement or the Deed of Trust, the terms of this Note shall control.

14. **SEVERABILITY.** Every provision of this Note is intended to be severable. If any provision of this Note is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

15. **TIME.** Time is of the essence in this Note.

16. **ATTORNEYS' FEES AND COSTS.** In the event of any Event of Default, or any legal action is commenced to interpret or to enforce the terms of this Note, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action, In addition, Borrower agrees to pay Lender all reasonable costs incurred in collection of amounts due under this Note which are not paid by the due date as specified herein, whether or not a legal action has been filed. All costs incurred by Lender in any action undertaken to obtain relief from the stay of bankruptcy statutes are specifically included in those costs and expenses to be paid by the Borrower. Borrower will pay to Lender all attorney fees and other costs referred to in this Section 16 on demand, together with interest from the date of the demand at the Default Rate until paid.

17. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Note must be in writing, and shall be effective only if executed by both Borrower and Lender.

18. **NONRECOURSE.** Subject to anything contained in any provision of the Loan Agreement, the Deed of Trust, or this Note which expressly sets forth an exception to the non-recourse provisions of this Promissory Note, which expressly sets forth an exception to the non-recourse provisions of this Promissory Note, the Loan and the obligations under the Deed of Trust and Loan Agreement shall be nonrecourse obligations of Borrower. Neither Borrower nor any of its officers, directors or general and limited partners shall have any personal liability for repaying the principal or interest of the Loan or for any other obligation set forth in this Note or in any other Loan Document. The sole recourse of Lender for repayment of the principal and interest shall be the exercise of Lender’s rights against the Project under the Deed of Trust, including, without limitation, the right of Lender to bring a foreclosure action or other appropriate action or proceeding to enable Lender to enforce its rights and remedies to realize upon the collateral given to secure the obligations owing to Lender under the Loan Documents.

[SIGNATURE ON FOLLOWING PAGE]

The undersigned has executed the Promissory Note Secured by Deed of Trust as of the date set forth above.

BORROWER:

TRIPOLI CIC, LP,
a California limited partnership

By: Pacific Southwest Community Development Corporation,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Juan P. Arroyo, Executive Vice President

By: CIC Tripoli, LLC,
a California limited liability company,
its Administrative General Partner

By: Chelsea Investment Corporation,
a California corporation,
its Manager

By: _____
Cheri Hoffman, President

All signatures must be acknowledged.

ADD NOTARY ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 20__ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (Seal)

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