

PROMISSORY NOTE
Principal Amount: \$2,500,000.00
Date: November 18, 2025

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the order of the **City of Colusa**, a municipal corporation located at 425 Webster Street, Colusa, California 95932 ("Lender"), the principal sum of **Two Million, Five Hundred Thousand Dollars(\$2,500,000.00)**, with interest on the unpaid principal balance at the rate of **ten percent simple interest (10%) per annum**, on the terms and conditions set forth below.

1. Maturity Date. The maturity date shall be November 18, 2029 (the "Maturity Date").

2. Repayment Terms

a. Interest-Only Payments:

Borrower shall make the first interest-only payment on or before **January 31, 2026**. Thereafter, Borrower shall make regular **interest-only payments quarterly**, due on the **first (1st) day of each calendar quarter**, beginning **March 1, 2026**, and continuing every June 1, September 1, and December 1 through the term of the Note. Interest shall accrue only on **amounts** disbursed from the date of each disbursement.

b. Final Payment:

The entire principal balance, together with any and all accrued and unpaid interest, shall be **due and payable in full on November 18, 2029**.

3. Use of Proceeds. The loan proceeds shall be used **exclusively** for costs associated with the design, construction, and installation of **street lighting, roadways, and intersection improvements** related to the infrastructure project described in the Loan Agreement. All completed improvements shall become and remain the **property of the City of Colusa**.

4. Security. This Promissory Note (this "Note") shall be secured by that certain Deed of Trust with Assignment of Rents dated as of the date hereof and recorded concurrently herewith (the "Deed of Trust") against Borrower's interest in the Property. The **City of Colusa shall hold first position on the deeds** securing this Note on the Property throughout the term of this Note.

5. Payment of Principal upon Event of Default or Sale. In the event the Property is sold (except as permitted under the terms of the Loan Agreement) or upon an Event of Default, which continues beyond expiration of applicable notice and cure periods, payment of the principal amount of the Loan and accrued interest shall be due and payable.

6. Prepayment. Borrower may prepay this Note in whole or in part at any time without penalty. Any partial prepayments shall be applied first to accrued interest, then to principal.

7. Collection. This Note evidences the Loan and is secured by the Deed of Trust recorded against the Property. The terms of the Deed of Trust are incorporated herein by this reference.

Borrower agrees to pay all the reasonable collection and enforcement costs, reasonable expenses and reasonable attorneys' fees paid or incurred by the Lender of this Note or adjudged by a court in any litigation or controversy connected with this Note, or security for it, including but not limited to actions for declaratory relief that any such Lender is required to prosecute or defend and actions for relief based on rescission, or actions to cancel this Note that any such Lender is required to defend.

8. Default. The following shall constitute an event of default under this Note:

- a. Failure to make any payment when due;
- b. Use of loan proceeds for unauthorized purposes;
- c. Failure to complete the Project as agreed;
- d. Any action that would subordinate the Lender's deed position without prior written consent.

Upon the occurrence of any Event of Default which continues beyond expiration of applicable notice and cure periods, or at any time thereafter during the continuance of such Event of Default, at the option of Lender hereof and without notice, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. This option may be exercised at any time during the continuance of any such uncured Event of Default. Lender's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent Event of Default. Lender's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

Notwithstanding anything to the contrary in the Loan Agreement, this Note, or the Deed of Trust (collectively, the "Loan Documents") and except with respect to any obligation to make payments to Lender, Borrower shall have the right to cure any defaults under the Loan Documents and Lender agrees to accept cures tendered by Borrower within the period specified in the written notice from Lender to Borrower of such default, plus such additional time as is reasonably necessary to cure the default provided Borrower has commenced the cure within such cure period and is diligently prosecuting the cure to completion. Notwithstanding the foregoing, Borrower shall have no less than thirty (30) days to cure any defaults.

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

10. Waiver. Borrower and any endorser 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 any way affecting or discharging this liability.

11. Assignment. Lender may not assign, sell, transfer or convey voluntarily or by operation of law, this Note (or any interest in this Note) without the prior written approval of Borrower.

12. Attorney Fees. Borrower agrees to pay immediately upon demand all reasonable costs and expenses of Lender, including reasonable attorneys' fees, (i) after an Event of Default, should this Note be placed in the hands of an attorney or attorneys for collection, (ii) if after an Event of Default hereunder or under the Deed of Trust, Lender 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 therefore or to the protection of its rights under the Loan Documents, or (iii) if Lender seeks to have the Property 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 Loan Documents or any other agreement evidencing or securing this Note lifted by any bankruptcy or other courts.

13. Integration. This Note, the Deed of Trust and the other Loan Documents relating to this Note, embody the agreement between Lender and Borrower for the Loan and its terms and conditions.

14. Amendments. This Note may not be modified or amended except by an instrument in writing executed by the parties sought to be bound thereby.

IN WITNESS WHEREOF, the undersigned has duly executed this Promissory Note as of the day and year first written above.

BORROWER:

Amarjit and Mandeep Cheema

By: _____

Name: Amarjit Cheema

Title: Owner

Date: _____

By: _____

Name: Mandeep Cheema

Title: Owner

Date: _____

Accepted and Agreed:

City of Colusa

By: _____

Name: Jesse Cain

Title: City Manager

Date: