**DEPARTMENT OF DEVELOPMENTAL SERVICES**

**COMMUNITY PLACEMENT PLAN AND**

**COMMUNITY RESOURCE DEVELOPMENT PLAN PROGRAMS**

**PROMISSORY NOTE SECURED BY DEED OF TRUST**

**Project Number: XXRC-XXXX-X (Street Name)**

**NOTICE TO BORROWER: THIS NOTE IS SECURED BY A DEED OF TRUST AND CONTAINS PROVISIONS RESTRICTING TRANSFERS.**

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| --- | --- |
| Property Address:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, California \_\_\_\_\_\_\_  APN: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Loan Amount: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_\_\_[HDO Full Legal Name]\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a California nonprofit public benefit corporation (“***HDO***” or “***Trustor***”) hereby promises to pay to the Department of Developmental Services, a public agency of the State of California (hereinafter referred to as the “***Department*** “or “***Beneficiary***”), whose principal office is 1215 O Street, Mail Stop 7-20, Sacramento, California 95814, Attn: Section Chief, CPP-HDO Housing and mailing address at Department of Developmental Services, Office of Community Development, P.O. Box 944202, MS 7-20, Sacramento, California 94224-2020, Attn: Section Chief, CPP-HDO Housing, the total principal amount of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ No/Dollars ($ \_\_\_\_\_\_\_\_\_\_\_ ), or so much thereof as may be advanced by the Department to or on behalf of the HDO, together with interest thereon as specified herein (the “***CPP/CRDP Loan***”). The obligation of the HDO is subject to the terms of that certain document entitled “Department of Developmental Services, Community Placement Plan and Community Resource Development Plan Programs, Restrictive Covenant, Project Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” (the “***CPP/CRDP Restrictive Covenant***”) of even date herewith to be recorded concurrently in the Official Records of the \_\_\_\_\_\_\_\_ County Recorder (the “***Official Records***”).

1. PURPOSE: This Promissory Note (“***CPP/CRDP Note***”) evidences the evidences the obligation of the HDO to the Department for the repayment of funds loaned to the HDO by the Department to assist the HDO in the acquisition of certain real property located at \_\_[Address of Property]\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, identified by the assessor’s parcel number (APN) above and legally described in **Exhibit A** attached hereto and incorporated herein, for the benefit of individuals with intellectual and developmental disabilities (“***Consumers***”) as defined in the Lanterman Developmental Disabilities Services Act and related laws (Divisions 4.1, 4.5, and 4.7 of the Welfare and Institutions Code and Title 14 of the Government Code) (the “***Act***”).
2. OCCUPANCY REQUIREMENTS: At the time of the making of this CPP/CRDP Note, and at all times thereafter, HDO represents and warrants that only Consumers shall occupy the Property.
3. SECURITY: This CPP/CRDP Note is secured by a deed of trust entitled “Department of Developmental Services Community Placement Plan and Community Resource Development Plan Programs, Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, Project Number: \_\_\_\_\_\_\_\_\_\_\_” of even date hereof, recorded in the Official Records (the “***CPP/CRDP Deed of Trust***”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the CPP/CRDP Deed of Trust.
4. PROHIBITION AGAINST TRANSFER OF INTEREST: Except as otherwise permitted under the terms of the CPP/CRDP Restrictive Covenant, the HDO shall not make any lease, sale, assignment, conveyance, or transfer in any other form, nor any further pledge, encumbrance or mortgaging of the Property or any part thereof, or of any of its interest therein, including but not limited to any interest of a member of the limited liability company, without prior written consent of the Department.
5. CPP/CRDP LOAN TERMS:
   1. For so long as HDO is not in default under this CPP/CRDP Note, this CPP/CRDP Note shall bear no interest. In the event of default, the CPP/CRDP Note shall bear interest at 10% per annum from the date of this CPP/CRDP Note until repaid in full.
   2. For so long as HDO is not in default under this CPP/CRDP Note, HDO shall not be required to make any payments of principal.
   3. If the HDO is not in default under this CPP/CRDP Note on the [Choose the same loan term as the Senior Loan] anniversary of the date of the recordation of the CPP/CRDP Restrictive Covenant (“***Maturity Date***”), the Department shall forgive this CPP/CRDP Note in full and consider it to be repaid.
   4. Upon full forgiveness of this CPP/CRDP Note, or upon receipt of full payment of any unforgiven principal balance plus any accrued interest, the Department shall return this CPP/CRDP Note to HDO marked “paid in full” and reconvey the CPP/CRDP Deed of Trust.
6. METHOD OF REPAYMENT, IF REQUIRED: The amount due under this CPP/CRDP Note is payable in lawful money of the United States of America at the principal office of the Department set forth above, or at such other place or places as the Department may designate to the HDO in writing from time to time.
7. DUE ON SALE: The CPP/CRDP Deed of Trust contains the following provisions, which are incorporated herein by this reference:

If all or any part of the Property or an interest therein is sold or transferred by Trustor without Beneficiary’s prior written consent, Beneficiary may, at Beneficiary’s option, declare all the sums under the CPP/CRDP Note and other sums secured by this CPP/CRDP Deed of Trust to be immediately due and payable. Beneficiary may, prior to the sale or transfer, in the exercise of its sole discretion, reach agreement in writing with the transferee that the indebtedness under the CPP/CRDP Note may be assumed, provided Trustor’s successor in interest has executed a written assumption agreement accepted in writing by Beneficiary in its sole discretion. Beneficiary shall release Trustor from its obligations under this Deed of Trust only upon the assumption of the indebtedness by a successor in interest as set forth herein.

1. DEFAULTS:
   1. All covenants, conditions and agreements contained in the CPP/CRDP Deed of Trust and the CPP/CRDP Restrictive Covenant are hereby made a part of this CPP/CRDP Note. The failure of the HDO to perform or observe any other term or provision of this CPP/CRDP Note, or upon the occurrence of any event (whether termed default, event of default or similar term) which under the terms of the CPP/CRDP Deed of Trust or the CPP/CRDP Restrictive Covenant constitute a default shall entitle the Department to exercise rights or remedies thereunder or enumerated herein, which rights are in addition to and not in limitation of any other rights the Department may have under applicable law.
   2. In addition to the provisions in Section 7 “Due on Sale” above, the following shall also constitute a default under this CPP/CRDP Note: (a) the HDO becoming insolvent or bankrupt, being unable to pay its debts as they mature or making a general assignment for the benefit of creditors; (b) proceedings by any third party for the appointment of a receiver, trustee, or liquidator of the assets of the HDO or a substantial part thereof, being authorized or instituted by or against the HDO, which proceedings are not dismissed within sixty (60) days of institution; (c) proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against the HDO, which proceedings are not dismissed within sixty (60) days of institution; (d) dissolution of the corporate, partnership or limited liability company structure of the HDO; (e) a change in control of the management of the HDO, unless the Department consents thereto in writing, which consent shall not be unreasonably withheld; or (f) the loss by HDO of its status as a 501(c)(3) organization under the Internal Revenue Code.
2. REMEDIES: If any default occurs under this CPP/CRDP Note or the CPP/CRDP Deed of Trust, then after the expiration of any applicable cure period, the entire outstanding principal amount and interest incurred pursuant to Section 5 “CPP/CRDP Loan Terms”, shall become due and payable immediately at the option of the Department. The date specified for payment shall not be less than thirty (30) days from the date the Department mails such notice of default to HDO. In the event of default, the Department may at its option exercise all of its rights and remedies the Department may have under applicable law. The Department may exercise this option to accelerate during any default by HDO regardless of any prior forbearance by the Department. No delay or failure of the Department in the exercise of any right or remedy hereunder or under any other agreement which secures or is related hereto shall affect any such right or remedy. No single or partial exercise of any such right or remedy by the Department shall preclude any further exercise thereof. No action taken or omitted by the Department shall be deemed a waiver of any such right or remedy.
3. HDO AGREEMENTS: Every party who is now or hereafter becomes liable for the payment of this CPP/CRDP Note, and any person who guarantees the same, (i) waives diligence, presentment, protest, demand for payment, notice of protest, dishonor and notice of nonpayment of this CPP/CRDP Note, (ii) expressly agrees that this CPP/CRDP Note, or any payment under this CPP/CRDP Note, may be unilaterally extended by the Department from time to time, (iii) consents that the Department may (but will not be required to) release all or any part of the Property encumbered by the CPP/CRDP Deed of Trust, and (iv) consents to the acceptance of additional security for this CPP/CRDP Note, all without in any way affecting the liability of any party.
4. COSTS OF ENFORCEMENT; ATTORNEY’S FEES: The HDO hereby agrees to pay all costs and expenses, including reasonable attorney’s fees, which may be incurred by the Department in the enforcement of this CPP/CRDP Note, the CPP/CRDP Deed of Trust, CPP/CRDP Restrictive Covenant or any term or provision thereof.
5. NON-RECOURSE; CARVE OUTS: The obligations under this CPP/CRDP Note shall be without recourse against HDO or any of its partners, members, shareholders or officers; provided, however, the HDO shall be fully liable for any of the following: (i) fraud or willful misrepresentation on the part of the HDO or its representatives; (ii) bad faith waste or intentional destruction of the Property; (iii) HDO failure to pay any taxes, assessments or other charges attributable to HDO which create liens on any portion of the Property (to the full extent of any such taxes, assessments or other charges); (iv) a voluntary bankruptcy filing by HDO, or an involuntary filing against HDO which is not contested by HDO, or an involuntary petition filed by an affiliate of HDO, and such petition is not dismissed within ninety days; (v) HDO contests the validity or enforceability of the CPP/CRDP Loan and/or asserts defenses which have the effect of delaying, hindering or impairing the Department’s rights or remedies under this CPP/CRDP Note and the CPP/CRDP Deed of Trust or (vi) all insurance proceeds, condemnation awards or other sums or payments attributable to the Property not applied in accordance with the CPP/CRDP Deed of Trust, except to such extent that such sums were not applied in accordance with the CPP/CRDP Deed of Trust solely because the HDO did not have the legal right to do so.
6. NOTICE: Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the parties hereto shall be sufficiently given if (i) delivered by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as indicated herein, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein or (ii) the recipient has actually received such notice, demand or other communication, notwithstanding the method of delivery. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.
7. BINDING ON SUCCESSORS: “HDO” includes each successor owner of the property encumbered by the CPP/CRDP Deed of Trust. “Department” includes each successor holder of this CPP/CRDP Note.
8. NO PREPAYMENT: The HDO shall not be entitled to prepay the indebtedness evidenced by this CPP/CRDP Note, or any part thereof, without the prior written consent of the Department.
9. GOVERNING LAW: This CPP/CRDP Note shall be construed in accordance with and be governed by the laws of the State of California.
10. SEVERABILITY: If any provisions of this CPP/CRDP Note shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provisions of this CPP/CRDP Note and all such other provisions shall remain in full force and effect unless, in the sole discretion of the Department, the invalidity, illegality or unenforceability of the affected provision negates or impairs the purpose of the Department’s CPP/CRDP Programs. If any provision of this instrument is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall be determined to have the meaning which renders it valid.
11. GENERAL PROVISIONS: Captions in this CPP/CRDP Note are for convenience only and do not define, describe or limit the scope or intent of this CPP/CRDP Note. The liability of each person constituting HDO will be joint and several. The HDO hereby certifies to the Department that this is the CPP/CRDP Note described in and secured by the CPP/CRDP Deed of Trust.

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[signature page follows]

Executed as of the date first set forth above at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, California.

**HDO**:

**HDO NAME**, a

California nonprofit public benefit corporation

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION**